

COUNTY OF CAROLINE,
VIRGINIA



ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

INTRODUCTORY SECTION

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COUNTY OF CAROLINE, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Prepared By:
Department of Finance

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

TABLE OF CONTENTS

	<u>Page</u>
<u>Introductory Section</u>	
Title Page	i
Table of Contents	ii-vi
Directory of Principle Officials	vii
Organizational Chart	viii
Letter of Transmittal	ix-xiii
<u>Financial Section</u>	
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-12
<u>Basic Financial Statements</u>	
Government-wide Financial Statements	
Exhibit 1 Statement of Net Position	13-14
Exhibit 2 Statement of Activities	15-16
Fund Financial Statements	
Exhibit 3 Balance Sheet—Governmental Funds	17-18
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	19
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances— Governmental Funds	20-21
Exhibit 6 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	22
Exhibit 7 Statement of Net Position — Proprietary Funds	23-24
Exhibit 8 Statement of Revenues, Expenses, and Changes in Net Position— Proprietary Funds	25
Exhibit 9 Statement of Cash Flows—Proprietary Funds	26
Exhibit 10 Statement of Fiduciary Net Position—Fiduciary Fund	27
Notes to Financial Statements	28-103

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

TABLE OF CONTENTS

	<u>Page</u>
<u>Required Supplementary Information:</u>	
Exhibit 11 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—General Fund	104
Exhibit 12 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—Virginia Public Assistance Fund	105
Exhibit 13 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—Proffers Fund	106
Exhibit 14 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios—Primary Government—Pension Plan	107-108
Exhibit 15 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios—Component Unit School Board (nonprofessional)—Pension Plan	109-110
Exhibit 16 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan—Pension Plan	111-112
Exhibit 17 Schedule of Employer Contributions – Pension Plan	113
Exhibit 18 Notes to Required Supplementary Information – Pension Plan	114
Exhibit 19 Schedule of County's Share of Net OPEB Liability—Group Life Insurance Program	115
Exhibit 20 Schedule of Employer Contributions—Group Life Insurance Program	116
Exhibit 21 Notes to Required Supplementary Information—Group Life Insurance Program	117
Exhibit 22 Schedule of School Board's Share of Net OPEB Liability Teacher Employee Health Insurance Credit (HIC) Program	118
Exhibit 23 Schedule of Employer Contributions—Teacher Employee Health Insurance Credit (HIC) Program	119
Exhibit 24 Notes to Required Supplementary Information—Teacher Employee Health Insurance Credit Insurance Credit (HIC) Program	120
Exhibit 25 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios—Primary Government	121
Exhibit 26 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios—Component Unit School Board	122

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

TABLE OF CONTENTS

	<u>Page</u>
<u>Required Supplementary Information: (Continued)</u>	
Exhibit 27 Notes to Required Supplementary Information—Primary Government OPEB	123
Exhibit 28 Notes to Required Supplementary Information—Component Unit School Board OPEB	124
<u>Other Supplementary Information:</u>	
Combining and Individual Fund Statements and Schedules:	
Exhibit 29 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—Debt Service Fund	125
Exhibit 30 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—County Capital Projects Fund	126
Exhibit 31 Combining Balance Sheet—Nonmajor Governmental Funds	127-128
Exhibit 32 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds	129-130
Exhibit 33 Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Nonmajor Special Revenue Funds	131-139
Exhibit 34 Combining Statement of Net Position—Internal Service Funds	140
Exhibit 35 Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Internal Service Funds	141
Exhibit 36 Combining Statement of Cash Flows—Internal Service Funds	142
Exhibit 37 Combining Statement of Fiduciary Net Position—Fiduciary Funds	143
Exhibit 38 Combining Statement of Changes in Assets and Liabilities—Agency Funds	144
Discretely Presented Component Unit—School Board:	
Exhibit 39 Combining Balance Sheet	145
Exhibit 40 Combining Statement of Revenues, Expenditures and Changes in Fund Balances	146-147
Exhibit 41 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual	148-152

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

TABLE OF CONTENTS

	<u>Page</u>
<u>Other Supplementary Information: (Continued)</u>	
Discretely Presented Component Unit—Economic Development Authority:	
Exhibit 42 Statement of Net Position	153
Exhibit 43 Statement of Revenues, Expenditures and Changes in Net Position	154
Exhibit 44 Schedule of Cash Flows	155
<u>Supporting Schedules:</u>	
Schedule 1 Schedule of Revenues—Budget and Actual—Governmental Funds	156-164
Schedule 2 Schedule of Expenditures—Budget and Actual—Governmental Funds	165-170
<u>Other Statistical Information:</u>	
Table 1 Comments Relative to Statistical Section	171
Table 2 Net Position by Component—Last Ten Fiscal Years	172-173
Table 3 Changes in Net Position—Last Ten Fiscal Years	174-175
Table 4 Fund Balances Governmental Funds—Last Ten Fiscal Years	176-177
Table 5 Changes in Fund Balances of Governmental Funds—Last Ten Fiscal Years	178-179
Table 6 Tax Revenues by Source—Last Ten Fiscal Years	180
Table 7 Assed Value and Estimated Actual Value of Real Property—Last Ten Fiscal Years	181
Table 8 Direct Property Tax Rates—Last Ten Fiscal Years	182
Table 9 Principal Property Taxpayers—Current Year and Six Years Ago	183
Table 10 Property Tax Levies and Collections—Last Eight Fiscal Years	184
Table 11 Ratios of Gross General Bonded Debt to Assessed Value and Gross Bonded Debt Per Capita—Last Ten Fiscal Years	185
Table 12 Demographic and Economic Statistics—Last Ten Years	186
Table 13 Number of Budgeted Full—Time Equivalent County Government Employees—Last Ten Fiscal Years	187

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

TABLE OF CONTENTS

	<u>Page</u>
<u>Compliance:</u>	
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>	188-189
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	190-191
Schedule of Expenditures of Federal Awards	192-193
Notes to Schedule of Expenditures of Federal Awards	194
Schedule of Findings and Questioned Costs	195-196
Summary Schedule of Prior Year Findings	197

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COUNTY OF CAROLINE, VIRGINIA
PRINCIPAL OFFICIALS
June 30, 2019

BOARD OF SUPERVISORS

Clayton T. Forehand, Chairperson

Jeffrey S. Black
Jeffery M. Sili

Nancy L Long
Floyd W. Thomas

Reginald L. Underwood

CONSTITUTIONAL OFFICERS

Honorable Sarah L. Deneke Judge of the Circuit Court
Susan W. Minarchi Clerk of the Circuit Court
Mark R. Bissoon..... Commissioner of the Revenue
John L. Mahoney Commonwealth’s Attorney
Anthony “Tony” Lipa Jr.. Sheriff
Elizabeth B. Curran..... Treasurer
Honorable Robert Eric Reibach Judge of the General District Court
Honorable Frank G. Uvanni..... Judge of the Juvenile and Domestic Relations Court
Honorable John E. Franklin Judge of the Juvenile and Domestic Relations Court

COUNTY ADMINISTRATIVE OFFICERS

Charles M. Culley, Jr. County Administrator
Alan L. Partin Deputy County Administrator
Benjamin Emerson County Attorney
Curtis S. Finney, Jr. Finance Director
Jason Loftus Fire - EMS Chief
Donnell Howard Recreation Director
Joseph C. Schiebel..... Public Works / Public Utilities Director
Wendy Sneed Social Services Director
Gary R. Wilson..... Economic Development and Tourism Director
Michael Finchum Planning and Community Development Director
Megan Upshaw..... Library Director

SCHOOL BOARD

George L. Spaulding, Jr., Chairperson

Dr. JoWanda Rollins-Fells
Nancy G. Carson

Tinka B. Harris
Shawn M. Kelley

John I. Copeland

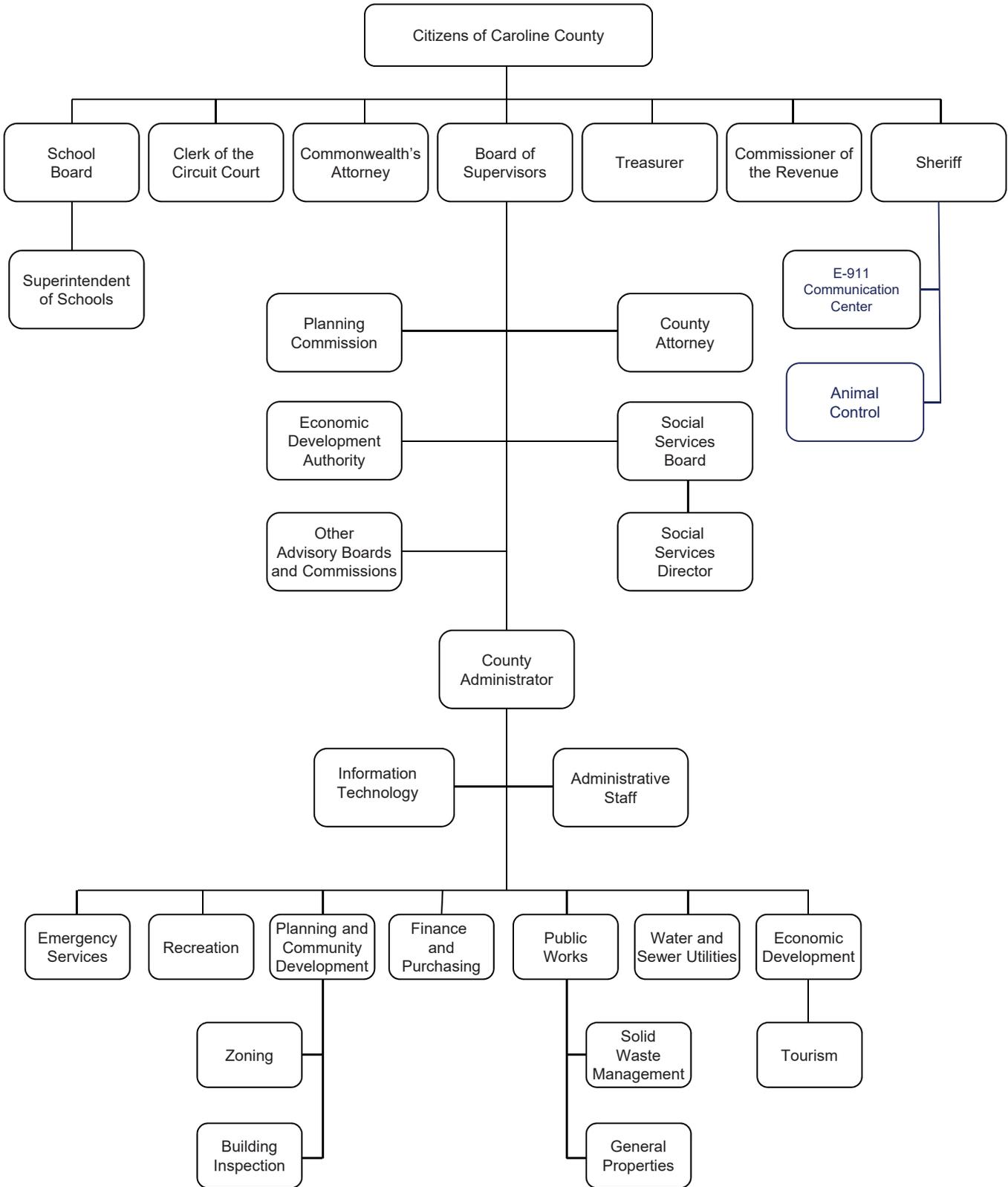
SCHOOL BOARD ADMINISTRATIVE OFFICERS

Dr. Sarah B. Calveric Superintendent
Marcia Stevens Finance Manager, Schools

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COUNTY OF CAROLINE, VIRGINIA

ORGANIZATION CHART



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Caroline County, Virginia

Board of Supervisors

Jeffrey S. Black
Western Caroline District

Clayton T. Forehand
Madison District

Nancy L. Long
Port Royal District

Jeffery M. Sili
Bowling Green District

Floyd W. Thomas
Mattaponi District

Reginald L. Underwood
Reedy Church District

Charles M. Culley, Jr.
County Administrator

Caroline County, VA



February 19, 2020

To the Honorable Members of the Board of Supervisors and the Citizens of Caroline County, Virginia

The Comprehensive Annual Financial Report of the County of Caroline, Virginia as of and for the fiscal year ended June 30, 2019 is herewith submitted. Section 15.2-2511 of the *Code of Virginia* essentially requires all localities to produce an independently audited financial report and this Comprehensive Annual Financial Report is provided to meet that requirement. It has been prepared by the County Department of Finance to conform with standards of financial reporting promulgated by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA), and the Commonwealth of Virginia Auditor of Public Accounts.

Responsibility for the completeness and reliability of all of the information presented in this report rests with Caroline County management. In order to take meaningful responsibility, County management must have reasonable assurance the underlying financial information on which the report is based is also accurate and reliable. To that end, County management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance the financial statements will be free from material misstatement. As management, we assert, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

It would be irresponsible for any financial statement user to rely on management's representations in the financial statements without some objective review and confirmation. To provide that objective confirmation, Caroline County's financial

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212 North Main Street, P. O. Box 447, Bowling Green, Virginia 22427

(804)633-5380 - Telephone (804)633-4970 - Fax

www.co.caroline.va.us

statements have been audited by Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance the financial statements of the County for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2019 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Caroline County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available at the back of this Comprehensive Annual Financial Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Caroline County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Caroline County was formed in 1728 by action of the Virginia House of Burgesses and is currently one of 95 counties in the Commonwealth of Virginia. Policy-making and legislative authority are vested in a six-member Board of Supervisors which is elected by District. The Board of Supervisors is responsible, among other things, for providing overall policy direction for the County government, passing ordinances, adopting the budget, appointing committees, and hiring both a County Administrator and County Attorney. The County Administrator is responsible for carrying out the policies and ordinances of the governing Board, for overseeing the day-to-day operations of the government, and for appointing heads of the various departments. Other officials who play a major role in the County government's operation or in providing services are separately elected. These officials are: Clerk of the Circuit Court - court clerk and custodian of legal records; Commissioner of the Revenue - the tax assessment officer of the County; Commonwealth's Attorney - criminal prosecution attorney for the County; Sheriff - chief law enforcement officer; Treasurer - recipient and custodian of County funds.

This Comprehensive Annual Financial Report includes all funds and activities of Caroline County. The County is the primary provider of all local government services within its boundaries and provides a full range of those services. This includes law enforcement, fire protection and emergency medical response; the construction and maintenance of public buildings and other infrastructure; solid waste collection and disposal; recreation; and community and economic development.

Public education in the County is provided by the Caroline County School Board. Caroline County Public Schools is a separate legal entity from the County and the School Board is separately elected. The School Board has no independent revenue raising authority, however, and must depend on the County for the local contribution required by the Virginia Constitution for the support of the public schools. As a result of this financial dependency, the funds and activities of the Caroline County School Board have been included in this financial report in order to provide a comprehensive view of the County's financial status and activities. Information on the School Board has been presented in discrete columns in the financial statements to emphasize its separate legal identity.

Local Economy

Caroline County is located in east central Virginia and encompasses approximately 549 square miles with an estimated July 1, 2019 population of 30,318. The County seat, the Town of Bowling Green, is located approximately 35 miles north of the State capitol of Richmond and approximately 20 miles south of the City of Fredericksburg.

Historically, Caroline County has remained relatively insulated from the dramatic growth seen in the nearby northern Virginia area and remained primarily rural and residential. Its economy has been agriculturally based with a handful of small to medium size industrial businesses and limited commercial development focused along major highway corridors. Fort A. P. Hill, a 77,000 acre undeveloped military training installation, entirely within the County's borders, also dominates the landscape. The County's population density of 55 persons per square mile compared to densities of well over 200 per square mile in counties just to the north and south and the Virginia average of 179 confirm this perspective.

In past years, its location along Interstate 95, the primary north-south transportation artery on the east coast, and increasing congestion in neighboring counties brought extensive development interest to the County. Three new mixed use development projects have been approved that could add almost 10,000 new homes to the County over a 25 year period along with a variety of commercial, recreational and other uses. Those projects were well underway with many new houses completed or under construction when the housing market dropped. It is likely to continue to be years before the County sees a return of the 2% – 3% annual population growth it was experiencing ten years ago.

The growth in population is expected to bring with it an expansion in retail and other non-residential development. This expansion, which had begun to occur, was been put on hold during the economic downturn. The decision by the State Fair of Virginia to relocate to Caroline County in 2009 helped raise the County's profile. McKesson Corporation built a large distribution center in Caroline County and the announcement of a distribution center by Harris Teeter has further raised the County's profile.

With this activity, the County is looking forward to and preparing itself for dramatic changes over the next several years. Significant increases in demand on the County's services and infrastructure are expected. Thorough planning and a disciplined commitment to implementing those plans will be vital as the County addresses those pressures over the next several years. Maintaining a solid financial foundation will be an important part of that process.

Major Projects/Initiatives

Building upgrades for Caroline County Public Schools under an Energy Performance Contract at a cost of \$1,048,461 paid for in large part by energy savings.

Construct an emergency access road for Durrett Road Lake Land 'Or at a cost of \$63,249.

The expenditure of \$374,433 for nine sheriff's vehicles and communication equipment to replace aging units.

The purchase of an ambulance at a cost of \$207,433 and a fire engine at a cost of \$632,702 to replace aging units.

Other Information

The following is provided to supplement the information provided in the financial statements and to assist those with an interest in the financial affairs of the County.

Risk Management: An active risk management program is essential for the County to protect itself from the many risks of loss it faces in providing services to the public. Risks of property damage, general and auto liability, and workers injury compensation are covered through premium contributions to an insurance pool operated by the Virginia Association of Counties (VACORP). The County works extensively with representatives of VACORP to identify loss trends and take corrective action to reduce claims. The County has also strengthened its emergency response planning to protect County resources and the public in the event of natural or man-made disasters.

Pension and Other Employment Benefits: Pension benefits for County employees are provided through participation in the Virginia Retirement System (VRS), a State-wide pension system for government employees. Bi-annually, VRS actuaries prepare contribution calculations for each local government participating in the system. The County fully funds its required contributions.

The County provides and makes contributions toward a self-funded group health insurance plan for its employees. Premium rates are negotiated annually with a third party insurance administrator and County contribution policies are set based on claims history and to a lesser extent, percentage

of premiums contributed by surrounding counties. Retired employees are given the option of continuing their coverage under the County's group plan following termination, but the County makes no contribution toward their premiums.

In closing, we would like to thank the many members of the County staff who assisted in the preparation of this report. Finally and most particularly, we would like to thank the Board of Supervisors for their interest in and commitment to keeping the County on a solid financial foundation.

Respectfully submitted,



CHARLES M. CULLEY, JR.
County Administrator



CURTIS S. FINNEY, JR.
Finance Director

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FINANCIAL SECTION

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Independent Auditors' Report

**To the Honorable Members of the Board of Supervisors
County of Caroline
Caroline, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Caroline, 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 business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Caroline, 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 21 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-12, and 104-106, and 107-124 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

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

Supplementary and Other Information (Continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2020, on our consideration of County of Caroline, 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 Caroline, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Caroline, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
February 19, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Caroline County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Caroline County for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

Government-Wide Financial Statements

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$34,758,900 (Total Net Position). The County is reporting a surplus in investment in capital assets, net of related debt of \$5,168,674. A deficit in the investment in capital assets, net of related debt of \$1,765,894 is in Governmental Activities.
- The County's total net position increased by \$4,282,516, or 14.4%, in the fiscal year ended June 30, 2019.
- The County's total outstanding long-term debt reflects a net decrease of \$4,286,165 to \$122,452,352 during the fiscal year ended June 30, 2019.

Fund Financial Statements

- Total fund balance of the County's Governmental Funds, reporting on a current financial resources basis, amounted to \$28,030,295 at June 30, 2019. This was a net increase of \$114,205 over the prior year. The General Fund decreased 3.3%, (\$837,490) and the Capital Projects Fund increased 40.6%, \$272,410. The increase for the Capital Projects Fund is due to proceeds for capital leases. The decrease in the General Fund is due to the increase in transfers out for the Ladysmith Road Project with funds received in prior fiscal years.
- During the fiscal year ended June 30, 2019, the unassigned fund balance in the General Fund decreased by \$1,219,980 to \$17,083,663. This fund balance represents 32.7% of total General Fund expenditures and operating transfers, a decrease of 0.2% under the previous fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Caroline County's basic financial statements. The Caroline County's basic financial statements comprise three components: 1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *Statement of Net Position* presents information on all of Caroline County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases

or decreases in net position may serve as a useful indicator of whether the financial position of Caroline County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of Caroline County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Caroline County include general government, judicial support, public safety, sanitation, public facility maintenance, social services, education, community development, and culture and recreation. The business-type activities of Caroline County include the Caroline County Utility Fund, a public water and sewer utility, and the Dawn Wastewater System Fund, a public sewer utility.

The government-wide financial statements include not only Caroline County itself (known as the primary government), but also two legally separate component units, the school division for which Caroline County is financially accountable and the Economic Development Authority. Financial information for these component units are reported separately from the financial information presented for the primary government itself.

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

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

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

balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Caroline County maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Projects Fund, the Debt Service Fund, the Social Services Fund and the Proffers Fund, all of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Caroline County adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided as part of the Required Supplementary Information in the Financial Section of this report to demonstrate compliance with this budget. Budgetary comparison statements for other governmental funds are also provided as Other Supplementary Information in the Financial Section of this report.

Proprietary funds. Caroline County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Caroline County uses enterprise funds to account for its Water and Sewer Utility and for the Dawn Wastewater System. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Caroline County's various functions. Caroline County uses internal service funds to account for vehicle maintenance services and health insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

The Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Utility, the Dawn Wastewater System, the Vehicle Maintenance Internal Service Fund and the Self-Insurance Fund.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Caroline County's own programs.

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

Other information. Following the basic financial statements and accompanying notes, this report also presents the combining financial statements referred to earlier in connection with non-major governmental funds and individual budgetary comparison statements for governmental funds except the General Fund. Combining financial statements and fund

budgetary comparisons are also presented for the discretely presented Caroline County School Division and the Economic Development Authority. The School Division and the EDA do not issue separate annual financial reports.

Government-Wide Financial Analysis

As noted earlier, net position indicates the amount by which the County's total assets exceed its short and long term obligations and is a useful indicator of the County's overall financial condition at the time of measurement. In total, the County's net position for all governmental and business-type activities amounted to \$34,758,900 at June 30, 2019. The following table summarizes the County's Statement of Net Assets:

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 56,817,554	\$ 54,453,930	\$ 2,157,590	\$ 1,979,966	\$ 58,975,144	\$ 56,433,896
Capital assets	<u>76,239,142</u>	<u>78,154,144</u>	<u>43,669,782</u>	<u>44,644,579</u>	<u>119,908,924</u>	<u>122,798,723</u>
Total assets	<u>\$ 133,056,696</u>	<u>\$ 132,608,074</u>	<u>\$ 45,827,372</u>	<u>\$ 46,624,545</u>	<u>\$ 178,884,068</u>	<u>\$ 179,232,619</u>
Deferred outflows of resources	<u>\$ 1,650,587</u>	<u>\$ 1,160,431</u>	<u>\$ 1,321,469</u>	<u>\$ 773,058</u>	<u>\$ 2,972,056</u>	<u>\$ 1,933,489</u>
Current liabilities	\$ 3,414,133	\$ 4,102,904	\$ 666,357	\$ 796,172	\$ 4,080,490	\$ 4,899,076
Long-term liabilities outstanding	<u>84,263,832</u>	<u>87,851,191</u>	<u>38,188,520</u>	<u>38,887,326</u>	<u>122,452,352</u>	<u>126,738,517</u>
Total liabilities	<u>\$ 87,677,965</u>	<u>\$ 91,954,095</u>	<u>\$ 38,854,877</u>	<u>\$ 39,683,498</u>	<u>\$ 126,532,842</u>	<u>\$ 131,637,593</u>
Deferred inflow of resources	<u>\$ 20,419,736</u>	<u>\$ 19,054,454</u>	<u>\$ 144,646</u>	<u>\$ 87,648</u>	<u>\$ 20,564,382</u>	<u>\$ 19,142,102</u>
Net position:						
Net investment in capital assets	\$ (1,765,894)	\$ (2,828,244)	\$ 6,934,568	\$ 6,715,462	\$ 5,168,674	\$ 3,889,218
Restricted	4,268,655	4,268,654	1,709,668	1,646,702	5,978,323	5,915,356
Unrestricted	<u>24,106,821</u>	<u>21,314,545</u>	<u>(494,918)</u>	<u>(735,707)</u>	<u>23,611,903</u>	<u>20,581,838</u>
Total Net Position	<u>\$ 26,609,582</u>	<u>\$ 22,759,955</u>	<u>\$ 8,149,318</u>	<u>\$ 7,626,457</u>	<u>\$ 34,758,900</u>	<u>\$ 30,386,412</u>

The County is reporting a decrease in the balance of unrestricted net position primarily due to the increase in capital assets and the reduction in debt. A portion of the County's assets, \$5,978,323 are subject to external restrictions on their use. These assets are primarily cash held for the payment of debt service or ongoing construction projects. Restricted cash and investments held for the construction of capital assets are offset by related long term debt liabilities in calculating the County's net position.

The County's total balance of working capital, current and other assets minus current liabilities, increased from \$51,534,820 at June 30, 2018 to \$54,894,654. The County's investment in capital assets increased by \$1,279,456 and its long term liabilities decreased by \$4,286,165 over the same period.

As previously indicated, the County's net position increased \$4,282,516. Net position of governmental activities increased by \$3,759,655 and those of business-type activities, the County's water and sewer utility operations, increased \$522,861. The following table summarizes the change in the County's net position as shown in the Statement of Activities:

County of Caroline, Virginia Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Program Revenues						
Charges for Services	\$ 3,065,819	\$ 2,329,785	\$ 2,764,671	\$ 2,636,964	\$ 5,830,490	\$ 4,966,749
Operating Grants and Contributions	7,043,657	7,516,459	352,383	256,922	7,396,040	7,773,381
Capital Grants and Contributions	<u>-</u>	<u>-</u>	<u>637,770</u>	<u>937,671</u>	<u>637,770</u>	<u>937,671</u>
Total Program Revenues	<u>\$ 10,109,476</u>	<u>\$ 9,846,244</u>	<u>\$ 3,754,824</u>	<u>\$ 3,831,557</u>	<u>\$ 13,864,300</u>	<u>\$ 13,677,801</u>
General Revenues:						
General Property Taxes	\$ 36,870,630	\$ 35,811,884			\$ 36,870,630	\$ 35,811,884
Local Sales and Use Taxes	2,233,473	2,294,305			2,233,473	2,294,305
Consumers Utility Taxes	91,167	91,368			91,367	91,368
Motor Vehicle Licenses	1,155,454	1,106,599			1,155,454	1,106,599
Other Local Taxes	3,281,594	3,219,101			3,281,594	3,219,101
Intergovernmental Revenues-State	3,219,370	3,028,573			3,219,370	3,028,573
Use of Money and Property	698,912	484,436	36,461	23,287	735,373	507,723
Miscellaneous	467,201	419,795	328,443	255,114	795,644	674,909
Transfers	<u>(2,267,705)</u>	<u>(1,730,200)</u>	<u>2,267,705</u>	<u>1,730,200</u>	<u>-</u>	<u>-</u>
Total General Revenues	<u>\$ 45,750,096</u>	<u>\$ 44,725,861</u>	<u>\$ 2,632,609</u>	<u>\$ 2,008,601</u>	<u>\$ 48,382,705</u>	<u>\$ 46,734,462</u>
Expenses:						
General Government						
Administration	\$ 3,693,835	\$ 4,047,104			\$ 3,693,835	\$ 4,047,104
Judicial Administration	1,457,236	1,515,859			1,457,236	1,518,859
Public Safety	14,116,709	14,205,256			14,116,709	14,205,256
Public Works	5,933,547	4,232,947			5,933,547	4,232,947
Health and Welfare	4,748,908	5,297,241			4,748,908	5,297,241
Education	16,802,131	16,899,064			16,802,131	16,899,064
Parks, Recreation, and Cultural	940,443	804,264			940,443	804,264
Community Development	1,335,556	1,343,428			1,335,556	1,343,428
Interest and Other fiscal Charges	3,071,552	3,303,659			3,071,552	3,303,659
Water and Sewer Utilities	<u>-</u>	<u>-</u>	<u>5,864,572</u>	<u>5,386,681</u>	<u>5,864,572</u>	<u>5,386,681</u>
Total Expenses	<u>\$ 52,099,917</u>	<u>\$ 51,651,822</u>	<u>\$ 5,864,572</u>	<u>\$ 5,386,681</u>	<u>\$ 57,964,489</u>	<u>\$ 57,038,503</u>
Change in Net Position	\$ 3,759,655	\$ 2,920,283	\$ 522,861	\$ 453,477	\$ 4,282,516	\$ 3,373,760
Net Position, Beginning, restated	<u>22,849,927</u>	<u>19,839,673</u>	<u>7,626,457</u>	<u>7,172,980</u>	<u>30,476,384</u>	<u>27,012,653</u>
Net Position, Ending	<u>\$ 26,609,582</u>	<u>\$ 22,759,956</u>	<u>\$ 8,149,318</u>	<u>\$ 7,626,457</u>	<u>\$ 34,758,900</u>	<u>\$ 30,386,413</u>

Expenditures in the County's governmental activities decreased 0.5% over the prior year with expenditures decreasing in most functions except Public Works, and Parks, Recreation and Cultural Programs. Education again consumed the largest share of the total combined expenditures of the primary County government and its component units during the fiscal year ended June 30, 2019 at 32.7% of the total, but less than the previous year. Public safety spending represents 27.5% of the total. Program revenues, which include fees, charges and special purpose grants and contributions, funded 34.0% of total functional expenditures in fiscal year 2019, a slightly increased level as compared to fiscal year 2018. General property tax revenues increased 3.0% over the prior year and total general revenues for the County's governmental activities increased 2.4%. In the County's business type activities, expenditures increased 8.9% and program revenues decreased 2.0% from the prior year. The County's water and sewer utility operations realized a loss in the current fiscal year and is continuing to prepare for a period of moderate growth sometime in the future. It should again be noted that these expenses are on a full accrual basis and, therefore, include depreciation expense on capital assets.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of available resources. By analyzing the sources and uses of funds, the differences between the two, and changes in balances over time, such information can be useful in assessing the County's financial needs. In particular, unreserved fund balance is important as a measure of the net resources available for financing future expenditures.

In total, governmental funds reported fund balances of \$28,030,295 at June 30, 2019, \$4,551,483 of that balance is reserved by external restrictions, \$6,614,907 is committed or assigned and the remaining \$16,863,905 is unreserved. Fund balances in the governmental funds increased \$114,205 during the fiscal year ended June 30, 2019. Fund balance in the General Fund decreased by \$837,490. An increase of \$272,410 was realized in the fund balance of the Capital Projects Fund due to transfer to support projects funded from prior years.

In the General Fund, fund balance decreased to \$24,722,603, a 3.3% decrease over the prior year. General property taxes remain the primary revenue source in the General Fund contributing 66.0% of the total revenues during fiscal year 2019, slightly higher than in the prior year. Intergovernmental revenue from the Commonwealth of Virginia increased slightly to 6.3%, and the share added by other local taxes increased slightly to 1.9% compared to last year. Education accounted for largest share of the General Fund's expenditures (32.7%). Public Safety (27.5%) and Public Works (11.5%) also accounted for substantial shares of the expenditures in the Fund.

Proprietary Funds. The proprietary funds provide the same type of information found in the business-type activities sections of the government-wide financial statements, but in more detail.

The largest of the County's enterprise operations, the County Public Utility Fund had a net position of \$5,045,169 at June 30, 2019, an increase over the previous year. The County has made significant investments in the utility system over the last ten plus years that have not yet been fully recovered through revenues in the fund. The County's main utility fund reported a net operating loss for the fiscal year ended June 30, 2019 of \$674,662, a 17.2% increase over last fiscal year due to a 7.1% increase in revenues. The Dawn Wastewater System reported a net operating loss of \$167,380, a 4.6% increase from last fiscal year. This year was the eleventh full year of operation for the Dawn system and the tenth full year of depreciation.

General Fund Budgetary Highlights

The original adopted budget of the General Fund was increased by 14.4% or \$5,887,386. Activities budgeted for the Caroline Detention Facility accounts for \$4 million of the overall increase. Following is a partial summary of these increases/reductions by function:

- \$ 170,906 for General Government Administration
- \$ 28,332 for Judicial Administration
- \$ 4,943,698 for Public Safety
- \$ 437,851 for Public Works
- \$ 70,510 for Health and Welfare
- \$ 54,991 for Parks, Recreation and Cultural
- \$ 53,589 for Community Development
- \$ 162,709 for Transfers to Other Funds

Actual revenue collections were \$1,451,344 greater than the final budget estimates. Revenue from all categories were greater than budgeted estimates. Increased collection efforts contributed to the increase in general property taxes.

Actual expenditures totaled \$1,874,751 less than the amended budget appropriations, a variance of 4.0%.

Capital Assets and Debt Administration

Capital Assets. The County's total investment in capital assets for governmental and business-type activities amounted to \$119,908,924 as of June 30, 2019, net of accumulated depreciation. This investment in capital assets includes land, buildings, property improvements, machinery and equipment, vehicles and utility improvements. It should be noted that this investment value is based on historical cost and is not reflective of the current market value of these assets.

Major capital improvement projects for the year included:

- \$ 374,433 for emergency services equipment Sheriff's Office
- \$ 1,101,913 for engines and to complete logistics building construction
- \$ 2,000,000 for Ladysmith Road Project with VDOT
- \$ 1,048,461 for School's Energy Performance Program
- \$ 96,024 for replacement school bus
- \$ 89,184 for school generator and staff computers

Long-Term Debt. At June 30, 2019, the County's total long-term debt amounted to \$122,452,352. This total is comprised of:

- \$25,193,895 in lease revenue bonds issued through the County's Economic Development Authority for a variety of general government, school and business-type activity improvements and equipment acquisitions.
- \$35,387,396 in utility system revenue bonds for the improvement and expansion of the County's utility enterprise operations and landfill closure.
- \$40,321,049 in general obligation bonds issued for the construction and improvement of County public schools.
- \$9,311,264 in capital lease obligations for general government and business type radio and motor vehicle equipment.
- \$3,276,875 as the County's liability for closure and post-closure care of the former County Sanitary Landfill.

Economic Factors and Next Year's Budget and Tax Rates

- The population of Caroline County, based on the 2010 census has grown 6.8% since the April 2010 census to an estimated 30,318.
- The County completed a real property reassessment to be effective January 2016 to be sure its values for tax purposes are in line with market values. Growth had pushed assessed values up for the January 2008 reassessment to almost \$3 billion, but the housing market crash had dropped values for 2011 by an estimated 18%. Growth in the County continues to be low.
- The unemployment rate for the County decreased from 3.9% to 3.4%.
- The burst of population growth the County had experienced several years ago has slowed dramatically as the nation-wide turnaround in real estate markets and recession has had an impact. After issuing a total of 318 residential building permits in the fiscal year ended June 30, 2007, the County building inspection division issued 101 in the fiscal year ended June 30, 2019 which is a decrease of 35 permits over the fiscal year ended June 30, 2018. The County issued 3 Commercial Development permits in fiscal year June 30, 2019.

These and many other factors were considered in preparing the County's budget for fiscal year 2019. The fiscal year 2019 general fund budget (excluding capital investments) increased 2.7%. Fiscal year 2019 budget includes a 3.8% increase in funding for schools and a decrease of \$195,365 in debt service payments; six new full time positions. The FY 2019 general fund budget also includes slightly increased funding for mandated services for the Children's Services Act for At-Risk Youth and Families and decreased transfers to Caroline Utility Fund. Capital investments reflect several small projects, the lease purchase of sheriff's vehicles, fire and rescue vehicles and equipment, accounting system upgrade, and construction of a solid waste convenience site in the amount of \$1,956,400. The adopted real estate rate for calendar year 2019 remained the same at \$0.83 per hundred dollars of assessed value. Personal property tax rates remained at \$3.80.

Requests for Information

This financial report is designed to provide a general overview of the County of Caroline, Virginia's finances for all those who may have an interest in the County's financial condition and prospects. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Director, Caroline County, Post Office Box 447, 212 N. Main Street, Bowling Green, Virginia 22427.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 22,260,697	\$ -	\$ 22,260,697	\$ 3,496,910	\$ 572,762
Receivables (net of allowance for uncollectibles):					
Taxes receivable	23,458,759	-	23,458,759	-	-
Accounts receivable	453,324	318,458	771,782	137,423	-
Due from other governmental units	3,157,404	913	3,158,317	1,335,151	-
Restricted cash and investments	5,154,485	1,709,668	6,864,153	-	-
Net pension asset	2,332,885	128,551	2,461,436	310,273	-
Capital assets (net of accumulated depreciation):					
Land	1,242,883	711,986	1,954,869	849,553	-
Buildings	60,078,441	988,213	61,066,654	3,502,577	-
Improvements other than buildings	5,704,952	41,161,302	46,866,254	315,792	-
Equipment	9,088,728	474,745	9,563,473	3,389,155	-
Intangibles	51,587	-	51,587	-	-
Construction in progress	72,551	333,536	406,087	-	-
Total assets	\$ 133,056,696	\$ 45,827,372	\$ 178,884,068	\$ 13,336,834	\$ 572,762
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	\$ 72,750	\$ 1,228,170	\$ 1,300,920	\$ -	\$ -
Pension related items	1,321,362	72,316	1,393,678	4,082,554	-
OPEB related items	256,475	20,983	277,458	713,843	-
Total deferred outflows of resources	\$ 1,650,587	\$ 1,321,469	\$ 2,972,056	\$ 4,796,397	\$ -
LIABILITIES					
Accounts payable	\$ 1,201,623	\$ 150,390	\$ 1,352,013	\$ 581,395	\$ -
Accrued payroll	281,754	18,161	299,915	2,100,149	-
Other accrued liabilities	120,377	13,685	134,062	-	-
Customer deposits	-	165,993	165,993	-	-
Accrued interest payable	1,008,601	318,128	1,326,729	28,688	-
Due to other governmental units	43,646	-	43,646	-	500,000
Insurance and benefits claims	258,132	-	258,132	-	-
Unearned revenue	500,000	-	500,000	-	-
Long-term liabilities:					
Due within one year	5,713,042	1,526,782	7,239,824	358,914	-
Due in more than one year	78,550,790	36,661,738	115,212,528	45,163,616	-
Total liabilities	\$ 87,677,965	\$ 38,854,877	\$ 126,532,842	\$ 48,232,762	\$ 500,000
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 17,964,700	\$ -	\$ 17,964,700	\$ -	\$ -
Pension related items	2,343,183	138,123	2,481,306	3,500,231	-
OPEB related items	111,853	6,523	118,376	376,058	-
Total deferred inflows of resources	\$ 20,419,736	\$ 144,646	\$ 20,564,382	\$ 3,876,289	\$ -

Statement of Net Position
June 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
NET POSITION					
Net investment in capital assets	\$ (1,765,894)	\$ 6,934,568	\$ 5,168,674	\$ 6,668,512	\$ -
Restricted:					
Capital projects	670,415	1,709,668	2,380,083	-	-
Debt service	1,847,361	-	1,847,361	-	-
Social services	32,803	-	32,803	-	-
Law enforcement	194,566	-	194,566	-	-
Public safety grants	89,029	-	89,029	-	-
Fire/rescue	2,000	-	2,000	-	-
Fire/rescue grants	244,902	-	244,902	-	-
Housing	33,581	-	33,581	-	-
Courthouse maintenance	7,939	-	7,939	-	-
Law library	1,487	-	1,487	-	-
Tourism	96,769	-	96,769	-	-
Ladysmith Commons road improvements	37,499	-	37,499	-	-
Ladysmith library	365,327	-	365,327	-	-
Ladysmith recreation	163,606	-	163,606	-	-
Dawn library	5,412	-	5,412	-	-
Route 639 construction	275,000	-	275,000	-	-
Children's services	200,959	-	200,959	-	-
Unrestricted	24,106,821	(494,918)	23,611,903	(40,644,332)	72,762
Total net position	\$ 26,609,582	\$ 8,149,318	\$ 34,758,900	\$ (33,975,820)	\$ 72,762

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

COUNTY OF CAROLINE, VIRGINIA

Statement of Activities

For the Year Ended June 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 3,693,835	\$ -	\$ 1,011,111	\$ -
Judicial administration	1,457,236	711,715	651,160	-
Public safety	14,116,709	2,203,555	1,984,974	-
Public works	5,933,547	53,107	26,334	-
Health and welfare	4,748,908	-	3,370,078	-
Education	16,802,131	-	-	-
Parks, recreation, and cultural	940,443	97,202	-	-
Community development	1,335,556	240	-	-
Interest on long-term debt	3,071,552	-	-	-
Total governmental activities	<u>\$ 52,099,917</u>	<u>\$ 3,065,819</u>	<u>\$ 7,043,657</u>	<u>\$ -</u>
Business-type activities:				
Public utilities	\$ 5,864,572	\$ 2,764,671	\$ 352,383	\$ 637,770
Total business-type activities	<u>\$ 5,864,572</u>	<u>\$ 2,764,671</u>	<u>\$ 352,383</u>	<u>\$ 637,770</u>
Total primary government	<u>\$ 57,964,489</u>	<u>\$ 5,830,490</u>	<u>\$ 7,396,040</u>	<u>\$ 637,770</u>
COMPONENT UNITS:				
School Board	\$ 44,870,657	\$ 741,980	\$ 29,860,800	\$ -
Economic Development Authority	7,363	-	1,000	-
Total component units	<u>\$ 44,878,020</u>	<u>\$ 741,980</u>	<u>\$ 29,861,800</u>	<u>\$ -</u>

General revenues:

- General property taxes
- Local sales and use tax
- Consumer utility
- Motor vehicle licenses and registration fees
- Business license taxes
- Meals tax
- Other local taxes
- Unrestricted revenues from use of money and property
- Miscellaneous
- Grants and contributions not restricted to specific programs
- Payment from Caroline County
- Transfers
- Total general revenues and transfers
- Change in net position
- Net position - beginning, as restated
- Net position - ending

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	EDA
\$ (2,682,724)	\$ -	\$ (2,682,724)	\$ -	\$ -
(94,361)	-	(94,361)	-	-
(9,928,180)	-	(9,928,180)	-	-
(5,854,106)	-	(5,854,106)	-	-
(1,378,830)	-	(1,378,830)	-	-
(16,802,131)	-	(16,802,131)	-	-
(843,241)	-	(843,241)	-	-
(1,335,316)	-	(1,335,316)	-	-
(3,071,552)	-	(3,071,552)	-	-
<u>\$ (41,990,441)</u>	<u>\$ -</u>	<u>\$ (41,990,441)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ (2,109,748)</u>	<u>\$ (2,109,748)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ (2,109,748)</u>	<u>\$ (2,109,748)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (41,990,441)</u>	<u>\$ (2,109,748)</u>	<u>\$ (44,100,189)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (14,267,877)	\$ -
-	-	-	-	(6,363)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,267,877)</u>	<u>\$ (6,363)</u>
\$ 36,870,630	\$ -	\$ 36,870,630	\$ -	\$ -
2,233,473	-	2,233,473	-	-
91,167	-	91,167	-	-
1,155,454	-	1,155,454	-	-
905,098	-	905,098	-	-
1,279,634	-	1,279,634	-	-
1,096,862	-	1,096,862	-	-
698,912	36,461	735,373	49,535	248
467,201	328,443	795,644	890,454	241
3,219,370	-	3,219,370	-	-
-	-	-	14,603,619	-
(2,267,705)	2,267,705	-	-	-
<u>\$ 45,750,096</u>	<u>\$ 2,632,609</u>	<u>\$ 48,382,705</u>	<u>\$ 15,543,608</u>	<u>\$ 489</u>
<u>\$ 3,759,655</u>	<u>\$ 522,861</u>	<u>\$ 4,282,516</u>	<u>\$ 1,275,731</u>	<u>\$ (5,874)</u>
<u>22,849,927</u>	<u>7,626,457</u>	<u>30,476,384</u>	<u>(35,251,551)</u>	<u>78,636</u>
<u>\$ 26,609,582</u>	<u>\$ 8,149,318</u>	<u>\$ 34,758,900</u>	<u>\$ (33,975,820)</u>	<u>\$ 72,762</u>

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FUND FINANCIAL STATEMENTS

COUNTY OF CAROLINE, VIRGINIA

Balance Sheet
 Governmental Funds
 June 30, 2019

	<u>General</u>	<u>Debt Service</u>	<u>County Capital Projects</u>
ASSETS			
Cash and cash equivalents	\$ 19,046,111	\$ 4,317	\$ -
Receivables (net of allowance for uncollectibles):			
Taxes receivable	23,458,759	-	-
Accounts receivable	198,119	164,260	-
Due from other governmental units	2,751,877	46,122	-
Due from other funds	2,424,345	-	-
Restricted cash and investments	1,690,926	-	3,463,559
Total assets	<u>\$ 49,570,137</u>	<u>\$ 214,699</u>	<u>\$ 3,463,559</u>
LIABILITIES			
Accounts payable	\$ 791,281	\$ 57,385	\$ 96,389
Accrued payroll	220,957	-	-
Other accrued liabilities	107,259	-	-
Due to other governmental units	43,646	-	-
Due to other funds	-	-	2,424,345
Unearned revenue	500,000	-	-
Total liabilities	<u>\$ 1,663,143</u>	<u>\$ 57,385</u>	<u>\$ 2,520,734</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 23,184,391	\$ -	\$ -
Total deferred inflows of resources	<u>\$ 23,184,391</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES			
Restricted	\$ 1,847,361	\$ -	\$ 942,825
Committed	2,784,575	-	-
Assigned	3,007,004	157,314	-
Unassigned	17,083,663	-	-
Total fund balances	<u>\$ 24,722,603</u>	<u>\$ 157,314</u>	<u>\$ 942,825</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 49,570,137</u>	<u>\$ 214,699</u>	<u>\$ 3,463,559</u>

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

<u>Proffers</u>	<u>Virginia Public Assistance</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 630,086	\$ -	\$ 1,328,021	\$ 21,008,535
-	-	-	23,458,759
-	-	90,945	453,324
-	202,476	156,929	3,157,404
-	-	-	2,424,345
-	-	-	5,154,485
<u>\$ 630,086</u>	<u>\$ 202,476</u>	<u>\$ 1,575,895</u>	<u>\$ 55,656,852</u>
\$ -	\$ 19,348	\$ 107,641	\$ 1,072,044
-	58,380	2,417	281,754
-	12,933	185	120,377
-	-	-	43,646
-	-	-	2,424,345
-	-	-	500,000
<u>\$ -</u>	<u>\$ 90,661</u>	<u>\$ 110,243</u>	<u>\$ 4,442,166</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,184,391</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,184,391</u>
\$ 849,844	\$ 32,803	\$ 878,650	\$ 4,551,483
-	-	587,002	3,371,577
-	79,012	-	3,243,330
(219,758)	-	-	16,863,905
<u>\$ 630,086</u>	<u>\$ 111,815</u>	<u>\$ 1,465,652</u>	<u>\$ 28,030,295</u>
<u>\$ 630,086</u>	<u>\$ 202,476</u>	<u>\$ 1,575,895</u>	<u>\$ 55,656,852</u>

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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		\$	28,030,295
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, cost	\$	116,345,729	
Accumulated depreciation		<u>(40,106,587)</u>	76,239,142
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.			
Unavailable revenue - property taxes	\$	5,219,691	
Net pension asset		<u>2,332,885</u>	7,552,576
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Deferred charge on refunding	\$	72,750	
Pension related items		1,321,362	
OPEB related items		<u>256,475</u>	1,650,587
Internal service funds are used by management to charge the cost of goods provided to other departments or funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.			
			864,451
Long-term liabilities and related assets, including bonds payable. Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.			
Bonds payable, including unamortized premiums	\$	(68,766,522)	
Capital leases		(9,311,264)	
Landfill postclosure cost		(3,276,875)	
Accrued interest payable		(1,008,601)	
Net OPEB liabilities		(2,080,720)	
Compensated absences		<u>(828,451)</u>	(85,272,433)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(2,343,183)	
OPEB related items		<u>(111,853)</u>	<u>(2,455,036)</u>
Net position of governmental activities			<u>\$ 26,609,582</u>

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

COUNTY OF CAROLINE, VIRGINIA

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

	General	Debt Service	County Capital Projects
REVENUES			
General property taxes	\$ 36,402,347	\$ -	\$ -
Other local taxes	4,775,147	1,822,135	-
Permits, privilege fees, and regulatory licenses	527,310	-	-
Fines and forfeitures	521,650	-	-
Revenue from the use of money and property	512,130	111,602	60,941
Charges for services	1,359,374	-	-
Miscellaneous	318,140	-	5,356
Recovered costs	4,951,213	-	7,648
Intergovernmental:			
Commonwealth	5,692,599	288,970	-
Federal	143,078	494,013	-
Total revenues	<u>\$ 55,202,988</u>	<u>\$ 2,716,720</u>	<u>\$ 73,945</u>
EXPENDITURES			
Current:			
General government administration	\$ 3,566,141	\$ -	\$ -
Judicial administration	1,367,981	-	-
Public safety	18,331,713	-	-
Public works	3,741,639	-	-
Health and welfare	682,740	-	-
Education	14,652,485	-	-
Parks, recreation, and cultural	890,567	-	-
Community development	1,536,272	-	-
Capital outlay	-	-	4,874,535
Debt service:			
Principal retirement	-	5,948,502	-
Interest and other fiscal charges	-	2,922,877	-
Total expenditures	<u>\$ 44,769,538</u>	<u>\$ 8,871,379</u>	<u>\$ 4,874,535</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 10,433,450</u>	<u>\$ (6,154,659)</u>	<u>\$ (4,800,590)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 6,041,105	\$ 2,000,000
Transfers out	(11,270,940)	-	-
Issuance of refunding bond	-	555,000	-
Issuance of capital lease	-	-	3,073,000
Bond issuance premium	-	92,476	-
Payment to refunded bond escrow agent	-	(585,000)	-
Total other financing sources (uses)	<u>\$ (11,270,940)</u>	<u>\$ 6,103,581</u>	<u>\$ 5,073,000</u>
Net change in fund balances	\$ (837,490)	\$ (51,078)	\$ 272,410
Fund balances - beginning	25,560,093	208,392	670,415
Fund balances - ending	<u>\$ 24,722,603</u>	<u>\$ 157,314</u>	<u>\$ 942,825</u>

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

Proffers	Virginia Public Assistance	Other Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 36,402,347
-	-	164,406	6,761,688
-	-	-	527,310
-	-	-	521,650
1,151	-	13,088	698,912
-	-	657,485	2,016,859
101,537	1,854	40,314	467,201
-	-	-	4,958,861
-	815,502	1,077,680	7,874,751
-	1,676,013	75,172	2,388,276
\$ 102,688	\$ 2,493,369	\$ 2,028,145	\$ 62,617,855
\$ -	\$ -	\$ -	\$ 3,566,141
-	-	5,167	1,373,148
-	-	289,983	18,621,696
-	-	-	3,741,639
-	2,960,487	1,430,868	5,074,095
-	-	-	14,652,485
-	-	-	890,567
-	-	169,464	1,705,736
-	-	-	4,874,535
-	-	-	5,948,502
-	-	-	2,922,877
\$ -	\$ 2,960,487	\$ 1,895,482	\$ 63,371,421
\$ 102,688	\$ (467,118)	\$ 132,663	\$ (753,566)
\$ -	\$ 497,373	\$ 464,757	\$ 9,003,235
-	-	-	(11,270,940)
-	-	-	555,000
-	-	-	3,073,000
-	-	-	92,476
-	-	-	(585,000)
\$ -	\$ 497,373	\$ 464,757	\$ 867,771
\$ 102,688	\$ 30,255	\$ 597,420	\$ 114,205
527,398	81,560	868,232	27,916,090
\$ 630,086	\$ 111,815	\$ 1,465,652	\$ 28,030,295

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

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

Net change in fund balances - total governmental funds \$ 114,205

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	\$ 2,904,758	
Depreciation expense	(4,819,760)	(1,915,002)

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

Property taxes 468,283

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

Issuance of long-term debt	\$ (3,628,000)	
Issuance of bond premium	(92,476)	
Principal payments	5,948,502	
Payment to refunded bond issuance	585,000	
Change in landfill postclosure liability	(73,674)	
Amortization of bond premium	167,176	2,906,528

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	\$ 9,466	
Pension expense	2,347,416	
OPEB expense	(20,009)	
Amortization of deferred charges on refunding	(4,850)	
Change in accrued interest payable	(311,001)	2,021,022

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

		164,619
Change in net position of governmental activities	\$	<u>3,759,655</u>

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

Statement of Net Position

Proprietary Funds

June 30, 2019

	Enterprise Funds			Internal Service Funds
	Caroline County Utility Fund	Dawn Wastewater System Fund	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,252,162
Accounts receivable, net	307,491	10,967	318,458	-
Due from other governmental units	913	-	913	-
Total current assets	<u>\$ 308,404</u>	<u>\$ 10,967</u>	<u>\$ 319,371</u>	<u>\$ 1,252,162</u>
Noncurrent assets:				
Restricted cash and cash equivalents	\$ 1,709,668	\$ -	\$ 1,709,668	\$ -
Net pension asset	128,551	-	128,551	-
Capital assets:				
Land	561,986	150,000	711,986	-
Buildings	1,389,536	-	1,389,536	412,315
Improvements other than buildings	50,712,596	5,660,499	56,373,095	68,551
Equipment	1,761,880	-	1,761,880	-
Construction in progress	333,536	-	333,536	-
Accumulated depreciation	(15,548,051)	(1,352,200)	(16,900,251)	(480,866)
Total capital assets	<u>\$ 39,211,483</u>	<u>\$ 4,458,299</u>	<u>\$ 43,669,782</u>	<u>\$ -</u>
Total noncurrent assets	<u>\$ 41,049,702</u>	<u>\$ 4,458,299</u>	<u>\$ 45,508,001</u>	<u>\$ -</u>
Total assets	<u>\$ 41,358,106</u>	<u>\$ 4,469,266</u>	<u>\$ 45,827,372</u>	<u>\$ 1,252,162</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	\$ 1,228,170	\$ -	\$ 1,228,170	\$ -
Pension related items	72,316	-	72,316	-
OPEB related items	20,983	-	20,983	-
Total deferred outflows of resources	<u>\$ 1,321,469</u>	<u>\$ -</u>	<u>\$ 1,321,469</u>	<u>\$ -</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 149,273	\$ 1,117	\$ 150,390	\$ 129,579
Accrued payroll	18,161	-	18,161	-
Other accrued liabilities	13,685	-	13,685	-
Customer deposits	159,388	6,605	165,993	-
Accrued interest payable	318,128	-	318,128	-
Insurance and benefit claims	-	-	-	258,132
Bonds payable - current portion	1,347,631	169,674	1,517,305	-
Compensated absences - current portion	9,477	-	9,477	-
Total current liabilities	<u>\$ 2,015,743</u>	<u>\$ 177,396</u>	<u>\$ 2,193,139</u>	<u>\$ 387,711</u>
Noncurrent liabilities:				
Bonds payable - net of current portion	\$ 35,258,358	\$ 1,187,721	\$ 36,446,079	\$ -
Net OPEB liabilities	130,350	-	130,350	-
Compensated absences - net of current portion	85,309	-	85,309	-
Total noncurrent liabilities	<u>\$ 35,474,017</u>	<u>\$ 1,187,721</u>	<u>\$ 36,661,738</u>	<u>\$ -</u>
Total liabilities	<u>\$ 37,489,760</u>	<u>\$ 1,365,117</u>	<u>\$ 38,854,877</u>	<u>\$ 387,711</u>

Statement of Net Position
Proprietary Funds
June 30, 2019

	Enterprise Funds			Internal Service Funds
	Caroline County Utility Fund	Dawn Wastewater System Fund	Total	
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 138,123	\$ -	\$ 138,123	\$ -
OPEB related items	6,523	-	6,523	-
Total deferred inflows of resources	<u>\$ 144,646</u>	<u>\$ -</u>	<u>\$ 144,646</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 3,833,664	\$ 3,100,904	\$ 6,934,568	\$ -
Restricted	1,709,668	-	1,709,668	-
Unrestricted	(498,163)	3,245	(494,918)	864,451
Total net position	<u>\$ 5,045,169</u>	<u>\$ 3,104,149</u>	<u>\$ 8,149,318</u>	<u>\$ 864,451</u>

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

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2019

	Enterprise Funds			Internal Service Funds
	Caroline County Utility Fund	Dawn Wastewater System Fund	Total	
OPERATING REVENUES				
Charges for services:				
Water	\$ 901,056	\$ -	\$ 901,056	\$ -
Sewer	1,789,043	74,572	1,863,615	-
Risk management	-	-	-	3,641,558
Other revenue	328,443	-	328,443	-
Total operating revenues	<u>\$ 3,018,542</u>	<u>\$ 74,572</u>	<u>\$ 3,093,114</u>	<u>\$ 3,641,558</u>
OPERATING EXPENSES				
Personnel services	\$ 834,760	\$ 13,395	\$ 848,155	\$ -
Fringe benefits	204,058	671	204,729	-
Contractual services	398,510	26,696	425,206	-
Risk financing and benefit payments	-	-	-	3,476,939
Other charges	959,122	59,677	1,018,799	-
Depreciation	1,296,754	141,513	1,438,267	-
Total operating expenses	<u>\$ 3,693,204</u>	<u>\$ 241,952</u>	<u>\$ 3,935,156</u>	<u>\$ 3,476,939</u>
Operating income (loss)	<u>\$ (674,662)</u>	<u>\$ (167,380)</u>	<u>\$ (842,042)</u>	<u>\$ 164,619</u>
NONOPERATING REVENUES (EXPENSES)				
Connection availability fees	\$ 589,695	\$ 48,075	\$ 637,770	\$ -
Interest revenue	36,461	-	36,461	-
Federal revenue - BABs subsidy	352,383	-	352,383	-
Interest expense	(1,929,416)	-	(1,929,416)	-
Total nonoperating revenues (expenses)	<u>\$ (950,877)</u>	<u>\$ 48,075</u>	<u>\$ (902,802)</u>	<u>\$ -</u>
Income (loss) before transfers	<u>\$ (1,625,539)</u>	<u>\$ (119,305)</u>	<u>\$ (1,744,844)</u>	<u>\$ 164,619</u>
Transfers in	2,114,461	153,244	2,267,705	-
Change in net position	<u>\$ 488,922</u>	<u>\$ 33,939</u>	<u>\$ 522,861</u>	<u>\$ 164,619</u>
Total net position - beginning	4,556,247	3,070,210	7,626,457	699,832
Total net position - ending	<u>\$ 5,045,169</u>	<u>\$ 3,104,149</u>	<u>\$ 8,149,318</u>	<u>\$ 864,451</u>

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

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2019

	Enterprise Funds			Internal Service Funds
	Caroline County Utility Fund	Dawn Wastewater System Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 3,049,636	\$ 72,941	\$ 3,122,577	\$ 3,641,558
Claims and benefits paid	-	-	-	(3,460,231)
Payments to suppliers for goods and services	(1,349,895)	(90,520)	(1,440,415)	(127,361)
Payments to employees for services	(1,161,095)	(14,066)	(1,175,161)	-
Net cash provided by (used for) operating activities	\$ 538,646	\$ (31,645)	\$ 507,001	\$ 53,966
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	\$ 2,114,461	\$ 153,244	\$ 2,267,705	\$ -
Net cash provided by (used for) noncapital financing activities	\$ 2,114,461	\$ 153,244	\$ 2,267,705	\$ -
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Grant revenue	\$ 352,847	\$ -	\$ 352,847	\$ -
Connection availability fees	589,695	48,075	637,770	-
Principal paid on bonds	(498,298)	(169,674)	(667,972)	-
Interest and other fiscal charges	(2,607,376)	-	(2,607,376)	-
Acquisition and construction of capital assets	(463,470)	-	(463,470)	-
Net cash provided by (used for) capital and related financing activities	\$ (2,626,602)	\$ (121,599)	\$ (2,748,201)	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investment securities	\$ 36,461	\$ -	\$ 36,461	\$ -
Net cash provided by (used for) investing activities	\$ 36,461	\$ -	\$ 36,461	\$ -
Net increase (decrease) in cash and cash equivalents	\$ 62,966	\$ -	\$ 62,966	\$ 53,966
Cash and cash equivalents - beginning	1,646,702	-	1,646,702	1,198,196
Cash and cash equivalents - ending	\$ 1,709,668	\$ -	\$ 1,709,668	\$ 1,252,162
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (674,662)	\$ (167,380)	\$ (842,042)	\$ 164,619
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	\$ 1,296,754	\$ 141,513	\$ 1,438,267	\$ -
(Increase) decrease in accounts receivable	15,710	(2,281)	13,429	-
(Increase) decrease in pension related deferred outflows of resources	(6,451)	-	(6,451)	-
(Increase) decrease in OPEB related deferred outflows of resources	(16,029)	-	(16,029)	-
Increase (decrease) in accounts payable	7,683	(4,147)	3,536	(127,361)
Increase (decrease) in accrued payroll	2,590	-	2,590	-
Increase (decrease) in other accrued liabilities	54	-	54	-
Increase (decrease) in customer deposits	15,384	650	16,034	-
Increase (decrease) in insurance and benefit claims	-	-	-	16,708
Increase (decrease) in pension related deferred inflows of resources	58,679	-	58,679	-
Increase (decrease) in OPEB related deferred inflows of resources	(1,681)	-	(1,681)	-
Increase (decrease) in net pension liability	(185,161)	-	(185,161)	-
Increase (decrease) in net OPEB liabilities	11,296	-	11,296	-
Increase (decrease) in compensated absences	14,480	-	14,480	-
Total adjustments	\$ 1,213,308	\$ 135,735	\$ 1,349,043	\$ (110,653)
Net cash provided by (used for) operating activities	\$ 538,646	\$ (31,645)	\$ 507,001	\$ 53,966

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2019

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,174,040
Total assets	<u>\$ 1,174,040</u>
LIABILITIES	
Amounts held for social services clients	\$ 30,039
Amounts held for consortium	38,704
Refundable escrow deposits payable	<u>1,105,297</u>
Total liabilities	<u>\$ 1,174,040</u>

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

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The County of Caroline, Virginia (the "County") is governed by an elected six-member Board of Supervisors. The County provides a full range of services for its citizens. These services include law enforcement and volunteer and paid fire protection and rescue services; sanitation services; recreational activities, cultural events, education, and social services.

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

Financial Statement Presentation

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. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units to be included for the fiscal year ended June 30, 2019.

Discretely Presented Component Unit

The School Board members are elected by the citizens of Caroline County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The School Board does not issue a separate financial report. Additionally, the School Board provides a potential benefit or burden to the County, and cannot be included as part of another financial reporting entity. The County not only provides financial support to the School Board but also is responsible for any debt or financial obligation. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2019.

The Caroline County Economic Development Authority (EDA) is responsible for industrial and commercial development in the County. The Authority consists of six members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, as the County is involved in the day-to-day operations of the EDA, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2019. The Authority does not issue a separate financial report.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

C. Other Related Organizations

Middle Peninsula Juvenile Detention Commission

The Middle Peninsula Juvenile Detention Commission (the “Commission”) is a political subdivision of the Commonwealth of Virginia and is governed by a separate board. The Commission was created to enhance the region for the protection of the citizens by the construction, equipping, maintenance and operation of a juvenile detention facility (the “Center”) serving the eighteen member jurisdictions of which the County Administrator serves as the County’s representative on the board. The Commission is fiscally independent of the County because substantially all of its income will be generated from per diem payments from the member jurisdictions and reimbursements from the Commonwealth of Virginia for a portion of the capital costs. Under the Service Agreement, the County is obligated to pay a per diem rate to be determined annually by the Commission for each day a juvenile from the County is held at the Center or in another detention facility secured by the Commission. If the sum of all per diem rates paid during the fiscal year is below \$2,500, the County shall pay the Commission the amount equal to the difference. Separate audited financial statements for the Commission can be obtained from the fiscal agent’s office at James City County, P.O. Box 8784, Williamsburg, Virginia 23187.

Pamunkey Regional Jail Authority

The Pamunkey Regional Jail Authority (Jail Authority) is a political subdivision of the Commonwealth of Virginia. The participating jurisdictions of the Jail Authority are the Counties of Caroline and Hanover and the Town of Ashland. The Jail Authority is governed by a five-member board comprised of two members each from the Counties of Caroline and Hanover and one from the Town of Ashland. Management and accountability for fiscal matters rest with the Jail Authority. The board formulates and approves its own budget. The County does not bear any direct or indirect liabilities for the operation of the Jail Authority and has no equity interest in it.

The purpose of the Jail Authority is to maintain and operate a regional jail facility to meet the needs of the participating jurisdictions for jail facilities. The participating jurisdictions have entered into a Service Agreement which is a long-term contract which regulates usage of the Jail and establishes payment terms applicable to participating jurisdictions. Under the Service Agreement, the County is obligated to commit all of its prisoners to the Jail at a per diem rate to be determined annually by the Jail. The County made per diem contributions totaling \$1,562,971 in fiscal year 2019. Complete financial statements for the Jail can be obtained from the office of the Pamunkey Regional Jail Authority.

Included in the County's Financial Report

None

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

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

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

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

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, except for agency funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type and have no measurement focus but use the accrual basis of accounting for asset and liability recognition. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Property taxes, franchise taxes, 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 45 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

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 expenditures. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

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

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

1. Governmental Funds - are those through which most governmental functions typically are financed. The County reports the General Fund, Debt Service Fund, County Capital Projects Fund, Proffers Fund and Virginia Public Assistance Fund as major governmental funds.

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

Debt Service Fund - The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds are used to report financial resources being accumulated for future debt service. Payment of principal and interest on the County's and School Board's general long-term debt financing is provided by appropriations from the General Fund.

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

Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditure for specified purposes other than debt service or capital projects. The County reports the following major special revenue funds: Virginia Public Assistance Fund and Proffers Fund. These funds have been judgmentally determined to be major for public interest reasons, in that the presentation is of particular importance to the financial statement users. The County reports the following nonmajor funds:

Nonmajor Special Revenue Funds - account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Nonmajor Special Revenue Funds consist of the following funds: Children's Services, Law Library, Courthouse Maintenance, Tourism, Confiscated Asset, Housing, Sheriff, Fire/Rescue Grant and Detention Facility.

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

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

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

Enterprise Funds - Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The County's Major Enterprise Funds consist of the Caroline County Utility Fund and Dawn Wastewater System Fund, which account for the operations of sewage pumping stations and collection systems, and the water distribution system.

Internal Service Funds - account for the financing of goods or services provided by one department or agency to other departments or agencies of the County government, on a cost reimbursement basis. The County's internal service funds include the Vehicle Maintenance Fund and the Self-Insurance Fund.

3. Fiduciary Funds - (Trust and Agency Funds) - account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Private Purpose Trust and Agency Funds. Private Purpose Trust and Agency Funds utilize the accrual basis of accounting, but do not have a measurement focus. Fiduciary funds are not included in the government-wide financial statements. The County's Agency Funds include amounts held for others in a fiduciary capacity, which includes social services clients, technology education consortium program, and refundable escrow deposits.

E. Cash and Cash Equivalents

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

F. Investments

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

Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

Cash of individual funds other than the Agency Funds is combined to form a pool of cash and investments. The pool consists primarily of government and corporate obligations, commercial paper and an external local government investment pool. The government and corporate securities are stated at fair value based on quoted market prices and the investment in the local government investment pool is reported at amortized cost. Interest earned as a result of pooling is distributed to the appropriate funds utilizing a formula based on average monthly balances.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,064,019 at June 30, 2019 and is comprised primarily of property taxes totaling \$972,433.

Real and Personal Property Tax Data:

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

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1 June 5/December 5	January 1 June 5/December 5
Due Date	(50% each date)	(50% each date)
Lien Date	June 6/December 6	June 6/December 6

The County bills and collects its own property taxes. The County reassesses all existing real property every four to five years and the last reassessment was completed in 2017.

H. Restricted Cash

Proceeds from the County’s bond issues, as well as certain resources set aside for their repayment, are classified as restricted cash on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

I. Capital Assets

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

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

I. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction on governmental activities' capital assets is not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capitalized interest is amortized using the straight-line method over the useful life of the asset. There is no capitalized interest for the year June 30, 2019.

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

<u>Assets</u>	<u>Years</u>
Buildings	20-40
Improvements other than buildings	5-50
Motor vehicles and equipment	3-15
Intangibles	5

J. Compensated Absences

Vested or accumulated vacation leave is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

Compensated absences are accrued when incurred in proprietary funds and reported as a fund liability. The General Fund is responsible for paying the liability for compensated absences for general government employees and has been used in prior years to liquidate the governmental funds' liability.

K. 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.

L. 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 or amortization, 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.

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

M. Net Position Flow Assumption

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

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's and School Board's Retirement Plan and the additions to/deductions from the County's and School Board's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Other Postemployment Benefits (OPEB)

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

P. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other 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 bonds outstanding method, which approximates 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, as well as bond issuance costs, 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.

Q. Prepaid Items

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

Prepaid expenditures in governmental funds are offset by a nonspendable fund balance.

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

R. 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 cannot be expended as they are either: (a) in nonspendable form; or, (b) legally or contractually required to be maintained intact by the governmental entity. Items in a nonspendable form include inventories and prepaid items. The corpus of an endowment is an example of an amount that is legally or contractually required to be maintained intact and is not available for expenditure.

Restricted Fund Balance - Amounts that are legally constrained for a specific purpose by external parties, constitutional provisions, bond indenture, or enabling legislation. External parties include creditors, grantors, contributors or laws and regulations. Enabling legislation includes any act of law or regulation that authorizes the government to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purpose stipulated in the enabling legislation. An act of law can originate external to the government or be self-imposed through the enactment of an ordinance by the governmental body. The expenditure of resources restriction must originate within the enabling legislation; whereas funds restricted outside originating legislation will be considered committed or assigned.

Committed Fund Balance - The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Supervisors is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Assigned Fund Balance - Amounts constrained for a specific purpose by the County Administrator. Assignments shall not create a deficit in any fund or segment of fund balance.

Unassigned Fund Balance - Amounts not classified as nonspendable, restricted, committed, or assigned as noted above. The General Fund is the only fund that would report a positive unassigned fund balance.

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

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

R. Fund Balance (Continued)

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

	General Fund	Major Debt Service Fund	Major County Capital Projects Fund	Major Special Revenue Funds			Total
				Proffers Fund	Virginia Public Assistance Fund	Other Governmental Funds	
Restricted:							
Capital projects	\$ -	\$ -	\$ 942,825	\$ -	\$ -	\$ -	\$ 942,825
Debt service	1,847,361	-	-	-	-	-	1,847,361
Social services	-	-	-	-	32,803	-	32,803
Law enforcement	-	-	-	1,000	-	233,067	234,067
Public safety grants	-	-	-	-	-	109,533	109,533
Fire/rescue	-	-	-	2,000	-	-	2,000
Fire/rescue grants	-	-	-	-	-	208,734	208,734
Housing	-	-	-	-	-	37,345	37,345
Courthouse maintenance	-	-	-	-	-	33,363	33,363
Law library	-	-	-	-	-	2,595	2,595
Tourism	-	-	-	-	-	123,933	123,933
Ladysmith Commons and improvements	-	-	-	37,499	-	-	37,499
Ladysmith library	-	-	-	365,327	-	-	365,327
Ladysmith recreation	-	-	-	163,606	-	-	163,606
Dawn library	-	-	-	5,412	-	-	5,412
Route 639 construction	-	-	-	275,000	-	-	275,000
Children's services	-	-	-	-	-	130,080	130,080
Total Restricted	\$ 1,847,361	\$ -	\$ 942,825	\$ 849,844	\$ 32,803	\$ 878,650	\$ 4,551,483
Committed:							
Capital projects	\$ 2,657,575	\$ -	\$ -	\$ -	\$ -	\$ 587,002	\$ 3,244,577
Education	127,000	-	-	-	-	-	127,000
Total Committed	\$ 2,784,575	\$ -	\$ -	\$ -	\$ -	\$ 587,002	\$ 3,371,577
Assigned:							
Operations	\$ 1,818,577	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,818,577
Capital projects	1,188,427	-	-	-	-	-	1,188,427
Debt service	-	157,314	-	-	-	-	157,314
Social services	-	-	-	-	79,012	-	79,012
Total Assigned	\$ 3,007,004	\$ 157,314	\$ -	\$ -	\$ 79,012	\$ -	\$ 3,243,330
Unassigned	\$ 17,083,663	\$ -	\$ -	\$ (219,758)	\$ -	\$ -	\$ 16,863,905
Total Fund Balances	\$ 24,722,603	\$ 157,314	\$ 942,825	\$ 630,086	\$ 111,815	\$ 1,465,652	\$ 28,030,295

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

S. Deferred Outflows/Inflows of Resources

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

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

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING:

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

1. Prior to March 1 of each year, the County Administrator submits to the Board of Supervisors a proposed operating capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. The Board of Supervisors conducts work sessions to review the budget and public hearings are required to be conducted to obtain citizen comments
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within the primary government's department; however, the Component Unit - 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 and budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds of the County and Component Unit - School Board.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING: (CONTINUED)

6. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Appropriations lapse on June 30.
8. The original budget presented in the accompanying financial statements is the budget as provided in the Appropriation Resolution adopted by the Board of Supervisors. The final amended budget presented in the financial statements is the budget, amended as indicated above, as of the June 30 year end.

Expenditures and Appropriations

Expenditures exceeded appropriations in the following funds at June 30, 2019.

<u>Fund</u>	<u>Amount</u>
Fire/Rescue Grant	\$ 4,228
Detention Facility	30
County Capital Projects	345,262

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Investments (Continued)

Local Government Investment Pool (LGIP)

The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The fair value of the position of the LGIP is the same as the value of the pool shares, i.e. the LGIP maintains a stable net asset of \$1 per share. The weighted average maturity of the LGIP is less than one year.

Virginia State Non-Arbitrage Program (SNAP)

Investment in the SNAP is used to assist in avoiding arbitrage penalties enacted with the Tax Reform Act of 1986. Sections 2.2-4700 through 2.2-4705 of the *Code of Virginia*, the Government Non-Arbitrage Investment Act authorizes the Virginia Treasury Board to provide assistance to the Commonwealth of Virginia, counties, cities, and towns in the Commonwealth, and to their agencies, institutions and authorities or any combination of the foregoing (“Virginia governments”) in the management of and accounting for their bond funds, including without limitation, bond proceeds, reserves, and sinking funds, and the investment thereof. The Virginia SNAP has been assigned an “AAAm” rating by Standard & Poor’s. The SNAP fund is managed to maintain a dollar-weighted average portfolio maturity of 90 days or less and seeks to maintain a constant net value (NAV) per share of \$1. The Commonwealth of Virginia’s Treasury Board has contracted with PFM Asset Management, LLC, Wells Fargo, N.A., U. S. Bank, N.A., and the Bank of New York Mellon Corporation to provide professional services and regulating oversight to the SNAP program.

Custodial Credit Risk (Deposits)

This is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. The County’s investment policy requires all deposits to be insured under FDIC or comply with the Act. At year end, none of the County’s deposits were exposed to custodial credit risk.

Custodial Credit Risk (Investments)

The County’s investment policy requires that all securities purchased for the County be held by the County or by the County’s designated custodian. The County’s investments at June 30, 2019 were held by the County or in the County’s name by the County’s custodial banks. The investments also should have a credit rating no less than AA rated by Standard and Poor or Aa by Moody’s Investor Service.

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2019 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale. The County's investment policy limits investments to those allowed by the Code of Virginia. The County may however restrict investments beyond the limits imposed by the Code of Virginia as such restrictions serve the purpose of further safeguarding County funds or are in the best interest of the County.

County's Rated Debt Investments' Values			
Rated Debt Investments	Fair Quality Ratings		
		AAAm	Unrated
Local Government Investment Pool	\$ 21,509,643	\$ -	-
Virginia State Non-Arbitrage Pool	5,775,343		-
Money Market Funds	1,374,668		-
Repurchase Agreements - Underlying: U.S. Agency Bonds		-	2,880,662
Total	\$ 28,659,654	\$ 2,880,662	

Interest Rate Risk

The County's investment policies authorize the County to invest in Repurchase Agreements with a maturity no greater than thirty (30) days, unless the collateral is held by another banking institution, and deposits in banks not to exceed five years at the time of purchase.

Investment Type	Investment Maturities (in years)		
	Fair Value	Less than 1 Year	1-5 Years
Local Government Investment Pool	\$ 21,509,643	\$ 21,509,643	\$ -
Virginia State Non-Arbitrage Pool	5,775,343	5,775,343	-
Certificates of Deposit	601,608	330,000	271,608
Money Market Funds	1,374,668	1,374,668	-
Repurchase Agreements - Underlying: U.S. Agency Bonds	2,880,662	2,880,662	-
Total	\$ 32,141,924	\$ 31,870,316	\$ 271,608

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Fair Value Measurement

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions of risk. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

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

- U. S. Agency Bonds of \$2,880,662 are valued using quoted market prices (Level 1 inputs).
- Money Market Funds of \$1,374,668 are valued using quoted market prices (Level 1 inputs).

External Investment Pools

LGIP and SNAP are amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

The fair value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) are the same as the value of the pool shares. As LGIP and SNAP are not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury.

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 4—DUE FROM AND TO OTHER GOVERNMENTS:

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

	Primary Government	Business-type Activities	Component Unit	
			School Board	Economic Development Authority
Other Local Governments:				
Town of Port Royal	\$ -	\$ 913	\$ -	\$ -
Caroline County EDA	500,000	-	-	-
Caroline County Primary Government	-	-	43,646	-
Commonwealth of Virginia:				
State sales tax	-	-	620,560	-
Motor vehicle carrier tax	8,933	-	-	-
Personal property tax relief funds	1,147,226	-	-	-
Auto rental tax	1,849	-	-	-
Additional tax on deeds	27,481	-	-	-
Mobile home titling tax	15,253	-	-	-
E-911 wireless funds	18,937	-	-	-
Recordation tax	27,481	-	-	-
School resource officer grant	13,392	-	-	-
Victim witness grant	30,479	-	-	-
Soil conservationist reimbursement	170,882	-	-	-
VA domestic violence victim grant	21,840	-	-	-
Welfare	73,592	-	-	-
Children's services	156,929	-	-	-
Communication sales tax	106,224	-	-	-
Constitutional officer reimbursements	173,342	-	-	-
Local sales tax	377,263	-	-	-
Communication sales tax	106,224	-	-	-
Other state funds	50,690	-	120,350	-
Federal Government:				
School fund grants	-	-	550,595	-
Victim witness	503	-	-	-
Welfare	128,884	-	-	-
Total due from other governments	\$ 3,157,404	\$ 913	\$ 1,335,151	\$ -

At June 30, 2019, the County has amounts due to other governments as follows:

Other Local Governments:				
Caroline County Primary Government	\$ -	\$ -	\$ -	\$ 500,000
Caroline County School Board	43,646	-	-	-
	\$ 43,646	\$ -	\$ -	\$ 500,000

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 5—CAPITAL ASSETS:

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

Primary Government:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>
Governmental activities:				
General government:				
Capital assets not subject to depreciation:				
Land	\$ 1,242,883	\$ -	\$ -	\$ 1,242,883
Construction in progress	19,288,980	63,249	19,279,678	72,551
Total capital assets not subject to depreciation	\$ 20,531,863	\$ 63,249	\$ 19,279,678	\$ 1,315,434
Capital assets subject to depreciation:				
Buildings	\$ 67,088,680	\$ 19,209,325	\$ -	\$ 86,298,005
Machinery and equipment	17,602,343	1,657,726	500,631	18,759,438
Improvements other than buildings	8,402,913	1,254,136	-	9,657,049
Intangibles	315,803	-	-	315,803
Total capital assets being depreciated	\$ 93,409,739	\$ 22,121,187	\$ 500,631	\$ 115,030,295
Accumulated depreciation:				
Buildings	\$ 23,458,286	\$ 2,761,278	\$ -	\$ 26,219,564
Machinery and equipment	8,650,439	1,520,902	500,631	9,670,710
Improvements other than buildings	3,438,416	513,681	-	3,952,097
Intangibles	240,317	23,899	-	264,216
Total accumulated depreciation	\$ 35,787,458	\$ 4,819,760	\$ 500,631	\$ 40,106,587
Total capital assets being depreciated, net	\$ 57,622,281	\$ 17,301,427	\$ -	\$ 74,923,708
General government activities capital assets, net	\$ 78,154,144	\$ 17,364,676	\$ 19,279,678	\$ 76,239,142

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

Primary Government: (Continued)

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Internal Service Fund:				
Capital assets subject to depreciation:				
Buildings	\$ 412,315	\$ -	\$ -	\$ 412,315
Improvements other than buildings	68,551	-	-	68,551
Total capital assets being depreciated	\$ 480,866	\$ -	\$ -	\$ 480,866
Accumulated depreciation:				
Buildings	\$ 412,315	\$ -	\$ -	\$ 412,315
Improvements other than buildings	68,551	-	-	68,551
Total accumulated depreciation	\$ 480,866	\$ -	\$ -	\$ 480,866
Total capital assets being depreciated, net	\$ -	\$ -	\$ -	\$ -
Internal Service Fund capital assets, net	\$ -	\$ -	\$ -	\$ -
Total governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 1,242,883	\$ -	\$ -	\$ 1,242,883
Construction in progress	19,288,980	63,249	19,279,678	72,551
Total capital assets not subject to depreciation	\$ 20,531,863	\$ 63,249	\$ 19,279,678	\$ 1,315,434
Capital assets subject to depreciation:				
Buildings	\$ 67,500,995	\$ 19,209,325	\$ -	\$ 86,710,320
Machinery and equipment	17,602,343	1,657,726	500,631	18,759,438
Improvements other than buildings	8,471,464	1,254,136	-	9,725,600
Intangibles	315,803	-	-	315,803
Total capital assets being depreciated	\$ 93,890,605	\$ 22,121,187	\$ 500,631	\$ 115,511,161
Accumulated depreciation:				
Buildings	\$ 23,870,601	\$ 2,761,278	\$ -	\$ 26,631,879
Machinery and equipment	8,650,439	1,520,902	500,631	9,670,710
Improvements other than buildings	3,506,967	513,681	-	4,020,648
Intangibles	240,317	23,899	-	264,216
Total accumulated depreciation	\$ 36,268,324	\$ 4,819,760	\$ 500,631	\$ 40,587,453
Total capital assets being depreciated, net	\$ 57,622,281	\$ 17,301,427	\$ -	\$ 74,923,708
General government activities capital assets, net	\$ 78,154,144	\$ 17,364,676	\$ 19,279,678	\$ 76,239,142

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

A summary of proprietary fund property, plant, and equipment at June 30, 2019 follows:

Primary Government: (Continued)

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>
Business-type activities:				
Capital assets not subject to depreciation:				
Land	\$ 711,986	\$ -	\$ -	\$ 711,986
Construction in progress	180,214	426,106	272,784	333,536
Total capital assets not subject to depreciation	<u>\$ 892,200</u>	<u>\$ 426,106</u>	<u>\$ 272,784</u>	<u>\$ 1,045,522</u>
Capital assets subject to depreciation:				
Buildings	\$ 1,389,536	\$ -	\$ -	\$ 1,389,536
Improvements other than buildings	56,100,311	272,784	-	56,373,095
Equipment	1,756,217	37,364	31,701	1,761,880
Total capital assets being depreciated	<u>\$ 59,246,064</u>	<u>\$ 310,148</u>	<u>\$ 31,701</u>	<u>\$ 59,524,511</u>
Accumulated depreciation:				
Buildings	\$ 365,468	\$ 35,855	\$ -	\$ 401,323
Improvements other than buildings	13,893,187	1,318,606	-	15,211,793
Equipment	1,235,030	83,806	31,701	1,287,135
Total accumulated depreciation	<u>\$ 15,493,685</u>	<u>\$ 1,438,267</u>	<u>\$ 31,701</u>	<u>\$ 16,900,251</u>
Total capital assets being depreciated, net	<u>\$ 43,752,379</u>	<u>\$ (1,128,119)</u>	<u>\$ -</u>	<u>\$ 42,624,260</u>
Business-type activities capital assets, net	<u>\$ 44,644,579</u>	<u>\$ (702,013)</u>	<u>\$ 272,784</u>	<u>\$ 43,669,782</u>

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

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

Component Unit—School Board:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>
Capital assets not subject to depreciation:				
Land	\$ 849,553	\$ -	\$ -	\$ 849,553
Total capital assets not subject to depreciation	<u>\$ 849,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 849,553</u>
Capital assets subject to depreciation:				
Buildings	\$ 17,173,478	\$ -	\$ -	\$ 17,173,478
Improvements other than buildings	408,138	46,271	-	454,409
Machinery and equipment	<u>9,223,162</u>	<u>613,258</u>	<u>58,566</u>	<u>9,777,854</u>
Total capital assets being depreciated	<u>\$ 26,804,778</u>	<u>\$ 659,529</u>	<u>\$ 58,566</u>	<u>\$ 27,405,741</u>
Accumulated depreciation:				
Buildings	\$ 13,388,374	\$ 282,527	\$ -	\$ 13,670,901
Improvements other than buildings	97,650	40,967	-	138,617
Machinery and equipment	<u>5,853,847</u>	<u>593,418</u>	<u>58,566</u>	<u>6,388,699</u>
Total accumulated depreciation	<u>\$ 19,339,871</u>	<u>\$ 916,912</u>	<u>\$ 58,566</u>	<u>\$ 20,198,217</u>
Total capital assets being depreciated, net	<u>\$ 7,464,907</u>	<u>\$ (257,383)</u>	<u>\$ -</u>	<u>\$ 7,207,524</u>
Capital assets, net	<u><u>\$ 8,314,460</u></u>	<u><u>\$ (257,383)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,057,077</u></u>

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$ 574,758
Judicial administration	211,821
Public safety	1,330,072
Public works	300,790
Education	2,198,354
Parks, recreation and cultural	105,636
Community development	<u>98,329</u>
Total Governmental activities	\$ <u><u>4,819,760</u></u>
Component Unit School Board	\$ <u><u>916,912</u></u>
Business-type Activities	\$ <u><u>1,438,267</u></u>

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the new law, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Caroline, Virginia for the year ended June 30, 2019, is that school financed assets in the amount of \$61,818,998 and related accumulated depreciation of \$11,524,686 are reported in the Primary Government for financial reporting purposes.

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 6—INTERFUND TRANSFERS:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General	\$ -	\$ 11,270,940
County Capital Projects	2,000,000	-
Debt Service	6,041,105	-
Virginia Public Assistance	497,373	-
Children's Services	464,757	-
	<u>9,003,235</u>	<u>11,270,940</u>
Total Governmental Funds	\$ <u>9,003,235</u>	\$ <u>11,270,940</u>
Enterprise Funds:		
Caroline County Utility	\$ 2,114,461	\$ -
Dawn Wastewater System	153,244	-
	<u>2,267,705</u>	<u>-</u>
Total Enterprise Funds	\$ <u>2,267,705</u>	\$ <u>-</u>
Total-All Funds	\$ <u><u>11,270,940</u></u>	\$ <u><u>11,270,940</u></u>

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

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS:

Primary Government:

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

	Restated Balance July 1, 2018	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2019	Amounts Due Within One Year
Governmental Activities:					
Incurred by County:					
Compensated absences	\$ 837,917	\$ 74,326	\$ 83,792	\$ 828,451	\$ 82,845
Net OPEB liabilities	1,865,187	400,618	185,085	2,080,720	-
Landfill postclosure cost	3,203,201	73,674	-	3,276,875	-
Capital leases	7,273,988	3,073,000	1,035,724	9,311,264	1,326,428
Direct borrowings and direct placements:					
General obligation bonds	43,352,733	-	3,031,684	40,321,049	2,365,797
Lease revenue bonds	26,987,614	555,000	2,348,719	25,193,895	1,815,602
Lease revenue bond debt allocable from business-type activities	747,955	-	117,375	630,580	122,370
Unamortized premiums	2,695,698	92,476	167,176	2,620,998	-
Total Governmental Activities	\$ 86,964,293	\$ 4,269,094	\$ 6,969,555	\$ 84,263,832	\$ 5,713,042
Business-type Activities:					
Compensated absences	\$ 80,306	\$ 22,511	\$ 8,031	\$ 94,786	\$ 9,477
Net OPEB liabilities	119,054	21,791	10,495	130,350	-
Direct borrowings and direct placements:					
Revenue bonds	37,797,071	17,940,000	20,349,675	35,387,396	1,517,305
Lease revenue bond debt allocable from business-type activities	(747,955)	-	(117,375)	(630,580)	-
Unamortized premium	1,582,240	2,003,947	379,619	3,206,568	-
Total Business-type Activities	\$ 38,830,716	\$ 19,988,249	\$ 20,630,445	\$ 38,188,520	\$ 1,526,782

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

Year Ending June 30	Governmental Activities Obligations			
	Bonds from Direct Borrowings and Direct Placements			
	General Obligation Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 2,365,797	\$ 1,958,986	\$ 1,937,972	\$ 790,062
2021	2,436,150	1,870,793	1,920,896	726,097
2022	2,526,785	1,769,180	1,640,920	668,895
2023	2,616,412	1,664,574	1,692,953	618,550
2024	2,711,280	1,556,092	1,692,202	567,899
2025	2,812,704	1,442,113	1,644,786	519,277
2026	2,914,466	1,323,382	1,689,538	471,542
2027	3,021,583	1,200,227	1,686,270	422,437
2028	2,705,498	801,984	1,721,876	372,999
2029	2,449,338	677,341	1,773,820	322,275
2030	2,554,338	569,281	1,827,535	270,263
2031	2,654,338	455,301	1,880,129	216,742
2032	2,759,338	351,103	1,572,578	161,398
2033	2,869,338	240,441	770,000	121,643
2034	2,874,338	126,479	793,000	96,115
2035	49,346	20,837	265,000	70,022
2036	-	-	280,000	57,684
2037	-	-	240,000	45,294
2038	-	-	250,000	33,169
2039	-	-	265,000	20,422
2040	-	-	280,000	6,931
Total	\$ <u>40,321,049</u>	\$ <u>16,028,114</u>	\$ <u>25,824,475</u>	\$ <u>6,579,716</u>

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

Year Ending June 30	Governmental Activities Obligations	
	Capital Leases	
	Principal	Interest
2020	\$ 1,326,428	\$ 265,869
2021	1,248,130	217,148
2022	1,163,117	183,322
2023	1,097,500	151,583
2024	954,842	124,559
2025	980,214	99,399
2026	1,006,165	73,565
2027	255,195	47,034
2028	173,835	39,099
2029	179,439	33,318
2030	173,129	27,543
2031	178,910	21,770
2032	184,784	15,807
2033	191,754	9,632
2034	197,822	3,244
Total	\$ <u>9,311,264</u>	\$ <u>1,312,892</u>

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

Year Ending June 30	Business-type Activities Obligations	
	Revenue Bonds from Direct Borrowings and Direct Placements	
	Principal	Interest
2020	\$ 1,517,305	\$ 1,360,684
2021	1,386,061	1,340,243
2022	1,359,818	1,279,672
2023	1,417,326	1,218,593
2024	1,352,283	1,158,153
2025	1,519,674	1,094,357
2026	1,579,674	1,024,282
2027	1,664,675	950,540
2028	1,575,000	873,297
2029	1,660,000	792,375
2030	1,735,000	707,954
2031	1,825,000	619,453
2032	1,905,000	526,722
2033	1,375,000	447,672
2034	1,435,000	393,363
2035	1,485,000	346,834
2036	1,530,000	299,484
2037	1,585,000	251,534
2038	1,635,000	201,163
2039	1,680,000	147,072
2040	1,740,000	89,606
2041	1,795,000	30,181
Total	\$ <u>34,756,816</u>	\$ <u>15,153,234</u>

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

Governmental Activities:

Direct Borrowings and Direct Placements:

General Obligation Bonds: (a)

\$6,364,713 VPSA School Bonds (2007B) issued November 2007, maturing annually from \$308,371 to \$371,160 through July 2027, with interest payable semi-annually at 5.10%.	\$ 3,108,055
\$19,915,000 VPSA School Bonds issued December 2008, maturing annually from \$775,000 to \$1,220,000 through July 2033, with interest payable semi-annually at rates varying from 4.10% to 5.35%.	12,950,000
\$6,000,000 2011 VPSA Direct Payment Qualified School Construction Bonds issued June 2011, maturing annually at \$428,571 through June 2027, with interest payable semi-annually at an average coupon rate of 7.60%.	3,428,578
\$1,085,447 2012 A series VPSA Qualified School Construction Bonds issued October 2012, maturing annually at \$49,339 through December 2034, with interest payable semi-annually at 3.84%.	789,416
\$1,450,000 2012 B series VPSA School Bonds issued November 2012, maturing annually from \$55,000 to \$100,000 through July 2032, with interest due semi-annually at varying rates of 2.05% to 5.05%.	1,135,000
\$20,120,000 2018 series VPSA School Bonds issued June 2018, maturing annually from \$920,000 to \$1,605,000 through June 2034, with interest due semi-annually at varying rates of 3.00% to 5.00%.	18,910,000
Total general obligation bonds	\$ <u>40,321,049</u>

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of long-term indebtedness are as follows:

Direct Borrowings and Direct Placements:

Lease Revenue Bonds: (b)

\$9,240,000 VRA lease revenue refunding bond, issued October 2010, maturing annually from \$115,000 to \$855,000 through October 2039, with interest payable semi-annually at varying rates from 4.79% to 5.13%.	\$ 4,350,000
\$795,000 VRA lease revenue bond, issued October 2012, maturing annually from \$25,000 to \$50,000 through October 2035, with interest payable semi-annually at 4.10%.	55,000
\$8,487,000 EDA of Caroline County public facility lease revenue, issued April 2014, maturing annually from \$346,000 to \$543,000 through June 2034, with interest payable semi-annually at 2.70%.	6,802,000
\$5,328,275 EDA of Caroline County lease revenue and refunding bond, issued December 2015, maturing annually from \$321,909 to \$405,999 through January 2031, with interest payable semi-annually at 2.67%.	4,181,464
\$7,273,400 EDA of Caroline County lease revenue refunding bond, issued July 29, 2016, maturing annually from \$404,981 to \$573,901 through June 30, 2032, with interest semi-annually at 2.49%.	6,453,226
\$3,142,769 VRA lease revenue bond, issued, issued March 17, 2017, maturing annually from \$168,481 to \$247,677 through June 30, 2032, with interest semi-annually at 2.95%.	2,797,205
\$555,000 VRA refunding bond, issued, issued May 8, 2019, maturing annually from \$25,000 to \$50,000 beginning October 1, 2021 through October 1, 2035, with interest semi-annually beginning October 1, 2019 at all-in true interest cost of 2.973%.	555,000
\$6,905,000 2009B VRA revenue bond debt allocable from the Caroline County Utility Fund.	<u>630,580</u>
Total lease revenue bonds	<u>\$ 25,824,475</u>

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of long-term indebtedness are as follows: (Continued)

Capital Leases:

\$6,574,068 capital lease obligation (payable from the General Fund) issued July 2013, secured by equipment, annual maturity from \$579,117 to \$675,059 beginning January 2016 through January 2026, with interest payable semi-annually at 2.53%.	\$ 4,389,639
\$179,130 capital lease obligation issued March 8, 2017, secured by a vehicle, annual principal payments of \$37,967 beginning March 20, 2017 through March 2021, with interest payable annually at 2.99%.	72,660
\$493,450 capital lease obligation issued January 13, 2017, secured by two vehicles, annual principal payments of \$127,225 beginning January 13, 2017 through January 13, 2020, with interest payable annually at 2.01%.	124,614
\$779,000 capital lease obligation issued January 13, 2017, secured by public safety vehicles, annual principal payments of \$85,384 beginning January 13, 2017 through January 13, 2026, with interest payable annually at 1.86%.	550,490
\$57,000 capital lease obligation issued January 13, 2017, secured by a vehicle, annual principal payments of \$8,634 beginning January 13, 2017 through January 13, 2023, with interest payable annually at 1.86%.	32,877
\$308,500 capital lease obligation issued October 12, 2017, secured by vehicles, annual payments of \$79,879 beginning October 2017 through October 2020, with interest payable annually at 2.39%.	154,207
\$305,750 capital lease obligation issued October 12, 2017, secured by a vehicle, annual payments of \$64,195 beginning October 2017 through October 2020, with interest payable annually at 2.49%.	183,376
\$794,000 capital lease obligation issued October 12, 2017, secured by a vehicle, annual payments of \$89,215 beginning October 2017 through October 2020, with interest payable annually at 2.69%.	634,530
\$160,000 capital lease obligation issued May 8, 2018, secured by a vehicle, annual principal payments from \$29,194 to \$34,935 beginning May 2018 through May 2022, with interest payable annually at 4.59%.	95,871

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of long-term indebtedness are as follows: (Continued)

Capital Leases: (Continued)

\$1,128,000 capital lease obligation issued September 1, 2018, secured by HVAC and other energy performance improvements, annual principal payments from \$46,637 to \$94,823 beginning December 30, 2019 through 2033, with interest payable semi-annually at 3.29%.	\$ 1,128,000
\$1,945,000 capital lease obligation issued September 19, 2018, secured by vehicles and equipment, annual principal payments from \$84,000 to \$240,000 beginning August 2019 through 2033, with interest payable semi-annually at coupon rates between 2.97% and 3.27%.	<u>1,945,000</u>
Total capital leases	<u>\$ 9,311,264</u>
Unamortized premiums	<u>\$ 2,620,998</u>
Net OPEB liabilities	<u>\$ 2,080,720</u>
Compensated absences	<u>\$ 828,451</u>
Landfill postclosure cost	<u>\$ 3,276,875</u>
Total Governmental Activities	<u><u>\$ 84,263,832</u></u>

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Business-type Activities:

Direct Borrowings and Direct Placements:

Revenue Bonds: (c)

\$3,310,000 refunding Virginia Pooled Financing Program bond issued November 2010, maturing annually from \$480,000 to \$620,000 beginning in 2026 through 2032, with interest payable semi-annually at varying rates of 4.83% through 4.85%.	\$ 3,310,000
\$3,366,314 revenue bond issued March 2006, maturing in equal annual installments of \$169,674 through 2025. No interest is payable on the bond.	1,357,396
\$2,060,000 VRA revenue bond issued 2009, maturing annually from \$150,000 to \$560,000, with interest payable semi-annually at varying rates of 3.13% to 5.18% through October 2019.	560,000
\$6,905,000 2009B VRA revenue bond issued November 2009, maturing annually from \$341,371 to \$450,000 through October 2025 with interest payable semi-annually at varying rates of 3.83% to 5.13%.	3,405,000
Less: Revenue bond debt allocable to general government	(630,580)
\$8,525,000 2010A pooled revenue bond issued May 2010, maturing annually from \$65,000 to \$625,000 through October 2040 with interest payable semi-annually at varying rates of 3.76% to 5.20%.	415,000
\$20,655,000 2010CB pooled revenue bond issued November 2010, maturing annually from \$170,000 to \$1,320,000 through October 2040, with interest payable semi-annually at varying rates of 4.5% to 6.14%.	825,000
\$7,580,000 2017 pooled revenue bond issued November 15, 2017, maturing annually from \$5,000 to \$580,000 through October 2040, with interest payable semi-annually at varying rates of 3.125% to 5.125%.	7,575,000
\$17,940,000 2019 pooled VRA revenue bond issued May 8, 2019, maturing annually beginning October 1, 2021 through 2040 from \$575,000 to \$1,215,000 through October 2040, with interest payable semi-annually at varying coupon rates from 2.862% to 5.125%.	17,940,000
Total lease revenue bonds	\$ 34,756,816
Unamortized premium	\$ 3,206,568
Compensated absences	\$ 94,786
Net OPEB liabilities	\$ 130,350
Total Business-type Activities	\$ 38,188,520

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Direct Borrowings and Direct Placements:

- (a) In the event of default for any general obligation bond, the Commonwealth of Virginia may withhold state aid from the locality until such time that the event of default is cured in accordance with Section 15.2-2659 of the Code of Virginia, 1950 as amended.
- (b) Lease revenue bonds totaling \$25,824,475 contain a provision that, in the event of default, the Lender may declare the entire unpaid principal and interest on the issue as due and payable. In addition, the lease revenue bonds issued through the EDA of Caroline County have prepayment penalties of 1% of outstanding principal if the bond is redeemed in advance of specific dates.
- (c) Lease revenue bonds totaling \$34,756,816 contain a provision that, in the event of default, the Lender may declare the entire unpaid principal and interest on the issue as due and payable.

Capital Leases

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

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Trucks and vehicles	\$ 3,138,439
Radio equipment	5,003,786
HVAC and other energy performance equipment	1,128,000
Less: Accumulated depreciation	(2,259,856)
	<u>\$ 7,010,369</u>

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Capital Leases (Continued)

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2020	\$ 1,592,297
2021	1,465,278
2022	1,346,439
2023	1,249,083
2024	1,079,401
2025	1,079,613
2026	1,079,730
2027	302,229
2028	212,934
2029	212,757
2030	200,672
2031	200,680
2032	200,591
2033	201,386
2034	201,066
Total minimum lease payments	\$ <u>10,624,156</u>
Less: amount representing interest	<u>(1,312,892)</u>
Present value of minimum lease payments	<u><u>\$ 9,311,264</u></u>

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit—School Board

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

	Balance at July 1, 2018	Increases	Decreases	Balance at June 30, 2019	Amounts Due Within One Year
Compensated absences	\$ 609,401	\$ 113,855	\$ 60,940	\$ 662,316	\$ 66,232
Net pension liability	31,951,000	6,345,000	7,813,000	30,483,000	-
Net OPEB liabilities	12,479,754	1,720,797	1,211,902	12,988,649	-
Capital leases	1,608,209	-	219,644	1,388,565	292,682
Total Component Unit School Board	<u>\$ 46,648,364</u>	<u>\$ 8,179,652</u>	<u>\$ 9,305,486</u>	<u>\$ 45,522,530</u>	<u>\$ 358,914</u>

Capital Leases

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

The assets acquired through capital leases are as follows:

Asset:	<u>Governmental Activities</u>
School buses	\$ 2,249,017
Less: Accumulated depreciation	<u>(695,723)</u>
	<u>\$ 1,553,294</u>

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit—School Board (Continued)

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

<u>Year Ending June 30</u>		<u>Governmental Activities</u>
2020	\$	263,282
2021		263,281
2022		197,012
2023		197,012
2024		145,899
2025		145,898
2026		145,898
2027		145,898
2028		31,429
Total minimum lease payments	\$	1,535,609
Less: amount representing interest		(147,044)
Present value of minimum lease payments	\$	<u>1,388,565</u>

NOTE 8—CURRENT REFUNDING:

On May 8, 2019, the County issued a \$17,940,000 in a Lease Revenue Refunding Bond through Virginia Resources Authority to refund the Series 2010C BABs Revenue Bonds. The net proceeds were used to pay off the remaining balance of the County's outstanding 2010C BABs Revenue Bonds, as well as the costs of issuance associated with the Series 2019 bond. The current refunding will decrease its total debt service payments by \$2,344,656 and resulted in an economic gain of \$1,757,306.

On May 8, 2019, the County issued a \$555,000 Lease Revenue Refunding Bond through Virginia Resources Authority to refund the 2010C BABs Revenue Bond. The net proceeds were used to pay off a portion of the remaining balance of the County's outstanding 2010C BABs Revenue Bond, as well as the costs of issuance associated with the Series 2019 Bond. The current refunding will decrease its total debt service payments by \$30,586 and resulted in an economic gain of \$25,919.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 9—LANDFILL POSTCLOSURE COSTS:

State and federal laws and regulations required the County to place a final cover on its landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The landfill operated by the County was certified by the Department of Environmental Quality was closed on December 8, 2003 and all obligations of the County with regard to the closure have been met. The \$3,276,875 reported as landfill postclosure care liability at June 30, 2019 represents the remaining engineering estimate of 20 years of postclosure monitoring and care. These amounts are based on what it would cost to perform all postclosure care in 2019. Actual cost may be higher due to inflation, changes in technology, or changes in regulation. The County intends to fund these costs from general tax revenues and from any special revenue source that may become available for this purpose.

NOTE 10—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. Deferred/unavailable revenue is comprised of the following:

Unavailable Property Tax Revenue: Revenue representing uncollected tax billings not available for funding of current expenditures totaled \$22,389,492, of which \$5,219,691 represents delinquent property taxes receivable at June 30, 2019.

Prepaid Property Taxes: Property taxes due subsequent to June 30, 2019, but paid in advance by the taxpayers totaled \$794,899 at June 30, 2019.

Unavailable revenue in the School Operating Fund consisted of:

Unavailable Insurance Refund Revenue: Unavailable revenue representing pending refunds requested by the School Board for self-insurance fund over-payments, realized when switching self-insurance plans, not available for funding of current expenditures totaled \$704,944 at June 30, 2019.

NOTE 11—COMMITMENTS AND CONTINGENCIES:

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

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 12—LITIGATION:

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

NOTE 13—RISK MANAGEMENT:

The County and School Board Component Unit are exposed to various risks of loss related to torts; theft of, damage to, and destructions of assets, errors and omissions; injuries to employees and others; and natural disasters. To reduce insurance costs and the need for self-insurance, the County and School Board joined with other municipalities in the Commonwealth of Virginia in several public entity risk pools that operate as common risk management and insurance programs for member municipalities.

The County and School Board have coverage with the Virginia Association of Counties Group Self Insurance Risk Pool (the "Pool") for all insurable risks identified by the County. Each Pool member jointly and severally agrees to assume, pay and discharge any liability. The County and School Board pay the Pool contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Pool and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County and School Board contribute to carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage in any of the last three fiscal years.

Health Insurance

County employees, retirees and employee dependents are eligible for medical benefits from a County-held self-insurance plan. Funding is provided by charges to County departments, employees, and retirees. The program is supplemented by stop loss protection, which limits the County's annual liability.

The County records an estimated liability for indemnity healthcare claims. Prior to fiscal year 2015, the liability was recorded in the respective fund; however, during fiscal year 2015, the County established a separate Self-Insurance Fund to account for this activity. The following represents the changes in the fund's claim liability for 2015 through 2019.

<u>Fiscal Year Ended</u>	<u>Beginning Liability</u>	<u>Claims and Changes</u>		<u>Ending Liability</u>
		<u>in Estimates</u>	<u>Claim Payments</u>	
June 30, 2015	\$ 137,587	\$ 542,776	\$ 532,388	\$ 147,975
June 30, 2016	147,975	578,945	524,471	202,449
June 30, 2017	202,449	1,838,776	1,822,271	218,954
June 30, 2018	218,954	2,494,257	2,471,787	241,424
June 30, 2019	241,424	2,659,331	2,771,176	129,579

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 14—PENSION PLANS:

Plan Description

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

Benefit Structures

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

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

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.

Employees Covered by Benefit Terms

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

	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
Inactive members or their beneficiaries currently receiving benefits	179	49
Inactive members:		
Vested inactive members	81	6
Non-vested inactive members	142	10
Inactive members active elsewhere in VRS	<u>187</u>	<u>11</u>
Total inactive members	410	27
Active members	<u>253</u>	<u>51</u>
Total covered employees	<u><u>842</u></u>	<u><u>127</u></u>

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 14—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 9.20% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,393,678 and \$1,071,076 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually employer required contribution rate for nonprofessional employees for the year ended June 30, 2019 was 3.76% 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 \$45,910 and \$67,671 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability (Asset)

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

Actuarial Assumptions - General Employees

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

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.

Post-Disablement:

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

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

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%

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.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

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

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

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

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

Largest 10 - Hazardous Duty:

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

All Others (Non 10 Largest) - Hazardous Duty:

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 14—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 FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1,

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Discount Rate (Continued)

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

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017, as restated	\$ 50,220,808	\$ 49,859,139	\$ 361,669
Changes for the year:			
Service cost	\$ 1,538,835	\$ -	\$ 1,538,835
Interest	3,443,422	-	3,443,422
Difference between expected and actual experience	(2,476,536)	-	(2,476,536)
Contributions - employer	-	1,070,190	(1,070,190)
Contributions - employee	-	606,816	(606,816)
Net investment income	-	3,686,625	(3,686,625)
Benefit payments, including refunds of employee contributions	(2,058,127)	(2,058,127)	-
Administrative expense	-	(31,508)	31,508
Other changes	-	(3,297)	3,297
Net changes	\$ 447,594	\$ 3,270,699	\$ (2,823,105)
Balances at June 30, 2018	\$ 50,668,402	\$ 53,129,838	\$ (2,461,436)

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 4,944,504	\$ 5,183,678	\$ (239,174)
Changes for the year:			
Service cost	\$ 123,863	\$ -	\$ 123,863
Interest	334,384	-	334,384
Difference between expected and actual experience	(22,287)	-	(22,287)
Contributions - employer	-	67,242	(67,242)
Contributions - employee	-	66,330	(66,330)
Net investment income	-	377,177	(377,177)
Benefit payments, including refunds of employee contributions	(335,183)	(335,183)	-
Administrative expense	-	(3,358)	3,358
Other changes	-	(332)	332
Net changes	\$ 100,777	\$ 171,876	\$ (71,099)
Balances at June 30, 2018	\$ 5,045,281	\$ 5,355,554	\$ (310,273)

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County's Net Pension Liability (Asset)	\$ 4,538,998	\$ (2,461,436)	\$ (8,232,932)
Component Unit School Board's (nonprofessional) Net Pension Liability (Asset)	\$ 241,747	\$ (310,273)	\$ (776,767)

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

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

For the year ended June 30, 2019, the County and Component Unit School Board (nonprofessional) recognized pension expense of (\$1,087,557) and (\$45,985) respectively. At June 30, 2019, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,829,323	\$ 1,448	\$ 33,254
Changes of assumptions	-	163,429	-	16,642
Net difference between projected and actual earnings on pension plan investments	-	488,554	-	37,335
Employer contributions subsequent to the measurement date	1,393,678	-	45,910	-
Total	\$ 1,393,678	\$ 2,481,306	\$ 47,358	\$ 87,231

\$1,393,678 and \$45,910 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of (increase to) the Net Pension Liability (Asset) in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2020	\$ (1,319,306)	\$ (12,088)
2021	(607,680)	(15,874)
2022	(512,110)	(53,519)
2023	(42,210)	(4,302)
2024	-	-

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Pension Plan Data

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

Component Unit School Board (professional)

Plan Description

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

Contributions

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

Each School Division's contractually required employer contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$3,259,196 and \$3,353,929 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 \$30,483,000 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 0.25921% as compared to 0.25981% at June 30, 2017.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 14—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)

For the year ended June 30, 2019, the school division recognized pension expense of \$1,874,000. 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.

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	\$ -	\$ 2,608,000
Change of assumptions	364,000	-
Net difference between projected and actual earnings on pension plan investments	-	646,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	412,000	159,000
Employer contributions subsequent to the measurement date	<u>3,259,196</u>	<u>-</u>
Total	<u>\$ 4,035,196</u>	<u>\$ 3,413,000</u>

\$3,259,196 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2020	\$ (299,000)
2021	(569,000)
2022	(1,288,000)
2023	(364,000)
2024	(117,000)

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 14—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 expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 14—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)	\$ 46,564,000	\$ 30,483,000	\$ 17,173,000

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 14—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.

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 1,393,678	\$ 2,481,306	\$ (2,461,436)	\$ (1,087,557)	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	47,358	87,231	(310,273)	(45,985)
School Board Professional	-	-	-	-	4,035,196	3,413,000	30,483,000	1,874,000
Totals	<u>\$ 1,393,678</u>	<u>\$ 2,481,306</u>	<u>\$ (2,461,436)</u>	<u>\$ (1,087,557)</u>	<u>\$ 4,082,554</u>	<u>\$ 3,500,231</u>	<u>\$ 30,172,727</u>	<u>\$ 1,828,015</u>

NOTE 15—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN):

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

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

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

Eligible Employees

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Benefit Amounts

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

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the County were \$82,033 and \$63,574 for the years ended June 30, 2019 and June 30, 2018, respectively.

Contributions to the GLI Program from the Component Unit School Board professional group were \$111,966 and \$109,986, for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions to the GLI Program from the Component Unit School Board nonprofessional group were \$7,190 and \$7,193 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 \$977,000 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$1,689,000 and \$110,000, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the 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 0.06429% as compared to 0.05762% at June 30, 2017. At June 30, 2018, the Component Unit School Board professional and nonprofessional groups' proportion was 0.11123% and 0.00727%, respectively as compared to 0.11197% and 0.00781% respectively at June 30, 2017.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

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

For the year ended June 30, 2019, the County recognized GLI OPEB expense of \$27,000. For the year ended June 30, 2019, the Component Unit School Board professional group recognized GLI OPEB expense of \$17,000. For the year ended June 30, 2019, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$1,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 48,000	\$ 17,000	\$ 83,000	\$ 31,000	\$ 5,000	\$ 1,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	32,000	-	55,000	-	4,000
Change of assumptions	-	41,000	-	70,000	-	5,000
Changes in proportionate share	110,000	-	28,000	10,000	5,000	8,000
Employer contributions subsequent to the measurement date	82,033	-	111,966	-	7,190	-
Total	<u>\$ 240,033</u>	<u>\$ 90,000</u>	<u>\$ 222,966</u>	<u>\$ 166,000</u>	<u>\$ 17,190</u>	<u>\$ 18,000</u>

\$82,033, \$111,966 and \$7,190, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
2020	\$ 6,000	\$ (20,000)	\$ (2,000)
2021	6,000	(20,000)	(2,000)
2022	6,000	(20,000)	(2,000)
2023	15,000	(4,000)	(1,000)
2024	24,000	3,000	-
Thereafter	11,000	6,000	(1,000)

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

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

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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:

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers (Continued)

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

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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%

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance 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, 2017, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

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

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

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<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 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 ending 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. From July 1, 2018 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 15—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 <u>(6.00%)</u>	Current Discount <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 1,276,000	\$ 977,000	\$ 733,000
Component School Board (professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 2,208,000	\$ 1,689,000	\$ 1,268,000
Component School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 144,000	\$ 110,000	\$ 83,000

Group Life Insurance Program Fiduciary Net Position

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 16—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Program Notes

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 16—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

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 \$257,761 and \$259,792 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 \$3,315,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division’s proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division’s actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division’s proportion of the VRS Teacher Employee HIC Program was 0.26116% as compared to 0.26170% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$276,000. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 17,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	2,000
Change of assumptions	-	29,000
Changes in proportionate share	42,000	6,000
Employer contributions subsequent to the measurement date	257,761	-
Total	<u>\$ 299,761</u>	<u>\$ 54,000</u>

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 16—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)

\$257,761 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ (3,000)
2021	(3,000)
2022	(3,000)
2023	(1,000)
2024	(2,000)
Thereafter	-

Actuarial Assumptions

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

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

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 16—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) 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

Net Teacher Employee HIC OPEB Liability

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

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 16—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Net Teacher Employee HIC OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 16—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

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.

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 (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 3,703,000	\$ 3,315,000	\$ 2,986,000

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.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 17—MEDICAL AND DENTAL INSURANCE - PAY-AS-YOU-GO (OPEB PLAN):

County and School Board

Plan Description

In addition to the pension benefits described in Note 14, the County administers a single-employer defined benefit healthcare plan, The County of Caroline Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County’s pension plans. The plan does not issue a publicly available financial report.

In addition to the pension benefits described in Note 14, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The Caroline County Public Schools Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits that are provided to eligible County retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits.

Postemployment benefits that are provided to eligible School Board retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits.

Plan Membership

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

	Primary Government	Component Unit School Board
Total active employees with coverage	237	508
Total retirees and spouses with coverage	5	39
Total	242	547

Contributions

The County nor the School Board pre-funds benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or School Board. The amount paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2019 was \$23,580 and \$504,902.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 17—MEDICAL AND DENTAL INSURANCE - PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

Total OPEB Liability

The County and School Board's total OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year
Discount Rate	3.87% per year as of June 30, 2018 3.50% per year as of June 30, 2019
Actuarial cost method	Entry Age Normal
Medical Trend Rate	7.50% - 4.30% over 57 years for the County 7.70% - 4.30% over 57 years for the School Board
Salary Increases	Graded Scale

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

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer 20-Year General Obligation 20-Bond Municipal Index.

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 17—MEDICAL AND DENTAL INSURANCE - PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2018	\$ 1,117,241	\$ 7,356,754
Changes for the year:		
Service cost	43,544	510,600
Interest	44,470	294,790
Changes of assumptions	52,395	217,407
Benefit payments	(23,580)	(504,902)
Net changes	\$ 116,829	\$ 517,895
Balances at June 30, 2019	\$ 1,234,070	\$ 7,874,649

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current discount rate:

	Rate		
	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Primary Government:			
Total OPEB liability	\$ 1,390,753	\$ 1,234,070	\$ 1,098,751
Component Unit School Board:			
Total OPEB liability	\$ 8,481,059	\$ 7,874,649	\$ 7,297,660

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 17—MEDICAL AND DENTAL INSURANCE - PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

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

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

	Rates		
	1% Decrease (6.50% decreasing to 3.30%)	Healthcare Cost Trend (7.50% decreasing to 4.30%)	1% Increase (8.50% decreasing to 5.30%)
Primary Government:			
Total OPEB liability	\$ 1,058,347	\$ 1,234,070	\$ 1,447,091

	Rates		
	1% Decrease (6.70% decreasing to 3.30%)	Healthcare Cost Trend (7.70% decreasing to 4.30%)	1% Increase (8.70% decreasing to 5.30%)
Component Unit School Board:			
Total OPEB liability	\$ 6,802,227	\$ 7,874,649	\$ 9,161,129

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

For the year ended June 30, 2019, the County and the School Board recognized OPEB expense in the amount of \$91,634 and \$813,471. At June 30, 2019, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 37,425	\$ 28,376	\$ 173,926	\$ 138,058
Total	\$ 37,425	\$ 28,376	\$ 173,926	\$ 138,058

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 17—MEDICAL AND DENTAL INSURANCE - PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

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

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

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board</u>
2020	\$ 3,620	\$ 8,081
2021	3,620	8,081
2022	1,809	8,081
2023	-	11,625
2024	-	-
Thereafter	-	-

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

NOTE 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 \$63,244.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 19—SUMMARY OF OTHER POSTEMPLOYMENT BENEFIT PLANS:

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program (Note 15):								
County	\$ 240,033	\$ 90,000	\$ 977,000	\$ 27,000	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	17,190	18,000	110,000	1,000
School Board Professional	-	-	-	-	222,966	166,000	1,689,000	17,000
Teacher Health Insurance Credit Program (Note 16)	-	-	-	-	299,761	54,000	3,315,000	276,000
Line of Duty Act Program (Note 18)	-	-	-	63,244	-	-	-	-
County Stand-Alone Plan (Note 17)	37,425	28,376	1,234,070	91,634	-	-	-	-
School Stand-Alone Plan (Note 17)	-	-	-	-	173,926	138,058	7,874,649	813,471
Totals	<u>\$ 277,458</u>	<u>\$ 118,376</u>	<u>\$ 2,211,070</u>	<u>\$ 181,878</u>	<u>\$ 713,843</u>	<u>\$ 376,058</u>	<u>\$ 12,988,649</u>	<u>\$ 1,107,471</u>

NOTE 20—UPCOMING PRONOUNCEMENTS:

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

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

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

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

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.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 21—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 22—RESTATEMENT OF NET POSITION:

The following adjustments were made to beginning net position:

	<u>Net Position</u> <u>Governmental</u> <u>Activities</u>
Net position, July 1, 2018, as previously stated	\$ 22,759,956
Inclusion of GASB 68 net pension asset and deferred inflow of resources for Peumansend Creek Regional Jail:	
Net pension asset	581,839
Deferred inflow of resources - pension related items	<u>(491,868)</u>
Net position, July 1, 2018, as restated	<u>\$ 22,849,927</u>

REQUIRED SUPPLEMENTARY INFORMATION

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General Fund

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 35,873,912	\$ 36,402,347	\$ 36,402,347	\$ -
Other local taxes	4,450,038	4,450,038	4,775,147	325,109
Permits, privilege fees, and regulatory licenses	450,114	450,114	527,310	77,196
Fines and forfeitures	527,963	527,963	521,650	(6,313)
Revenue from the use of money and property	110,390	110,390	512,130	401,740
Charges for services	1,117,567	1,117,567	1,359,374	241,807
Miscellaneous	197,505	290,587	318,140	27,553
Recovered costs	519,615	4,756,672	4,951,213	194,541
Intergovernmental:				
Commonwealth	5,562,935	5,560,815	5,692,599	131,784
Federal	73,031	85,151	143,078	57,927
Total revenues	<u>\$ 48,883,070</u>	<u>\$ 53,751,644</u>	<u>\$ 55,202,988</u>	<u>\$ 1,451,344</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,675,879	\$ 3,846,785	\$ 3,566,141	\$ 280,644
Judicial administration	1,400,614	1,428,946	1,367,981	60,965
Public safety	14,385,106	19,328,804	18,331,713	997,091
Public works	3,485,249	3,923,100	3,741,639	181,461
Health and welfare	621,230	691,740	682,740	9,000
Education	14,560,301	14,687,760	14,652,485	35,275
Parks, recreation, and cultural	947,047	1,002,038	890,567	111,471
Community development	1,681,527	1,735,116	1,536,272	198,844
Total expenditures	<u>\$ 40,756,953</u>	<u>\$ 46,644,289</u>	<u>\$ 44,769,538</u>	<u>\$ 1,874,751</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 8,126,117</u>	<u>\$ 7,107,355</u>	<u>\$ 10,433,450</u>	<u>\$ 3,326,095</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ (10,205,359)</u>	<u>\$ (10,205,363)</u>	<u>\$ (11,270,940)</u>	<u>\$ (1,065,577)</u>
Total other financing sources (uses)	<u>\$ (10,205,359)</u>	<u>\$ (10,205,363)</u>	<u>\$ (11,270,940)</u>	<u>\$ (1,065,577)</u>
Net change in fund balances	\$ (2,079,242)	\$ (3,098,008)	\$ (837,490)	\$ 2,260,518
Fund balances - beginning	2,104,242	2,937,834	25,560,093	22,622,259
Fund balances - ending	<u>\$ 25,000</u>	<u>\$ (160,174)</u>	<u>\$ 24,722,603</u>	<u>\$ 24,882,777</u>

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 1,854	\$ 1,854
Commonwealth	905,772	905,772	815,502	(90,270)
Federal	1,518,049	1,518,049	1,676,013	157,964
Total revenues	<u>\$ 2,423,821</u>	<u>\$ 2,423,821</u>	<u>\$ 2,493,369</u>	<u>\$ 69,548</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 3,089,391	\$ 3,089,391	\$ 2,960,487	\$ 128,904
Total expenditures	<u>\$ 3,089,391</u>	<u>\$ 3,089,391</u>	<u>\$ 2,960,487</u>	<u>\$ 128,904</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (665,570)</u>	<u>\$ (665,570)</u>	<u>\$ (467,118)</u>	<u>\$ 198,452</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 665,570	\$ 665,570	\$ 497,373	\$ (168,197)
Total other financing sources (uses)	<u>\$ 665,570</u>	<u>\$ 665,570</u>	<u>\$ 497,373</u>	<u>\$ (168,197)</u>
Net change in fund balances	\$ -	\$ -	\$ 30,255	\$ 30,255
Fund balances - beginning	-	-	81,560	81,560
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,815</u>	<u>\$ 111,815</u>

Proffers Fund

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ 750	\$ 750	\$ 1,151	\$ 401
Miscellaneous	55,000	55,000	101,537	46,537
Total revenues	<u>\$ 55,750</u>	<u>\$ 55,750</u>	<u>\$ 102,688</u>	<u>\$ 46,938</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (55,750)	\$ (55,750)	\$ -	\$ 55,750
Total other financing sources (uses)	<u>\$ (55,750)</u>	<u>\$ (55,750)</u>	<u>\$ -</u>	<u>\$ 55,750</u>
Net change in fund balances	\$ -	\$ -	\$ 102,688	\$ 102,688
Fund balances - beginning	-	-	527,398	527,398
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 630,086</u>	<u>\$ 630,086</u>

COUNTY OF CAROLINE, VIRGINIA

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Primary Government
 For the Measurement Dates of June 30, 2014 through June 30, 2018

	<u>2018</u>	<u>2017</u>
Total pension liability		
Service cost	\$ 1,538,835	\$ 1,322,358
Interest	3,443,422	2,388,469
Changes of assumptions		(233,781)
Difference between expected and actual experience	(2,476,536)	(402,886)
Benefit payments, including refunds of employee contributions	(2,058,127)	(1,377,034)
Net change in total pension liability	\$ 447,594	\$ 1,697,126
Total pension liability - beginning	50,220,808	34,809,501
Total pension liability - ending (a)	<u>\$ 50,668,402</u>	<u>\$ 36,506,627</u>
 Plan fiduciary net position		
Contributions - employer	\$ 1,070,190	\$ 935,246
Contributions - employee	606,816	534,202
Net investment income	3,686,625	3,886,201
Benefit payments, including refunds of employee contributions	(2,058,127)	(1,377,034)
Administrative expense	(31,508)	(21,938)
Other	(3,297)	(3,475)
Net change in plan fiduciary net position	\$ 3,270,699	\$ 3,953,202
Plan fiduciary net position - beginning, as restated	49,859,139	31,609,917
Plan fiduciary net position - ending (b)	<u>\$ 53,129,838</u>	<u>\$ 35,563,119</u>
 County's net pension liability - ending (a) - (b)	\$ (2,461,436)	\$ 943,508
 Plan fiduciary net position as a percentage of the total pension liability	104.86%	97.42%
 Covered payroll	\$ 12,223,133	\$ 10,622,138
 County's net pension liability as a percentage of covered payroll	-20.14%	8.88%

The beginning net position at July 1, 2017 was restated to include the activity of the Peumansend Creek Regional Jail after its closure. For GASB 68 reporting, the VRS Actuary consolidated the beginning balances, deferred inflows and deferred outflows at July 1, 2017.

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.

Exhibit 14

	2016	2015	2014
\$	1,315,617	\$ 1,268,316	\$ 1,235,508
	2,280,789	2,133,282	1,988,555
	-	-	-
	(710,814)	(105,098)	-
	(1,317,577)	(1,060,932)	(1,252,134)
\$	1,568,015	\$ 2,235,568	\$ 1,971,929
	33,241,486	31,005,918	29,033,989
\$	<u>34,809,501</u>	<u>\$ 33,241,486</u>	<u>\$ 31,005,918</u>
\$	1,054,497	\$ 1,035,823	\$ 1,130,296
	513,189	490,688	529,552
	549,598	1,352,878	3,930,748
	(1,317,577)	(1,060,932)	(1,252,134)
	(18,864)	(17,793)	(20,616)
	(231)	(289)	207
\$	780,612	\$ 1,800,375	\$ 4,318,053
	30,829,305	29,028,930	24,710,877
\$	<u>31,609,917</u>	<u>\$ 30,829,305</u>	<u>\$ 29,028,930</u>
\$	3,199,584	\$ 2,412,181	\$ 1,976,988
	90.81%	92.74%	93.62%
\$	10,121,380	\$ 9,873,655	\$ 9,776,909
	31.61%	24.43%	20.22%

COUNTY OF CAROLINE, 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

	<u>2018</u>	<u>2017</u>
Total pension liability		
Service cost	\$ 123,863	\$ 133,441
Interest	334,384	330,501
Changes of assumptions		(43,484)
Difference between expected and actual experience	(22,287)	(47,939)
Benefit payments, including refunds of employee contributions	(335,183)	(298,923)
Net change in total pension liability	\$ 100,777	\$ 73,596
Total pension liability - beginning	4,944,504	4,870,908
Total pension liability - ending (a)	<u>\$ 5,045,281</u>	<u>\$ 4,944,504</u>
Plan fiduciary net position		
Contributions - employer	\$ 67,242	\$ 71,009
Contributions - employee	66,330	69,626
Net investment income	377,177	573,732
Benefit payments, including refunds of employee contributions	(335,183)	(298,923)
Administrative expense	(3,358)	(3,400)
Other	(332)	(507)
Net change in plan fiduciary net position	\$ 171,876	\$ 411,537
Plan fiduciary net position - beginning	5,183,678	4,772,141
Plan fiduciary net position - ending (b)	<u>\$ 5,355,554</u>	<u>\$ 5,183,678</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (310,273)	\$ (239,174)
Plan fiduciary net position as a percentage of the total pension liability	106.15%	104.84%
Covered payroll	\$ 1,383,281	\$ 1,440,998
School Division's net pension liability (asset) as a percentage of covered payroll	-22.43%	-16.60%

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.

Exhibit 15

	2016	2015	2014
\$	153,443	\$ 149,404	\$ 150,905
	320,673	324,711	314,768
	-	-	-
	18,143	(153,442)	-
	(404,793)	(351,906)	(295,363)
\$	87,466	\$ (31,233)	\$ 170,310
	4,783,442	4,814,675	4,644,365
\$	<u>4,870,908</u>	<u>4,783,442</u>	<u>4,814,675</u>
\$	60,039	\$ 98,179	\$ 128,159
	46,198	68,865	66,968
	80,716	221,665	682,678
	(404,793)	(351,906)	(295,363)
	(3,193)	(3,169)	(3,726)
	(35)	(45)	36
\$	(221,068)	\$ 33,589	\$ 578,752
	4,993,209	4,959,620	4,380,868
\$	<u>4,772,141</u>	<u>4,993,209</u>	<u>4,959,620</u>
\$	98,767	\$ (209,767)	\$ (144,945)
	97.97%	104.39%	103.01%
\$	1,332,950	\$ 1,393,169	\$ 1,342,563
	7.41%	-15.06%	-10.80%

COUNTY OF CAROLINE, VIRGINIA

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 For the Measurement Dates of June 30, 2014 through June 30, 2018

	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.25921%	0.25981%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 30,483,000	\$ 31,951,000
Employer's Covered Payroll	21,373,776	20,703,961
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	142.62%	154.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%

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.

Exhibit 16

2016	2015	2014
0.25725%	0.25632%	0.25288%
\$ 36,052,000	\$ 32,261,000	\$ 30,560,000
19,594,595	14,871,331	20,468,405
183.99%	216.93%	149.30%
68.28%	70.68%	70.88%

Schedule of Employer Contributions - Pension Plans
 For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 1,393,678	\$ 1,393,678	\$ -	\$ 15,636,529	8.91%
2018	1,071,076	1,071,076	-	12,223,133	8.76%
2017	958,117	958,117	-	10,622,138	9.02%
2016	1,066,793	1,066,793	-	10,121,380	10.54%
2015	1,040,683	1,040,683	-	9,873,655	10.54%
2014	1,130,211	1,130,211	-	9,776,909	11.56%
2013	1,075,027	1,075,027	-	9,299,541	11.56%
2012	746,934	746,934	-	8,839,458	8.45%
2011	728,402	728,402	-	8,620,146	8.45%
2010	610,029	610,029	-	8,892,551	6.86%
Component Unit School Board (nonprofessional)					
2019	\$ 45,910	\$ 45,910	\$ -	\$ 1,361,896	3.37%
2018	67,671	67,671	-	1,383,281	4.89%
2017	75,652	75,652	-	1,440,998	5.25%
2016	94,140	94,140	-	1,332,950	7.06%
2015	98,497	98,497	-	1,393,169	7.07%
2014	128,349	128,349	-	1,342,563	9.56%
2013	127,812	127,812	-	1,336,951	9.56%
2012	77,773	77,773	-	1,248,360	6.23%
2011	76,933	76,933	-	1,234,877	6.23%
2010	71,138	71,138	-	1,243,678	5.72%
Component Unit School Board (professional)					
2019	\$ 3,259,196	\$ 3,259,196	\$ -	\$ 21,632,911	15.07%
2018	3,353,929	3,353,929	-	21,373,776	15.69%
2017	3,027,810	3,027,810	-	20,703,961	14.62%
2016	2,755,000	2,755,000	-	19,594,595	14.06%
2015	2,156,343	2,156,343	-	14,871,331	14.50%
2014	2,386,616	2,386,616	-	20,468,405	11.66%
2013	1,776,015	1,776,015	-	15,231,690	11.66%
2012	1,812,374	1,812,374	-	15,543,516	11.66%
2011	1,584,258	1,584,258	-	17,982,497	8.81%
2010	1,143,529	1,143,529	-	12,979,898	8.81%

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

Notes to Required Supplementary Information - Pension Plans
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

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2018	0.06429% \$	977,000 \$	12,225,710	7.99%	51.22%
2017	0.05762%	867,000	10,627,798	8.16%	48.86%
Component Unit School Board (nonprofessional):					
2018	0.00727% \$	110,000 \$	1,383,281	7.95%	51.22%
2017	0.00781%	118,000	1,440,998	8.19%	48.86%
Component Unit School Board (professional):					
2018	0.11123% \$	1,689,000 \$	21,151,187	7.99%	51.22%
2017	0.11197%	1,685,000	20,653,533	8.16%	48.86%

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

Schedule of Employer Contributions
 Group Life Insurance 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	\$ 82,033	\$ 82,033	\$ -	15,775,548	0.52%
2018	63,574	63,574	-	12,225,710	0.52%
2017	55,265	55,265	-	10,627,798	0.52%
2016	48,599	48,599	-	10,124,824	0.48%
2015	47,429	47,429	-	9,881,046	0.48%
2014	46,958	46,958	-	9,782,957	0.48%
2013	44,753	44,753	-	9,323,518	0.48%
2012	24,795	24,795	-	8,855,425	0.28%
2011	24,152	24,152	-	8,625,567	0.28%
2010	17,967	17,967	-	6,654,258	0.27%
Component Unit School Board (nonprofessional):					
2019	\$ 7,190	\$ 7,190	\$ -	1,382,646	0.52%
2018	7,193	7,193	-	1,383,281	0.52%
2017	7,493	7,493	-	1,440,998	0.52%
2016	6,398	6,398	-	1,332,950	0.48%
2015	6,687	6,687	-	1,393,169	0.48%
2014	6,444	6,444	-	1,342,563	0.48%
2013	6,450	6,450	-	1,343,763	0.48%
2012	3,530	3,530	-	1,260,877	0.28%
2011	3,458	3,458	-	1,234,877	0.28%
2010	2,547	2,547	-	943,456	0.27%
Component Unit School Board (professional):					
2019	\$ 111,966	\$ 111,966	\$ -	21,531,862	0.52%
2018	109,986	109,986	-	21,151,187	0.52%
2017	107,398	107,398	-	20,653,533	0.52%
2016	94,520	94,520	-	19,691,658	0.48%
2015	91,753	91,753	-	19,115,185	0.48%
2014	89,081	89,081	-	18,558,634	0.48%
2013	89,650	89,650	-	18,677,168	0.48%
2012	49,658	49,658	-	17,734,888	0.28%
2011	49,679	49,679	-	17,742,352	0.28%
2010	35,115	35,115	-	13,005,735	0.27%

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%

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2018	0.26116% \$	3,315,000 \$	21,121,292	15.70%	7.04%
2017	0.26170%	3,320,000	20,653,533	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.

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

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2019	\$ 257,761	\$ 257,761	\$ -	\$ 21,480,123	1.20%
2018	259,792	259,792	-	21,121,292	1.23%
2017	229,254	229,254	-	20,653,533	1.11%
2016	207,922	207,922	-	19,615,237	1.06%
2015	202,005	202,005	-	19,057,060	1.06%
2014	205,278	205,278	-	18,493,509	1.11%
2013	206,880	206,880	-	18,637,878	1.11%
2012	106,318	106,318	-	17,719,619	0.60%
2011	106,254	106,254	-	17,709,081	0.60%
2010	134,991	134,991	-	12,979,901	1.04%

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 since the prior actuarial valuation.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 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

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

Primary Government

For the Measurement Dates of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 43,544	\$ 45,603
Interest	44,470	39,799
Changes of assumptions	52,395	(51,076)
Benefit payments	(23,580)	(17,029)
Net change in total OPEB liability	\$ 116,829	\$ 17,297
Total OPEB liability - beginning	1,117,241	1,099,944
Total OPEB liability - ending	<u>\$ 1,234,070</u>	<u>\$ 1,117,241</u>
Covered payroll	\$ 10,892,500	\$ 10,892,500
County's total OPEB liability (asset) as a percentage of covered payroll	11.33%	10.26%

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 For the Measurement Dates of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 510,600	\$ 520,808
Interest	294,790	263,614
Changes of assumptions	217,407	(208,858)
Benefit payments	(504,902)	(455,710)
Net change in total OPEB liability	\$ 517,895	\$ 119,854
Total OPEB liability - beginning	7,356,754	7,236,900
Total OPEB liability - ending	<u>\$ 7,874,649</u>	<u>\$ 7,356,754</u>
Covered payroll	\$ 24,975,600	\$ 24,975,600
School Board's total OPEB liability (asset) as a percentage of covered payroll	31.53%	29.46%

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

Notes to Required Supplementary Information - Primary Government OPEB
 For the Year Ended June 30, 2019

Valuation Date: 6/30/2017
 Measurement Date: 6/30/2019

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.50% based on the Bond Buyer 20-Year Bond GO Index as of their respective measurement dates.
Inflation	2.50% per year as of June 30, 2019
Healthcare Trend Rate	The healthcare trend rate assumption starts at 7.50% graded down to 4.30% over 57 years

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

Valuation Date: 6/30/2017
 Measurement Date: 6/30/2019

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.50% based on the Bond Buyer 20-Year Bond GO Index as of their respective measurement dates.
Inflation	2.50% per year as of June 30, 2019
Healthcare Trend Rate	The healthcare trend rate assumption starts at 7.70% graded down to 4.30% over 57 years

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OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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Debt Service Fund

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other local taxes	\$ 1,732,502	\$ 1,732,502	\$ 1,822,135	\$ 89,633
Revenue from the use of money and property	76,675	76,675	111,602	34,927
Intergovernmental:				
Commonwealth	330,295	330,295	288,970	(41,325)
Federal	410,426	410,426	494,013	83,587
Total revenues	<u>\$ 2,549,898</u>	<u>\$ 2,549,898</u>	<u>\$ 2,716,720</u>	<u>\$ 166,822</u>
EXPENDITURES				
Debt service:				
Principal retirement	\$ 6,012,712	\$ 6,012,712	\$ 5,948,502	\$ 64,210
Interest and other fiscal charges	2,979,500	2,979,500	2,922,877	56,623
Total expenditures	<u>\$ 8,992,212</u>	<u>\$ 8,992,212</u>	<u>\$ 8,871,379</u>	<u>\$ 120,833</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (6,442,314)</u>	<u>\$ (6,442,314)</u>	<u>\$ (6,154,659)</u>	<u>\$ 287,655</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 6,442,314	\$ 6,442,314	\$ 6,041,105	\$ (401,209)
Issuance of refunding bond	-	-	555,000	555,000
Bond issuance premium	-	-	92,476	92,476
Payment to refunded bond escrow agent	-	-	(585,000)	(585,000)
Total other financing sources (uses)	<u>\$ 6,442,314</u>	<u>\$ 6,442,314</u>	<u>\$ 6,103,581</u>	<u>\$ (338,733)</u>
Net change in fund balances	\$ -	\$ -	\$ (51,078)	\$ (51,078)
Fund balances - beginning	-	-	208,392	208,392
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,314</u>	<u>\$ 157,314</u>

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County Capital Projects Fund

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 60,941	\$ 60,941
Miscellaneous	-	-	5,356	5,356
Recovered costs	-	-	7,648	7,648
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,945</u>	<u>\$ 73,945</u>
EXPENDITURES				
Capital outlay	\$ 1,956,400	\$ 4,529,273	\$ 4,874,535	\$ (345,262)
Total expenditures	<u>\$ 1,956,400</u>	<u>\$ 4,529,273</u>	<u>\$ 4,874,535</u>	<u>\$ (345,262)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,956,400)</u>	<u>\$ (4,529,273)</u>	<u>\$ (4,800,590)</u>	<u>\$ (271,317)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000
Issuance of capital lease	1,956,400	3,084,400	3,073,000	(11,400)
Total other financing sources (uses)	<u>\$ 1,956,400</u>	<u>\$ 3,084,400</u>	<u>\$ 5,073,000</u>	<u>\$ 1,988,600</u>
Net change in fund balances	\$ -	\$ (1,444,873)	\$ 272,410	\$ 1,717,283
Fund balances - beginning	-	530,000	670,415	140,415
Fund balances - ending	<u>\$ -</u>	<u>\$ (914,873)</u>	<u>\$ 942,825</u>	<u>\$ 1,857,698</u>

COUNTY OF CAROLINE, VIRGINIA

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2019

	Special Revenue Funds			
	Children's Services	Law Library	Courthouse Maintenance	Tourism
ASSETS				
Cash and cash equivalents	\$ 72,850	\$ 2,578	\$ 31,454	\$ 104,417
Receivables, net	-	452	1,909	23,585
Due from other governmental units	156,929	-	-	-
Total assets	<u>\$ 229,779</u>	<u>\$ 3,030</u>	<u>\$ 33,363</u>	<u>\$ 128,002</u>
LIABILITIES				
Accounts payable	\$ 99,699	\$ 435	-	\$ 1,467
Accrued payroll	-	-	-	2,417
Other accrued liabilities	-	-	-	185
Total liabilities	<u>\$ 99,699</u>	<u>\$ 435</u>	<u>\$ -</u>	<u>\$ 4,069</u>
FUND BALANCES				
Restricted	\$ 130,080	\$ 2,595	\$ 33,363	\$ 123,933
Committed	-	-	-	-
Total fund balances	<u>\$ 130,080</u>	<u>\$ 2,595</u>	<u>\$ 33,363</u>	<u>\$ 123,933</u>
Total liabilities and fund balances	<u>\$ 229,779</u>	<u>\$ 3,030</u>	<u>\$ 33,363</u>	<u>\$ 128,002</u>

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

Special Revenue Funds						Total Nonmajor Governmental Funds
Confiscated Asset	Fire/Rescue Grant	Housing	Sheriff	Detention Facility		
\$ 112,618	\$ 210,411	\$ 38,623	\$ 230,207	\$ 524,863	\$ 1,328,021	
-	-	-	2,860	62,139	90,945	
-	-	-	-	-	156,929	
<u>\$ 112,618</u>	<u>\$ 210,411</u>	<u>\$ 38,623</u>	<u>\$ 233,067</u>	<u>\$ 587,002</u>	<u>\$ 1,575,895</u>	
\$ 3,085	\$ 1,677	\$ 1,278	-	-	\$ 107,641	
-	-	-	-	-	2,417	
-	-	-	-	-	185	
<u>\$ 3,085</u>	<u>\$ 1,677</u>	<u>\$ 1,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,243</u>	
\$ 109,533	\$ 208,734	\$ 37,345	\$ 233,067	-	\$ 878,650	
-	-	-	-	587,002	587,002	
<u>\$ 109,533</u>	<u>\$ 208,734</u>	<u>\$ 37,345</u>	<u>\$ 233,067</u>	<u>\$ 587,002</u>	<u>\$ 1,465,652</u>	
<u>\$ 112,618</u>	<u>\$ 210,411</u>	<u>\$ 38,623</u>	<u>\$ 233,067</u>	<u>\$ 587,002</u>	<u>\$ 1,575,895</u>	

COUNTY OF CAROLINE, VIRGINIA

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

	<u>Children's Services</u>	<u>Law Library</u>	<u>Courthouse Maintenance</u>	<u>Tourism</u>
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ 164,406
Revenue from the use of money and property	-	-	-	-
Charges for services	-	6,275	25,424	-
Miscellaneous	16,669	-	-	23,645
Intergovernmental:				
Commonwealth	836,391	-	-	-
Federal	42,172	-	-	-
Total revenues	<u>\$ 895,232</u>	<u>\$ 6,275</u>	<u>\$ 25,424</u>	<u>\$ 188,051</u>
EXPENDITURES				
Current:				
Judicial administration	\$ -	\$ 5,167	\$ -	\$ -
Public safety	-	-	-	-
Health and welfare	1,430,868	-	-	-
Community development	-	-	-	160,887
Total expenditures	<u>\$ 1,430,868</u>	<u>\$ 5,167</u>	<u>\$ -</u>	<u>\$ 160,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (535,636)</u>	<u>\$ 1,108</u>	<u>\$ 25,424</u>	<u>\$ 27,164</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 464,757	\$ -	\$ -	\$ -
Total other financing sources (uses)	<u>\$ 464,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ (70,879)	\$ 1,108	\$ 25,424	\$ 27,164
Fund balances - beginning	200,959	1,487	7,939	96,769
Fund balances - ending	<u>\$ 130,080</u>	<u>\$ 2,595</u>	<u>\$ 33,363</u>	<u>\$ 123,933</u>

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

Special Revenue Funds						Total Nonmajor Governmental Funds
Confiscated Asset	Fire/ Rescue Grant	Housing	Sheriff	Dentention Facility		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	164,406
-	-	12,341	-	747	-	13,088
-	-	-	39,501	586,285	-	657,485
-	-	-	-	-	-	40,314
53,266	188,023	-	-	-	-	1,077,680
-	33,000	-	-	-	-	75,172
<u>\$ 53,266</u>	<u>\$ 221,023</u>	<u>\$ 12,341</u>	<u>\$ 39,501</u>	<u>\$ 587,032</u>	<u>\$ -</u>	<u>2,028,145</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	5,167
32,762	257,191	-	-	30	-	289,983
-	-	-	-	-	-	1,430,868
-	-	8,577	-	-	-	169,464
<u>\$ 32,762</u>	<u>\$ 257,191</u>	<u>\$ 8,577</u>	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>1,895,482</u>
<u>\$ 20,504</u>	<u>\$ (36,168)</u>	<u>\$ 3,764</u>	<u>\$ 39,501</u>	<u>\$ 587,002</u>	<u>\$ -</u>	<u>132,663</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	464,757
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>464,757</u>
\$ 20,504	\$ (36,168)	\$ 3,764	\$ 39,501	\$ 587,002	\$ -	597,420
89,029	244,902	33,581	193,566	-	-	868,232
<u>\$ 109,533</u>	<u>\$ 208,734</u>	<u>\$ 37,345</u>	<u>\$ 233,067</u>	<u>\$ 587,002</u>	<u>\$ -</u>	<u>1,465,652</u>

COUNTY OF CAROLINE, VIRGINIA

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

	Children's Services Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	23,000	23,000	16,669	(6,331)
Intergovernmental:				
Commonwealth	1,547,525	1,547,525	836,391	(711,134)
Federal	-	-	42,172	42,172
Total revenues	<u>\$ 1,570,525</u>	<u>\$ 1,570,525</u>	<u>\$ 895,232</u>	<u>\$ (675,293)</u>
EXPENDITURES				
Current:				
Judicial administration	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Health and welfare	2,300,000	2,300,000	1,430,868	869,132
Community development	-	-	-	-
Total expenditures	<u>\$ 2,300,000</u>	<u>\$ 2,300,000</u>	<u>\$ 1,430,868</u>	<u>\$ 869,132</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (729,475)</u>	<u>\$ (729,475)</u>	<u>\$ (535,636)</u>	<u>\$ 193,839</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 729,475</u>	<u>\$ 729,475</u>	<u>\$ 464,757</u>	<u>\$ (264,718)</u>
Total other financing sources (uses)	<u>\$ 729,475</u>	<u>\$ 729,475</u>	<u>\$ 464,757</u>	<u>\$ (264,718)</u>
Net change in fund balances	\$ -	\$ -	\$ (70,879)	\$ (70,879)
Fund balances - beginning	-	-	200,959	200,959
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,080</u>	<u>\$ 130,080</u>

Law Library Fund

Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
5,348	5,348	6,275	927
-	-	-	-
-	-	-	-
<u>\$ 5,348</u>	<u>\$ 5,348</u>	<u>\$ 6,275</u>	<u>\$ 927</u>
\$ 5,348	\$ 5,348	\$ 5,167	\$ 181
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 5,348</u>	<u>\$ 5,348</u>	<u>\$ 5,167</u>	<u>\$ 181</u>
\$ -	\$ -	\$ 1,108	\$ 1,108
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 1,108	\$ 1,108
-	-	1,487	1,487
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,595</u>	<u>\$ 2,595</u>

COUNTY OF CAROLINE, VIRGINIA

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

	Courthouse Maintenance Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-
Charges for services	26,574	26,574	25,424	(1,150)
Miscellaneous	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	<u>\$ 26,574</u>	<u>\$ 26,574</u>	<u>\$ 25,424</u>	<u>\$ (1,150)</u>
EXPENDITURES				
Current:				
Judicial administration	\$ 134,574	\$ 134,574	\$ -	\$ 134,574
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Community development	-	-	-	-
Total expenditures	<u>\$ 134,574</u>	<u>\$ 134,574</u>	<u>\$ -</u>	<u>\$ 134,574</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (108,000)</u>	<u>\$ (108,000)</u>	<u>\$ 25,424</u>	<u>\$ 133,424</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ (108,000)	\$ (108,000)	\$ 25,424	\$ 133,424
Fund balances - beginning	108,000	108,000	7,939	(100,061)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,363</u>	<u>\$ 33,363</u>

Tourism Fund

Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ 178,000	\$ 178,000	\$ 164,406	\$ (13,594)
-	-	-	-
-	-	-	-
4,858	4,858	23,645	18,787
-	-	-	-
-	-	-	-
<u>\$ 182,858</u>	<u>\$ 182,858</u>	<u>\$ 188,051</u>	<u>\$ 5,193</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
182,858	182,858	160,887	21,971
<u>\$ 182,858</u>	<u>\$ 182,858</u>	<u>\$ 160,887</u>	<u>\$ 21,971</u>
\$ -	\$ -	\$ 27,164	\$ 27,164
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 27,164	\$ 27,164
-	-	96,769	96,769
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,933</u>	<u>\$ 123,933</u>

COUNTY OF CAROLINE, VIRGINIA

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

	Confiscated Asset Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Intergovernmental:				
Commonwealth	-	32,762	53,266	20,504
Federal	-	-	-	-
Total revenues	\$ -	\$ 32,762	\$ 53,266	\$ 20,504
EXPENDITURES				
Current:				
Judicial administration	\$ -	\$ -	\$ -	\$ -
Public safety	-	32,762	32,762	-
Health and welfare	-	-	-	-
Community development	-	-	-	-
Total expenditures	\$ -	\$ 32,762	\$ 32,762	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 20,504	\$ 20,504
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 20,504	\$ 20,504
Fund balances - beginning	-	-	89,029	89,029
Fund balances - ending	\$ -	\$ -	\$ 109,533	\$ 109,533

Fire/Rescue Grant Fund			
Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
145,335	219,963	188,023	(31,940)
-	33,000	33,000	-
<u>\$ 145,335</u>	<u>\$ 252,963</u>	<u>\$ 221,023</u>	<u>\$ (31,940)</u>
\$ -	\$ -	\$ -	\$ -
145,335	252,963	257,191	(4,228)
-	-	-	-
-	-	-	-
<u>\$ 145,335</u>	<u>\$ 252,963</u>	<u>\$ 257,191</u>	<u>\$ (4,228)</u>
\$ -	\$ -	\$ (36,168)	\$ (36,168)
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ -	\$ -	\$ (36,168)	\$ (36,168)
-	-	244,902	244,902
<u>-</u>	<u>-</u>	<u>208,734</u>	<u>208,734</u>

COUNTY OF CAROLINE, VIRGINIA

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

	Housing Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	14,570	14,570	12,341	(2,229)
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	<u>\$ 14,570</u>	<u>\$ 14,570</u>	<u>\$ 12,341</u>	<u>\$ (2,229)</u>
EXPENDITURES				
Current:				
Judicial administration	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Community development	14,570	14,570	8,577	5,993
Total expenditures	<u>\$ 14,570</u>	<u>\$ 14,570</u>	<u>\$ 8,577</u>	<u>\$ 5,993</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,764</u>	<u>\$ 3,764</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 3,764	\$ 3,764
Fund balances - beginning	-	-	33,581	33,581
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 37,345</u></u>	<u><u>\$ 37,345</u></u>

Sheriff Fund			
Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
51,000	51,000	39,501	(11,499)
-	-	-	-
-	-	-	-
<u>\$ 51,000</u>	<u>\$ 51,000</u>	<u>\$ 39,501</u>	<u>\$ (11,499)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 51,000</u>	<u>\$ 51,000</u>	<u>\$ 39,501</u>	<u>\$ (11,499)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 51,000	\$ 51,000	\$ 39,501	\$ (11,499)
(51,000)	(51,000)	193,566	244,566
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,067</u>	<u>\$ 233,067</u>

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

	Detention Facility Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	747	747
Charges for services	-	-	586,285	586,285
Miscellaneous	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 587,032</u>	<u>\$ 587,032</u>
EXPENDITURES				
Current:				
Judicial administration	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Community development	-	-	30	(30)
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ (30)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 587,002</u>	<u>\$ 587,002</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 587,002	\$ 587,002
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 587,002</u>	<u>\$ 587,002</u>

Combining Statement of Net Position
 Internal Service Funds
 June 30, 2019

	<u>Vehicle Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,143	\$ 1,248,019	\$ 1,252,162
Total current assets	<u>\$ 4,143</u>	<u>\$ 1,248,019</u>	<u>\$ 1,252,162</u>
Noncurrent assets:			
Capital assets:			
Buildings	\$ 412,315	\$ -	\$ 412,315
Improvements other than buildings	68,551	-	68,551
Less accumulated depreciation	(480,866)	-	(480,866)
Total noncurrent assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total assets	<u>\$ 4,143</u>	<u>\$ 1,248,019</u>	<u>\$ 1,252,162</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ -	\$ 129,579	\$ 129,579
Insurance and benefit claims	-	258,132	258,132
Total liabilities	<u>\$ -</u>	<u>\$ 387,711</u>	<u>\$ 387,711</u>
NET POSITION			
Unrestricted	<u>\$ 4,143</u>	<u>\$ 860,308</u>	<u>\$ 864,451</u>
Total net position	<u><u>\$ 4,143</u></u>	<u><u>\$ 860,308</u></u>	<u><u>\$ 864,451</u></u>

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

	<u>Vehicle Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ -	\$ 3,641,558	\$ 3,641,558
Total operating revenues	<u>\$ -</u>	<u>\$ 3,641,558</u>	<u>\$ 3,641,558</u>
OPERATING EXPENSES			
Risk financing and benefit payments	\$ -	\$ 3,476,939	\$ 3,476,939
Total operating expenses	<u>\$ -</u>	<u>\$ 3,476,939</u>	<u>\$ 3,476,939</u>
Change in net position	<u>\$ -</u>	<u>\$ 164,619</u>	<u>\$ 164,619</u>
Total net position - beginning	\$ 4,143	\$ 695,689	\$ 699,832
Total net position - ending	<u><u>\$ 4,143</u></u>	<u><u>\$ 860,308</u></u>	<u><u>\$ 864,451</u></u>

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

	<u>Vehicle Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ -	\$ 3,641,558	\$ 3,641,558
Claims and benefits paid	-	(3,460,231)	(3,460,231)
Payments to suppliers for goods and services	-	(127,361)	(127,361)
Net cash provided by (used for) operating activities	<u>\$ -</u>	<u>\$ 53,966</u>	<u>\$ 53,966</u>
Net increase (decrease) in cash and cash equivalents	\$ -	\$ 53,966	\$ 53,966
Cash and cash equivalents - beginning	4,143	1,194,053	1,198,196
Cash and cash equivalents - ending	<u>\$ 4,143</u>	<u>\$ 1,248,019</u>	<u>\$ 1,252,162</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ -</u>	<u>\$ 164,619</u>	<u>\$ 164,619</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Increase (decrease) in accounts payable	\$ -	\$ (127,361)	\$ (127,361)
Increase (decrease) in insurance and benefit claims	-	16,708	16,708
Total adjustments	<u>\$ -</u>	<u>\$ (110,653)</u>	<u>\$ (110,653)</u>
Net cash provided by (used for) operating activities	<u>\$ -</u>	<u>\$ 53,966</u>	<u>\$ 53,966</u>

Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2019

	Agency Funds			
	Special Welfare	Four Rivers Technology in Education Consortium	Deposit Escrow	Total
ASSETS				
Cash and cash equivalents	\$ 30,039	\$ 38,704	\$ 1,105,297	\$ 1,174,040
Total assets	<u>\$ 30,039</u>	<u>\$ 38,704</u>	<u>\$ 1,105,297</u>	<u>\$ 1,174,040</u>
LIABILITIES				
Amounts held for social services clients	\$ 30,039	\$ -	\$ -	\$ 30,039
Amounts held for consortium	-	38,704	-	38,704
Refundable escrow deposits payable	-	-	1,105,297	1,105,297
Total liabilities	<u>\$ 30,039</u>	<u>\$ 38,704</u>	<u>\$ 1,105,297</u>	<u>\$ 1,174,040</u>

Fiduciary Funds

Combining Statement of Changes in Assets and Liabilities - Agency Funds

Year Ended June 30, 2019

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 28,521	\$ 40,424	\$ 38,906	\$ 30,039
Total assets	<u>\$ 28,521</u>	<u>\$ 40,424</u>	<u>\$ 38,906</u>	<u>\$ 30,039</u>
Liabilities:				
Amounts held for social services clients	\$ 28,521	\$ 40,424	\$ 38,906	\$ 30,039
Total liabilities	<u>\$ 28,521</u>	<u>\$ 40,424</u>	<u>\$ 38,906</u>	<u>\$ 30,039</u>
Four Rivers Technology in Education Consortium:				
Assets:				
Cash and cash equivalents	\$ 38,704	\$ -	\$ -	\$ 38,704
Total assets	<u>\$ 38,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,704</u>
Liabilities:				
Amounts held for consortium	\$ 38,704	\$ -	\$ -	\$ 38,704
Total liabilities	<u>\$ 38,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,704</u>
Deposit Escrow:				
Assets:				
Cash and cash equivalents	\$ 1,045,833	\$ 184,924	\$ 125,460	\$ 1,105,297
Total assets	<u>\$ 1,045,833</u>	<u>\$ 184,924</u>	<u>\$ 125,460</u>	<u>\$ 1,105,297</u>
Liabilities:				
Refundable escrow deposits payable	\$ 1,045,833	\$ 184,924	\$ 125,460	\$ 1,105,297
Total liabilities	<u>\$ 1,045,833</u>	<u>\$ 184,924</u>	<u>\$ 125,460</u>	<u>\$ 1,105,297</u>
Totals -- All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 1,113,058	\$ 225,348	\$ 164,366	\$ 1,174,040
Total assets	<u>\$ 1,113,058</u>	<u>\$ 225,348</u>	<u>\$ 164,366</u>	<u>\$ 1,174,040</u>
Liabilities:				
Amounts held for social services clients	\$ 28,521	\$ 40,424	\$ 38,906	\$ 30,039
Amounts held for consortium	38,704	-	-	38,704
Refundable escrow deposits payable	1,045,833	184,924	125,460	1,105,297
Total liabilities	<u>\$ 1,113,058</u>	<u>\$ 225,348</u>	<u>\$ 164,366</u>	<u>\$ 1,174,040</u>

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*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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Combining Balance Sheet

Discretely Presented Component Unit - School Board

June 30, 2019

	School Operating Fund	School Cafeteria Fund	Capital Projects Fund	School Grant Fund	School Textbook Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,617,514	\$ 532,271	\$ 20,316	\$ 135,934	\$ 190,875	\$ 3,496,910
Receivables (net of allowance for uncollectibles):						
Accounts receivable	137,423	-	-	-	-	137,423
Due from other governmental units	973,638	24,723	43,646	293,144	-	1,335,151
Total assets	<u>\$ 3,728,575</u>	<u>\$ 556,994</u>	<u>\$ 63,962</u>	<u>\$ 429,078</u>	<u>\$ 190,875</u>	<u>\$ 4,969,484</u>
LIABILITIES						
Accounts payable	\$ 480,557	\$ 8,711	\$ 43,646	\$ 48,481	\$ -	\$ 581,395
Accrued payroll	1,985,346	59,461	-	55,342	-	2,100,149
Total liabilities	<u>\$ 2,465,903</u>	<u>\$ 68,172</u>	<u>\$ 43,646</u>	<u>\$ 103,823</u>	<u>\$ -</u>	<u>\$ 2,681,544</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - insurance refunds	\$ 704,944	\$ -	\$ -	\$ -	\$ -	\$ 704,944
Total deferred inflows of resources	<u>\$ 704,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 704,944</u>
FUND BALANCES						
Assigned:						
Cafeteria	\$ -	\$ 488,822	\$ -	\$ -	\$ -	\$ 488,822
School grants	-	-	-	325,255	-	325,255
Textbooks	-	-	-	-	190,875	190,875
Unassigned	557,728	-	20,316	-	-	578,044
Total fund balances	<u>\$ 557,728</u>	<u>\$ 488,822</u>	<u>\$ 20,316</u>	<u>\$ 325,255</u>	<u>\$ 190,875</u>	<u>\$ 1,582,996</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,728,575</u>	<u>\$ 556,994</u>	<u>\$ 63,962</u>	<u>\$ 429,078</u>	<u>\$ 190,875</u>	<u>\$ 4,969,484</u>

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balances per above						\$ 1,582,996
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						
Capital assets cost					\$ 28,255,294	
Less: accumulated depreciation					(20,198,217)	8,057,077
The net pension asset is not an available resource and, therefore, is not reported in the funds.						
						310,273
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.						
Pension related items					\$ 4,082,554	
OPEB related items					713,843	4,796,397
Unavailable revenue to fund current expenditures and, therefore, is not reported as revenue in the governmental funds.						
						704,944
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.						
Compensated absences					\$ (662,316)	
Accrued interest payable					(28,688)	
Capital leases					(1,388,565)	
Net pension liability					(30,483,000)	
Net OPEB liabilities					(12,988,649)	(45,551,218)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.						
Pension related items					\$ (3,500,231)	
OPEB related items					(376,058)	(3,876,289)
Net position of governmental activities						<u>\$ (33,975,820)</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2019

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	School Grant Fund	School Textbook Fund	Total Governmental Funds
REVENUES						
Revenue from the use of money and property	\$ 49,535	\$ -	\$ -	\$ -	\$ -	\$ 49,535
Charges for services	3,902	738,078	-	-	-	741,980
Miscellaneous	830,243	60,211	-	-	-	890,454
Intergovernmental:						
Local government	14,301,506	-	153,146	-	148,967	14,603,619
Commonwealth	26,064,588	31,512	-	10,857	268,127	26,375,084
Federal	1,036,799	1,289,522	-	1,159,395	-	3,485,716
Total revenues	<u>\$ 42,286,573</u>	<u>\$ 2,119,323</u>	<u>\$ 153,146</u>	<u>\$ 1,170,252</u>	<u>\$ 417,094</u>	<u>\$ 46,146,388</u>
EXPENDITURES						
Current:						
Education	\$ 41,500,690	\$ 2,017,545	\$ -	\$ 1,166,311	\$ 701,008	\$ 45,385,554
Capital outlay	-	-	132,830	-	-	132,830
Debt service:						
Principal retirement	219,644	-	-	-	-	219,644
Interest and other fiscal charges	43,637	-	-	-	-	43,637
Total expenditures	<u>\$ 41,763,971</u>	<u>\$ 2,017,545</u>	<u>\$ 132,830</u>	<u>\$ 1,166,311</u>	<u>\$ 701,008</u>	<u>\$ 45,781,665</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 522,602</u>	<u>\$ 101,778</u>	<u>\$ 20,316</u>	<u>\$ 3,941</u>	<u>\$ (283,914)</u>	<u>\$ 364,723</u>
Net change in fund balances	\$ 522,602	\$ 101,778	\$ 20,316	\$ 3,941	\$ (283,914)	\$ 364,723
Fund balances - beginning	35,126	387,044	-	321,314	474,789	1,218,273
Fund balances - ending	<u><u>\$ 557,728</u></u>	<u><u>\$ 488,822</u></u>	<u><u>\$ 20,316</u></u>	<u><u>\$ 325,255</u></u>	<u><u>\$ 190,875</u></u>	<u><u>\$ 1,582,996</u></u>

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

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 \$ 364,723

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	\$ 659,529	
Depreciation expense	(916,912)	(257,383)

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

Increase (decrease) in unavailable revenue - insurance refunds	(253,112)
--	-----------

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

Principal payments	219,644
--------------------	---------

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 accrued interest payable	\$ 5,664	
Change in compensated absences	(52,915)	
Pension expense	1,472,733	
OPEB expense	(223,623)	1,201,859

Change in net position of governmental activities	\$ <u>1,275,731</u>
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COUNTY OF CAROLINE, 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	\$ 42,420	\$ 42,420	\$ 49,535	\$ 7,115
Charges for services	-	-	3,902	3,902
Miscellaneous	702,039	702,039	830,243	128,204
Intergovernmental:				
Local government	14,252,968	14,284,398	14,301,506	17,108
Commonwealth	26,196,448	26,264,914	26,064,588	(200,326)
Federal	1,298,300	1,298,300	1,036,799	(261,501)
Total revenues	<u>\$ 42,492,175</u>	<u>\$ 42,592,071</u>	<u>\$ 42,286,573</u>	<u>\$ (305,498)</u>
EXPENDITURES				
Current:				
Education	\$ 42,492,175	\$ 42,592,071	\$ 41,500,690	\$ 1,091,381
Capital projects	-	-	-	-
Debt service:				
Principal retirement	-	-	219,644	(219,644)
Interest and other fiscal charges	-	-	43,637	(43,637)
Total expenditures	<u>\$ 42,492,175</u>	<u>\$ 42,592,071</u>	<u>\$ 41,763,971</u>	<u>\$ 828,100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 522,602</u>	<u>\$ 522,602</u>
Net change in fund balances	\$ -	\$ -	\$ 522,602	\$ 522,602
Fund balances - beginning	-	-	35,126	35,126
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 557,728</u>	<u>\$ 557,728</u>

School Cafeteria Fund				Variance with Final Budget Positive (Negative)
Budgeted Amounts		Actual		
Original	Final			
\$ -	\$ -	\$ -	\$ -	-
1,300,000	1,300,000	738,078		(561,922)
50,000	50,000	60,211		10,211
-	-	-		-
32,882	32,882	31,512		(1,370)
950,000	950,000	1,289,522		339,522
<u>\$ 2,332,882</u>	<u>\$ 2,332,882</u>	<u>\$ 2,119,323</u>	<u>\$</u>	<u>(213,559)</u>
\$ 2,332,882	\$ 2,332,882	\$ 2,017,545	\$	315,337
-	-	-		-
-	-	-		-
-	-	-		-
<u>\$ 2,332,882</u>	<u>\$ 2,332,882</u>	<u>\$ 2,017,545</u>	<u>\$</u>	<u>315,337</u>
\$ -	\$ -	\$ 101,778	\$	101,778
\$ -	\$ -	\$ 101,778	\$	101,778
-	-	387,044		387,044
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 488,822</u>	<u>\$</u>	<u>488,822</u>

COUNTY OF CAROLINE, 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 Capital Projects Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Intergovernmental:				
Local government	109,500	205,529	153,146	(52,383)
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	<u>\$ 109,500</u>	<u>\$ 205,529</u>	<u>\$ 153,146</u>	<u>\$ (52,383)</u>
EXPENDITURES				
Current:				
Education	\$ -	\$ -	\$ -	\$ -
Capital projects	109,500	205,529	132,830	72,699
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>\$ 109,500</u>	<u>\$ 205,529</u>	<u>\$ 132,830</u>	<u>\$ 72,699</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,316</u>	<u>\$ 20,316</u>
Net change in fund balances	\$ -	\$ -	\$ 20,316	\$ 20,316
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,316</u>	<u>\$ 20,316</u>

School Grant Fund				Variance with Final Budget Positive (Negative)
Budgeted Amounts		Actual		
Original	Final			
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
9,626	9,626	10,857	1,231	1,231
1,930,000	1,930,000	1,159,395	(770,605)	(770,605)
<u>\$ 1,939,626</u>	<u>\$ 1,939,626</u>	<u>\$ 1,170,252</u>	<u>\$ (769,374)</u>	<u>(769,374)</u>
\$ 1,939,626	\$ 1,939,626	\$ 1,166,311	\$ 773,315	773,315
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 1,939,626</u>	<u>\$ 1,939,626</u>	<u>\$ 1,166,311</u>	<u>\$ 773,315</u>	<u>773,315</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,941</u>	<u>\$ 3,941</u>	<u>3,941</u>
\$ -	\$ -	\$ 3,941	\$ 3,941	3,941
-	-	321,314	321,314	321,314
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,255</u>	<u>\$ 325,255</u>	<u>325,255</u>

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 Textbook Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Intergovernmental:				
Local government	143,649	143,649	148,967	5,318
Commonwealth	273,208	273,208	268,127	(5,081)
Federal	-	-	-	-
Total revenues	\$ 416,857	\$ 416,857	\$ 417,094	\$ 237
EXPENDITURES				
Current:				
Education	\$ 416,857	\$ 744,516	\$ 701,008	\$ 43,508
Capital projects	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	\$ 416,857	\$ 744,516	\$ 701,008	\$ 43,508
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (327,659)	\$ (283,914)	\$ 43,745
Net change in fund balances	\$ -	\$ (327,659)	\$ (283,914)	\$ 43,745
Fund balances - beginning	-	327,659	474,789	147,130
Fund balances - ending	\$ -	\$ -	\$ 190,875	\$ 190,875

*DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY*

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Statement of Net Position
 Discretely Presented Component Unit - Economic Development Authority
 June 30, 2019

ASSETS

Current assets:

Cash and cash equivalents	\$ 572,762
Total assets	<u>\$ 572,762</u>

LIABILITIES

Current liabilities:

Due to other governmental units	\$ 500,000
Total liabilities	<u>\$ 500,000</u>

NET POSITION

Unrestricted	\$ 72,762
Total net position	<u>\$ 72,762</u>

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

OPERATING REVENUES

Contributions from local governments	\$ 1,000
Miscellaneous	241
Total operating revenues	<u>\$ 1,241</u>

OPERATING EXPENSES

Contractual services	\$ 1,000
Economic development	6,363
Total operating expenses	<u>\$ 7,363</u>

Operating income (loss)	<u>\$ (6,122)</u>
-------------------------	-------------------

NONOPERATING REVENUES (EXPENSES)

Interest income	\$ 248
Total nonoperating revenues (expenses)	<u>\$ 248</u>

Change in net position	\$ (5,874)
------------------------	------------

Total net position - beginning	78,636
Total net position - ending	<u><u>\$ 72,762</u></u>

Statement of Cash Flows
 Discretely Presented Component Unit - Economic Development Authority
 For the Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 241
Receipts for local government contributions	1,000
Payments for operating activities	<u>(7,363)</u>
Net cash provided by (used for) operating activities	<u>\$ (6,122)</u>

CASH FLOWS FROM NONCAPITAL FINANCING
ACTIVITIES

Payment from the County of Caroline	<u>\$ 500,000</u>
Net cash provided (used) by noncapital financing activities	<u>\$ 500,000</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>\$ 248</u>
Net cash provided by (used for) investing activities	<u>\$ 248</u>

Net increase (decrease) in cash and cash equivalents \$ 494,126

Cash and cash equivalents - beginning 78,636
 Cash and cash equivalents - ending \$ 572,762

Reconciliation of operating income (loss) to net cash
provided by (used for) operating activities:

Operating income (loss)	<u>\$ (6,122)</u>
Net cash provided by (used for) operating activities	<u>\$ <u>(6,122)</u></u>

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SUPPORTING SCHEDULES

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 21,525,466	\$ 21,680,258	\$ 21,684,186	\$ 3,928
Real and personal public service corporation taxes	3,855,831	3,855,831	3,416,100	(439,731)
Personal property taxes	9,185,659	9,559,302	9,974,288	414,986
Machinery and tools taxes	434,298	434,298	409,520	(24,778)
Penalties	464,879	464,879	503,344	38,465
Interest	407,779	407,779	414,909	7,130
Total general property taxes	<u>\$ 35,873,912</u>	<u>\$ 36,402,347</u>	<u>\$ 36,402,347</u>	<u>\$ -</u>
Other local taxes:				
Local sales and use taxes	\$ 2,032,309	\$ 2,032,309	\$ 2,233,473	\$ 201,164
Consumer utility taxes	85,878	85,878	91,167	5,289
Business license taxes	910,000	910,000	905,098	(4,902)
Bank stock taxes	69,380	69,380	92,961	23,581
Motor vehicle licenses and registration fees	1,066,095	1,066,095	1,155,454	89,359
Taxes on recordation and wills	286,376	286,376	296,994	10,618
Total other local taxes	<u>\$ 4,450,038</u>	<u>\$ 4,450,038</u>	<u>\$ 4,775,147</u>	<u>\$ 325,109</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 35,170	\$ 35,170	\$ 31,659	\$ (3,511)
Permits and other licenses	414,944	414,944	495,651	80,707
Total permits, privilege fees, and regulatory licenses	<u>\$ 450,114</u>	<u>\$ 450,114</u>	<u>\$ 527,310</u>	<u>\$ 77,196</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 509,963	\$ 509,963	\$ 503,949	\$ (6,014)
Library fees	18,000	18,000	17,701	(299)
Total fines and forfeitures	<u>\$ 527,963</u>	<u>\$ 527,963</u>	<u>\$ 521,650</u>	<u>\$ (6,313)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 71,604	\$ 71,604	\$ 465,568	\$ 393,964
Revenue from use of property	38,786	38,786	46,562	7,776
Total revenue from use of money and property	<u>\$ 110,390</u>	<u>\$ 110,390</u>	<u>\$ 512,130</u>	<u>\$ 401,740</u>
Charges for services:				
Charges for court costs	\$ 10,622	\$ 10,622	\$ 14,009	\$ 3,387
Commonwealth attorney's fees	2,800	2,800	3,070	270
Courthouse security and protective services	167,040	167,040	158,988	(8,052)
Data processing	1,250	1,250	1,258	8
Parks and recreation	99,380	99,380	79,501	(19,879)
Sanitation and waste removal	35,500	35,500	53,107	17,607
Sale of publications and commemorative material	100	100	240	140
Ambulance recover services	794,675	794,675	1,040,956	246,281
Other	6,200	6,200	8,245	2,045
Total charges for services	<u>\$ 1,117,567</u>	<u>\$ 1,117,567</u>	<u>\$ 1,359,374</u>	<u>\$ 241,807</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 197,505	\$ 290,587	\$ 318,140	\$ 27,553
Total miscellaneous	<u>\$ 197,505</u>	<u>\$ 290,587</u>	<u>\$ 318,140</u>	<u>\$ 27,553</u>
Recovered costs:				
Soil conservationist	\$ 348,532	\$ 348,532	\$ 328,152	\$ (20,380)
Postage reimbursement general district court	4,580	4,580	6,715	2,135
Detention facility	-	4,237,057	4,360,312	123,255
Other	166,503	166,503	256,034	89,531
Total recovered costs	<u>\$ 519,615</u>	<u>\$ 4,756,672</u>	<u>\$ 4,951,213</u>	<u>\$ 194,541</u>
Total revenue from local sources	<u>\$ 43,247,104</u>	<u>\$ 48,105,678</u>	<u>\$ 49,367,311</u>	<u>\$ 1,261,633</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 83,528	\$ 83,528	\$ 84,793	\$ 1,265
Communications sales and use taxes	430,403	430,403	376,552	(53,851)
Mobile home titling taxes	26,563	26,563	42,136	15,573
Rental vehicles taxes	4,127	4,127	9,619	5,492
Personal property tax relief	2,371,897	2,371,897	2,371,897	-
Recordation taxes	139,499	139,499	188,446	48,947
Total noncategorical aid	<u>\$ 3,056,017</u>	<u>\$ 3,056,017</u>	<u>\$ 3,073,443</u>	<u>\$ 17,426</u>
Categorical aid:				
Shared expenses:				
Commonwealth attorney	\$ 239,847	\$ 239,847	\$ 292,007	\$ 52,160
Sheriff	1,225,578	1,225,578	1,227,692	2,114
Commissioner of revenue	125,534	125,534	125,651	117
Treasurer	107,767	107,767	102,477	(5,290)
Registrar/electoral board	41,896	41,896	42,436	540
Clerk of the Circuit Court	299,756	299,756	316,717	16,961
Total shared expenses	<u>\$ 2,040,378</u>	<u>\$ 2,040,378</u>	<u>\$ 2,106,980</u>	<u>\$ 66,602</u>
Other categorical aid:				
Litter control	\$ 8,299	\$ 8,299	\$ 26,334	\$ 18,035
DMV license agent	35,163	35,163	50,428	15,265
Wireless E911 PSAP funding	100,492	100,492	112,010	11,518
Emergency services	12,120	-	-	-
CHINS	14,869	14,869	14,869	-
Victim witness	66,642	66,642	43,210	(23,432)
Domestic violence	94,927	94,927	71,531	(23,396)
Library	110,028	110,028	110,880	852
Other state grants	24,000	34,000	82,914	48,914
Total other categorical aid	<u>\$ 466,540</u>	<u>\$ 464,420</u>	<u>\$ 512,176</u>	<u>\$ 47,756</u>
Total categorical aid	<u>\$ 2,506,918</u>	<u>\$ 2,504,798</u>	<u>\$ 2,619,156</u>	<u>\$ 114,358</u>
Total revenue from the Commonwealth	<u>\$ 5,562,935</u>	<u>\$ 5,560,815</u>	<u>\$ 5,692,599</u>	<u>\$ 131,784</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 1,778	\$ 1,778	\$ 2,047	\$ 269
Total noncategorical aid	<u>\$ 1,778</u>	<u>\$ 1,778</u>	<u>\$ 2,047</u>	<u>\$ 269</u>
Categorical aid:				
DMV ground transportation	\$ 22,000	\$ 22,000	\$ 15,340	\$ (6,660)
Sheriff's VDEM grant	-	-	10,797	10,797
FEMA	12,120	24,240	24,180	(60)
Bulletproof vest partnership	2,328	2,328	-	(2,328)
Justice assistance	-	-	26,850	26,850
Victim witness	34,805	34,805	63,864	29,059
Total categorical aid	<u>\$ 71,253</u>	<u>\$ 83,373</u>	<u>\$ 141,031</u>	<u>\$ 57,658</u>
Total revenue from the federal government	<u>\$ 73,031</u>	<u>\$ 85,151</u>	<u>\$ 143,078</u>	<u>\$ 57,927</u>
Total General Fund	<u>\$ 48,883,070</u>	<u>\$ 53,751,644</u>	<u>\$ 55,202,988</u>	<u>\$ 1,451,344</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 1,854	\$ 1,854
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,854</u>	<u>\$ 1,854</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,854</u>	<u>\$ 1,854</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 905,772	\$ 905,772	\$ 815,502	\$ (90,270)
Total categorical aid	<u>\$ 905,772</u>	<u>\$ 905,772</u>	<u>\$ 815,502</u>	<u>\$ (90,270)</u>
Total revenue from the Commonwealth	<u>\$ 905,772</u>	<u>\$ 905,772</u>	<u>\$ 815,502</u>	<u>\$ (90,270)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,518,049	\$ 1,518,049	\$ 1,676,013	\$ 157,964
Total categorical aid	<u>\$ 1,518,049</u>	<u>\$ 1,518,049</u>	<u>\$ 1,676,013</u>	<u>\$ 157,964</u>
Total revenue from the federal government	<u>\$ 1,518,049</u>	<u>\$ 1,518,049</u>	<u>\$ 1,676,013</u>	<u>\$ 157,964</u>
Total Virginia Public Assistance Fund	<u>\$ 2,423,821</u>	<u>\$ 2,423,821</u>	<u>\$ 2,493,369</u>	<u>\$ 69,548</u>
Proffers Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 750	\$ 750	\$ 1,151	\$ 401
Total revenue from use of money and property	<u>\$ 750</u>	<u>\$ 750</u>	<u>\$ 1,151</u>	<u>\$ 401</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Proffers Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Proffers	\$ 55,000	\$ 55,000	\$ 101,537	\$ 46,537
Total miscellaneous	<u>\$ 55,000</u>	<u>\$ 55,000</u>	<u>\$ 101,537</u>	<u>\$ 46,537</u>
Total Proffers Fund	<u>\$ 55,750</u>	<u>\$ 55,750</u>	<u>\$ 102,688</u>	<u>\$ 46,938</u>
Children's Services Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ 23,000	\$ 23,000	\$ 16,669	\$ (6,331)
Total miscellaneous	<u>\$ 23,000</u>	<u>\$ 23,000</u>	<u>\$ 16,669</u>	<u>\$ (6,331)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Children's services act	\$ 1,547,525	\$ 1,547,525	\$ 836,391	\$ (711,134)
Total categorical aid	<u>\$ 1,547,525</u>	<u>\$ 1,547,525</u>	<u>\$ 836,391</u>	<u>\$ (711,134)</u>
Total revenue from the Commonwealth	<u>\$ 1,547,525</u>	<u>\$ 1,547,525</u>	<u>\$ 836,391</u>	<u>\$ (711,134)</u>
Revenue from the federal government:				
Categorical aid:				
Children's services act	\$ -	\$ -	\$ 42,172	\$ 42,172
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,172</u>	<u>\$ 42,172</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,172</u>	<u>\$ 42,172</u>
Total Children's Services Fund	<u>\$ 1,570,525</u>	<u>\$ 1,570,525</u>	<u>\$ 895,232</u>	<u>\$ (675,293)</u>
Law Library Fund:				
Charges for services:				
Law library fees	\$ 5,348	\$ 5,348	\$ 6,275	\$ 927
Total charges for services	<u>\$ 5,348</u>	<u>\$ 5,348</u>	<u>\$ 6,275</u>	<u>\$ 927</u>
Total Law Library Fund	<u>\$ 5,348</u>	<u>\$ 5,348</u>	<u>\$ 6,275</u>	<u>\$ 927</u>
Courthouse Maintenance Fund:				
Revenue from local sources:				
Charges for services:				
Courthouse maintenance fees	\$ 26,574	\$ 26,574	\$ 25,424	\$ (1,150)
Total charges for services	<u>\$ 26,574</u>	<u>\$ 26,574</u>	<u>\$ 25,424</u>	<u>\$ (1,150)</u>
Total Courthouse Maintenance Fund	<u>\$ 26,574</u>	<u>\$ 26,574</u>	<u>\$ 25,424</u>	<u>\$ (1,150)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Tourism Fund:				
Revenue from local sources:				
Other local taxes:				
Hotel and motel room taxes	\$ 178,000	\$ 178,000	\$ 164,406	\$ (13,594)
Total other local taxes	<u>\$ 178,000</u>	<u>\$ 178,000</u>	<u>\$ 164,406</u>	<u>\$ (13,594)</u>
Miscellaneous:				
Miscellaneous	\$ 4,858	\$ 4,858	\$ 23,645	\$ 18,787
Total miscellaneous	<u>\$ 4,858</u>	<u>\$ 4,858</u>	<u>\$ 23,645</u>	<u>\$ 18,787</u>
Total Tourism Fund	<u><u>\$ 182,858</u></u>	<u><u>\$ 182,858</u></u>	<u><u>\$ 188,051</u></u>	<u><u>\$ 5,193</u></u>
Confiscated Asset Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Confiscated assets	\$ -	\$ 32,762	\$ 53,266	\$ 20,504
Total categorical aid	<u>\$ -</u>	<u>\$ 32,762</u>	<u>\$ 53,266</u>	<u>\$ 20,504</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 32,762</u>	<u>\$ 53,266</u>	<u>\$ 20,504</u>
Total Confiscated Asset Fund	<u><u>\$ -</u></u>	<u><u>\$ 32,762</u></u>	<u><u>\$ 53,266</u></u>	<u><u>\$ 20,504</u></u>
Fire/Rescue Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Fire program fund	\$ 88,618	\$ 163,246	\$ 94,521	\$ (68,725)
EMS vehicle registration grant	26,717	26,717	63,502	36,785
Radiological preparedness grant	30,000	30,000	30,000	-
Total categorical aid	<u>\$ 145,335</u>	<u>\$ 219,963</u>	<u>\$ 188,023</u>	<u>\$ (31,940)</u>
Total revenue from the Commonwealth	<u>\$ 145,335</u>	<u>\$ 219,963</u>	<u>\$ 188,023</u>	<u>\$ (31,940)</u>
Revenue from the federal government:				
Categorical aid:				
VDEM UAS FEMA grant	\$ -	\$ 33,000	\$ 33,000	\$ -
Total categorical aid	<u>\$ -</u>	<u>\$ 33,000</u>	<u>\$ 33,000</u>	<u>\$ -</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 33,000</u>	<u>\$ 33,000</u>	<u>\$ -</u>
Total Fire/Rescue Fund	<u><u>\$ 145,335</u></u>	<u><u>\$ 252,963</u></u>	<u><u>\$ 221,023</u></u>	<u><u>\$ (31,940)</u></u>
Housing Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 14,570	\$ 14,570	\$ 12,341	\$ (2,229)
Total revenue from use of money and property	<u>\$ 14,570</u>	<u>\$ 14,570</u>	<u>\$ 12,341</u>	<u>\$ (2,229)</u>
Total Housing Fund	<u><u>\$ 14,570</u></u>	<u><u>\$ 14,570</u></u>	<u><u>\$ 12,341</u></u>	<u><u>\$ (2,229)</u></u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Sheriff Fund:				
Revenue from local sources:				
Charges for services:				
Sheriff fees	\$ 51,000	\$ 51,000	\$ 39,501	\$ (11,499)
Total charges for services	<u>\$ 51,000</u>	<u>\$ 51,000</u>	<u>\$ 39,501</u>	<u>\$ (11,499)</u>
Total Sheriff Fund	<u>\$ 51,000</u>	<u>\$ 51,000</u>	<u>\$ 39,501</u>	<u>\$ (11,499)</u>
Detention Facility Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 747	\$ 747
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 747</u>	<u>\$ 747</u>
Charges for services:				
Inmate detention	\$ -	\$ -	\$ 586,285	\$ 586,285
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 586,285</u>	<u>\$ 586,285</u>
Total Detention Facility Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 587,032</u>	<u>\$ 587,032</u>
Total Special Revenue Funds	<u>\$ 4,475,781</u>	<u>\$ 4,616,171</u>	<u>\$ 4,624,202</u>	<u>\$ 8,031</u>
Debt Service Fund:				
Revenue from local sources:				
Other local taxes:				
Consumer utility	\$ 518,193	\$ 518,193	\$ 542,501	\$ 24,308
Meals tax	1,214,309	1,214,309	1,279,634	65,325
Total other local taxes	<u>\$ 1,732,502</u>	<u>\$ 1,732,502</u>	<u>\$ 1,822,135</u>	<u>\$ 89,633</u>
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 2	\$ 2
Revenue from the use of property	76,675	76,675	111,600	34,925
Total revenue from use of money and property	<u>\$ 76,675</u>	<u>\$ 76,675</u>	<u>\$ 111,602</u>	<u>\$ 34,927</u>
Total revenue from local sources	<u>\$ 1,809,177</u>	<u>\$ 1,809,177</u>	<u>\$ 1,933,737</u>	<u>\$ 124,560</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Communication tax	\$ 330,295	\$ 330,295	\$ 288,970	\$ (41,325)
Total categorical aid	<u>\$ 330,295</u>	<u>\$ 330,295</u>	<u>\$ 288,970</u>	<u>\$ (41,325)</u>
Total revenue from the Commonwealth	<u>\$ 330,295</u>	<u>\$ 330,295</u>	<u>\$ 288,970</u>	<u>\$ (41,325)</u>
Revenue from the federal government:				
Categorical aid:				
Federal tax credit	\$ 288,000	\$ 288,000	\$ 370,977	\$ 82,977
Refunding credit	111,688	111,688	112,138	450
BABs interest subsidy	10,738	10,738	10,898	160
Total categorical aid	<u>\$ 410,426</u>	<u>\$ 410,426</u>	<u>\$ 494,013</u>	<u>\$ 83,587</u>
Total revenue from the federal government	<u>\$ 410,426</u>	<u>\$ 410,426</u>	<u>\$ 494,013</u>	<u>\$ 83,587</u>
Total Debt Service Fund	<u>\$ 2,549,898</u>	<u>\$ 2,549,898</u>	<u>\$ 2,716,720</u>	<u>\$ 166,822</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 60,941	\$ 60,941
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,941</u>	<u>\$ 60,941</u>
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 5,356	\$ 5,356
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,356</u>	<u>\$ 5,356</u>
Recovered costs:				
Other recovered costs	\$ -	\$ -	\$ 7,648	\$ 7,648
Total recovered costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,648</u>	<u>\$ 7,648</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,945</u>	<u>\$ 73,945</u>
Total County Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,945</u>	<u>\$ 73,945</u>
Total Primary Government	<u>\$ 55,908,749</u>	<u>\$ 60,917,713</u>	<u>\$ 62,617,855</u>	<u>\$ 1,700,142</u>
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 42,420	\$ 42,420	\$ 49,535	\$ 7,115
Total revenue from use of money and property	<u>\$ 42,420</u>	<u>\$ 42,420</u>	<u>\$ 49,535</u>	<u>\$ 7,115</u>
Charges for services:				
Tuition and payments from other divisions	\$ -	\$ -	\$ 3,902	\$ 3,902
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,902</u>	<u>\$ 3,902</u>
Miscellaneous:				
Other miscellaneous	\$ 702,039	\$ 702,039	\$ 830,243	\$ 128,204
Total miscellaneous	<u>\$ 702,039</u>	<u>\$ 702,039</u>	<u>\$ 830,243</u>	<u>\$ 128,204</u>
Total revenue from local sources	<u>\$ 744,459</u>	<u>\$ 744,459</u>	<u>\$ 883,680</u>	<u>\$ 139,221</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Caroline, Virginia	\$ 14,252,968	\$ 14,284,398	\$ 14,301,506	\$ 17,108
Total revenues from local governments	<u>\$ 14,252,968</u>	<u>\$ 14,284,398</u>	<u>\$ 14,301,506</u>	<u>\$ 17,108</u>
Revenue from the Commonwealth:				
Categorical aid:				
State sales tax receipts	\$ 5,078,392	\$ 5,078,392	\$ 5,143,420	\$ 65,028
Basic school aid	13,052,152	13,052,152	12,722,050	(330,102)
Other state funds	8,065,904	8,134,370	8,199,118	64,748
Total categorical aid	<u>\$ 26,196,448</u>	<u>\$ 26,264,914</u>	<u>\$ 26,064,588</u>	<u>\$ (200,326)</u>
Total revenue from the Commonwealth	<u>\$ 26,196,448</u>	<u>\$ 26,264,914</u>	<u>\$ 26,064,588</u>	<u>\$ (200,326)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title VI-B, special education flow-through	\$ 1,130,000	\$ 1,130,000	\$ 880,909	\$ (249,091)
Other federal funds	168,300	168,300	155,890	(12,410)
Total categorical aid	<u>\$ 1,298,300</u>	<u>\$ 1,298,300</u>	<u>\$ 1,036,799</u>	<u>\$ (261,501)</u>
Total revenue from the federal government	<u>\$ 1,298,300</u>	<u>\$ 1,298,300</u>	<u>\$ 1,036,799</u>	<u>\$ (261,501)</u>
Total School Operating Fund	<u>\$ 42,492,175</u>	<u>\$ 42,592,071</u>	<u>\$ 42,286,573</u>	<u>\$ (305,498)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 1,300,000	\$ 1,300,000	\$ 738,078	\$ (561,922)
Total charges for services	<u>\$ 1,300,000</u>	<u>\$ 1,300,000</u>	<u>\$ 738,078</u>	<u>\$ (561,922)</u>
Miscellaneous:				
Other miscellaneous	\$ 50,000	\$ 50,000	\$ 60,211	\$ 10,211
Total miscellaneous	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 60,211</u>	<u>\$ 10,211</u>
Total revenue from local sources	<u>\$ 1,350,000</u>	<u>\$ 1,350,000</u>	<u>\$ 798,289</u>	<u>\$ (551,711)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 32,882	\$ 32,882	\$ 31,512	\$ (1,370)
Total categorical aid	<u>\$ 32,882</u>	<u>\$ 32,882</u>	<u>\$ 31,512</u>	<u>\$ (1,370)</u>
Total revenue from the Commonwealth	<u>\$ 32,882</u>	<u>\$ 32,882</u>	<u>\$ 31,512</u>	<u>\$ (1,370)</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 950,000	\$ 950,000	\$ 1,289,522	\$ 339,522
Total categorical aid	<u>\$ 950,000</u>	<u>\$ 950,000</u>	<u>\$ 1,289,522</u>	<u>\$ 339,522</u>
Total revenue from the federal government	<u>\$ 950,000</u>	<u>\$ 950,000</u>	<u>\$ 1,289,522</u>	<u>\$ 339,522</u>
Total School Cafeteria Fund	<u>\$ 2,332,882</u>	<u>\$ 2,332,882</u>	<u>\$ 2,119,323</u>	<u>\$ (213,559)</u>
School Capital Projects Fund:				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Caroline, Virginia	\$ 109,500	\$ 205,529	\$ 153,146	\$ (52,383)
Total revenues from local governments	<u>\$ 109,500</u>	<u>\$ 205,529</u>	<u>\$ 153,146</u>	<u>\$ (52,383)</u>
Total School Capital Projects Fund	<u>\$ 109,500</u>	<u>\$ 205,529</u>	<u>\$ 153,146</u>	<u>\$ (52,383)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
School Grant Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Project graduation	\$ 6,317	\$ 6,317	\$ 6,317	\$ -
Mentor teacher project	3,309	3,309	4,540	1,231
Total categorical aid	<u>\$ 9,626</u>	<u>\$ 9,626</u>	<u>\$ 10,857</u>	<u>\$ 1,231</u>
Total revenue from the Commonwealth	<u>\$ 9,626</u>	<u>\$ 9,626</u>	<u>\$ 10,857</u>	<u>\$ 1,231</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 1,550,000	\$ 1,550,000	\$ 938,815	\$ (611,185)
Other federal funds	380,000	380,000	220,580	(159,420)
Total categorical aid	<u>\$ 1,930,000</u>	<u>\$ 1,930,000</u>	<u>\$ 1,159,395</u>	<u>\$ (770,605)</u>
Total revenue from the federal government	<u>\$ 1,930,000</u>	<u>\$ 1,930,000</u>	<u>\$ 1,159,395</u>	<u>\$ (770,605)</u>
Total School Grant Fund	<u>\$ 1,939,626</u>	<u>\$ 1,939,626</u>	<u>\$ 1,170,252</u>	<u>\$ (769,374)</u>
School Textbook Fund:				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Caroline, Virginia	\$ 143,649	\$ 143,649	\$ 148,967	\$ 5,318
Total revenues from local governments	<u>\$ 143,649</u>	<u>\$ 143,649</u>	<u>\$ 148,967</u>	<u>\$ 5,318</u>
Revenue from the Commonwealth:				
Categorical aid:				
Textbook payments	\$ 273,208	\$ 273,208	\$ 268,127	\$ (5,081)
Total categorical aid	<u>\$ 273,208</u>	<u>\$ 273,208</u>	<u>\$ 268,127</u>	<u>\$ (5,081)</u>
Total School Textbook Fund	<u>\$ 416,857</u>	<u>\$ 416,857</u>	<u>\$ 417,094</u>	<u>\$ 237</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 47,291,040</u>	<u>\$ 47,486,965</u>	<u>\$ 46,146,388</u>	<u>\$ (1,340,577)</u>

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 209,496	\$ 209,496	\$ 203,224	\$ 6,272
Total legislative	<u>\$ 209,496</u>	<u>\$ 209,496</u>	<u>\$ 203,224</u>	<u>\$ 6,272</u>
General and financial administration:				
County administrator	\$ 580,970	\$ 581,324	\$ 581,324	\$ -
Legal services	229,000	341,115	341,115	-
Commissioner of revenue	845,365	875,558	834,721	40,837
Professional services	45,460	45,460	21,566	23,894
Treasurer	632,854	632,854	603,038	29,816
Finance	435,861	435,861	370,895	64,966
Information technology	357,272	378,232	325,691	52,541
Other general and financial administration	84,977	86,045	71,694	14,351
Total general and financial administration	<u>\$ 3,211,759</u>	<u>\$ 3,376,449</u>	<u>\$ 3,150,044</u>	<u>\$ 226,405</u>
Board of elections:				
Electoral board and officials	\$ 254,624	\$ 260,840	\$ 212,873	\$ 47,967
Total board of elections	<u>\$ 254,624</u>	<u>\$ 260,840</u>	<u>\$ 212,873</u>	<u>\$ 47,967</u>
Total general government administration	<u>\$ 3,675,879</u>	<u>\$ 3,846,785</u>	<u>\$ 3,566,141</u>	<u>\$ 280,644</u>
Judicial administration:				
Courts:				
Circuit court	\$ 102,097	\$ 102,097	\$ 99,399	\$ 2,698
General district court	20,855	31,181	31,181	-
Magistrate	1,700	2,299	2,299	-
Juvenile and domestic relations court	19,635	19,635	18,866	769
Clerk of the circuit court	597,243	614,650	614,650	-
Juvenile crime control	49,189	49,189	22,988	26,201
Victim witness program	110,251	110,251	94,933	15,318
Total courts	<u>\$ 900,970</u>	<u>\$ 929,302</u>	<u>\$ 884,316</u>	<u>\$ 44,986</u>
Commonwealth attorney:				
Commonwealth attorney	\$ 499,644	\$ 499,644	\$ 483,665	\$ 15,979
Total commonwealth attorney	<u>\$ 499,644</u>	<u>\$ 499,644</u>	<u>\$ 483,665</u>	<u>\$ 15,979</u>
Total judicial administration	<u>\$ 1,400,614</u>	<u>\$ 1,428,946</u>	<u>\$ 1,367,981</u>	<u>\$ 60,965</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,676,197	\$ 4,708,818	\$ 4,674,012	\$ 34,806
E911 dispatch	1,115,288	1,349,254	1,265,143	84,111
Other protection services	330,838	330,838	261,927	68,911
Total law enforcement and traffic control	<u>\$ 6,122,323</u>	<u>\$ 6,388,910</u>	<u>\$ 6,201,082</u>	<u>\$ 187,828</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Other fire and rescue	\$ 17,536	\$ 17,536	\$ 17,372	\$ 164
Emergency services	5,426,313	5,718,258	5,151,376	566,882
Total fire and rescue services	<u>\$ 5,443,849</u>	<u>\$ 5,735,794</u>	<u>\$ 5,168,748</u>	<u>\$ 567,046</u>
Correction and detention:				
Regional jail contributions	\$ 1,898,212	\$ 1,898,212	\$ 1,663,920	\$ 234,292
Juvenile probation and detention	221,721	221,721	221,721	-
Caroline Detention Facility	-	4,360,312	4,360,312	-
Total correction and detention	<u>\$ 2,119,933</u>	<u>\$ 6,480,245</u>	<u>\$ 6,245,953</u>	<u>\$ 234,292</u>
Building inspections:				
Inspections	\$ 296,632	\$ 300,486	\$ 300,486	\$ -
Total building inspections	<u>\$ 296,632</u>	<u>\$ 300,486</u>	<u>\$ 300,486</u>	<u>\$ -</u>
Other protection:				
Animal control	\$ 402,069	\$ 423,069	\$ 415,304	\$ 7,765
Medical examiner	300	300	140	160
Total other protection	<u>\$ 402,369</u>	<u>\$ 423,369</u>	<u>\$ 415,444</u>	<u>\$ 7,925</u>
Total public safety	<u>\$ 14,385,106</u>	<u>\$ 19,328,804</u>	<u>\$ 18,331,713</u>	<u>\$ 997,091</u>
Public works:				
Maintenance of infrastructure:				
Public works administration	\$ 189,949	\$ 192,092	\$ 192,092	\$ -
Streetlights	3,500	3,500	3,294	206
Total maintenance of infrastructure	<u>\$ 193,449</u>	<u>\$ 195,592</u>	<u>\$ 195,386</u>	<u>\$ 206</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,559,532	\$ 1,663,486	\$ 1,663,486	\$ -
Total sanitation and waste removal	<u>\$ 1,559,532</u>	<u>\$ 1,663,486</u>	<u>\$ 1,663,486</u>	<u>\$ -</u>
Maintenance of general buildings and grounds:				
General properties	\$ 1,732,268	\$ 2,064,022	\$ 1,882,767	\$ 181,255
Total maintenance of general buildings and grounds	<u>\$ 1,732,268</u>	<u>\$ 2,064,022</u>	<u>\$ 1,882,767</u>	<u>\$ 181,255</u>
Total public works	<u>\$ 3,485,249</u>	<u>\$ 3,923,100</u>	<u>\$ 3,741,639</u>	<u>\$ 181,461</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 275,404	\$ 275,404	\$ 275,404	\$ -
Total health	<u>\$ 275,404</u>	<u>\$ 275,404</u>	<u>\$ 275,404</u>	<u>\$ -</u>
Mental health and mental retardation:				
Community services board	\$ 110,120	\$ 110,120	\$ 110,120	\$ -
Total mental health and mental retardation	<u>\$ 110,120</u>	<u>\$ 110,120</u>	<u>\$ 110,120</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Contributions to outside welfare agencies	\$ 235,706	\$ 306,216	\$ 297,216	\$ 9,000
Total welfare	<u>\$ 235,706</u>	<u>\$ 306,216</u>	<u>\$ 297,216</u>	<u>\$ 9,000</u>
Total health and welfare	<u>\$ 621,230</u>	<u>\$ 691,740</u>	<u>\$ 682,740</u>	<u>\$ 9,000</u>
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 48,866	\$ 48,866	\$ 48,866	\$ -
Contribution to County School Board	14,511,435	14,638,894	14,603,619	35,275
Total other instructional costs	<u>\$ 14,560,301</u>	<u>\$ 14,687,760</u>	<u>\$ 14,652,485</u>	<u>\$ 35,275</u>
Total education	<u>\$ 14,560,301</u>	<u>\$ 14,687,760</u>	<u>\$ 14,652,485</u>	<u>\$ 35,275</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 482,675	\$ 485,175	\$ 425,960	\$ 59,215
Total parks and recreation	<u>\$ 482,675</u>	<u>\$ 485,175</u>	<u>\$ 425,960</u>	<u>\$ 59,215</u>
Cultural:				
County Library	\$ 464,372	\$ 516,863	\$ 464,607	\$ 52,256
Total cultural	<u>\$ 464,372</u>	<u>\$ 516,863</u>	<u>\$ 464,607</u>	<u>\$ 52,256</u>
Total parks, recreation, and cultural	<u>\$ 947,047</u>	<u>\$ 1,002,038</u>	<u>\$ 890,567</u>	<u>\$ 111,471</u>
Community development:				
Planning and community development:				
Planning development	\$ 759,844	\$ 813,433	\$ 716,504	\$ 96,929
Planning commission	31,720	31,720	23,985	7,735
Economic development	346,781	346,781	303,214	43,567
Planning regional	56,518	56,518	56,768	(250)
Industrial development authority	1,000	1,000	-	1,000
Board of zoning appeals	3,491	3,491	3,471	20
Total planning and community development	<u>\$ 1,199,354</u>	<u>\$ 1,252,943</u>	<u>\$ 1,103,942</u>	<u>\$ 149,001</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 63,710	\$ 63,710	\$ 63,710	\$ -
Environmental management	341,932	341,932	322,297	19,635
Total environmental management	<u>\$ 405,642</u>	<u>\$ 405,642</u>	<u>\$ 386,007</u>	<u>\$ 19,635</u>
Cooperative extension program:				
Extension office	\$ 76,531	\$ 76,531	\$ 46,323	\$ 30,208
Total cooperative extension program	<u>\$ 76,531</u>	<u>\$ 76,531</u>	<u>\$ 46,323</u>	<u>\$ 30,208</u>
Total community development	<u>\$ 1,681,527</u>	<u>\$ 1,735,116</u>	<u>\$ 1,536,272</u>	<u>\$ 198,844</u>
Total General Fund	<u><u>\$ 40,756,953</u></u>	<u><u>\$ 46,644,289</u></u>	<u><u>\$ 44,769,538</u></u>	<u><u>\$ 1,874,751</u></u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,142,952	\$ 2,142,952	\$ 2,223,355	\$ (80,403)
Public assistance	744,552	744,552	642,732	101,820
Purchased services	197,869	197,869	88,897	108,972
Local only	4,018	4,018	5,503	(1,485)
Total welfare and social services	<u>\$ 3,089,391</u>	<u>\$ 3,089,391</u>	<u>\$ 2,960,487</u>	<u>\$ 128,904</u>
Total health and welfare	<u>\$ 3,089,391</u>	<u>\$ 3,089,391</u>	<u>\$ 2,960,487</u>	<u>\$ 128,904</u>
Total Virginia Public Assistance Fund	<u>\$ 3,089,391</u>	<u>\$ 3,089,391</u>	<u>\$ 2,960,487</u>	<u>\$ 128,904</u>
Children's Services Fund:				
Health and welfare:				
Welfare and social services:				
Comprehensive services act	\$ 2,300,000	\$ 2,300,000	\$ 1,430,868	\$ 869,132
Total health and welfare	<u>\$ 2,300,000</u>	<u>\$ 2,300,000</u>	<u>\$ 1,430,868</u>	<u>\$ 869,132</u>
Total Children's Services Fund	<u>\$ 2,300,000</u>	<u>\$ 2,300,000</u>	<u>\$ 1,430,868</u>	<u>\$ 869,132</u>
Law Library Fund:				
Judicial administration:				
Law library	\$ 5,348	\$ 5,348	\$ 5,167	\$ 181
Total judicial administration	<u>\$ 5,348</u>	<u>\$ 5,348</u>	<u>\$ 5,167</u>	<u>\$ 181</u>
Total Law Library Fund	<u>\$ 5,348</u>	<u>\$ 5,348</u>	<u>\$ 5,167</u>	<u>\$ 181</u>
Courthouse Maintenance Fund:				
Judicial administration:				
Courthouse maintenance	\$ 134,574	\$ 134,574	\$ -	\$ 134,574
Total judicial administration	<u>\$ 134,574</u>	<u>\$ 134,574</u>	<u>\$ -</u>	<u>\$ 134,574</u>
Total Courthouse Maintenance Fund	<u>\$ 134,574</u>	<u>\$ 134,574</u>	<u>\$ -</u>	<u>\$ 134,574</u>
Tourism Fund:				
Community development:				
Planning and community development	\$ 182,858	\$ 182,858	\$ 160,887	\$ 21,971
Total community development	<u>\$ 182,858</u>	<u>\$ 182,858</u>	<u>\$ 160,887</u>	<u>\$ 21,971</u>
Total Tourism Fund	<u>\$ 182,858</u>	<u>\$ 182,858</u>	<u>\$ 160,887</u>	<u>\$ 21,971</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Confiscated Asset Fund:				
Public safety:				
Confiscated assets	\$ -	\$ 32,762	\$ 32,762	\$ -
Total public safety	\$ -	\$ 32,762	\$ 32,762	\$ -
Total Confiscated Asset Fund	\$ -	\$ 32,762	\$ 32,762	\$ -
Fire/Rescue Fund:				
Public safety:				
Fire and rescue services	\$ 145,335	\$ 252,963	\$ 257,191	\$ (4,228)
Total public safety	\$ 145,335	\$ 252,963	\$ 257,191	\$ (4,228)
Total Fire/Rescue Fund	\$ 145,335	\$ 252,963	\$ 257,191	\$ (4,228)
Housing Fund:				
Community development:				
Housing rehabilitation	\$ 14,570	\$ 14,570	\$ 8,577	\$ 5,993
Total community development	\$ 14,570	\$ 14,570	\$ 8,577	\$ 5,993
Total Housing Fund	\$ 14,570	\$ 14,570	\$ 8,577	\$ 5,993
Detention Facility Fund:				
Public safety:				
Correction and detention:	\$ -	\$ -	\$ 30	\$ (30)
Total correction and detention:	\$ -	\$ -	\$ 30	\$ (30)
Total Detention Facility Fund	\$ -	\$ -	\$ 30	\$ (30)
Total Special Revenue Funds	\$ 5,872,076	\$ 6,012,466	\$ 4,855,969	\$ 1,156,497
Debt Service Fund:				
Debt service:				
Principal retirement	\$ 6,012,712	\$ 6,012,712	\$ 5,948,502	\$ 64,210
Interest and other fiscal charges	2,979,500	2,979,500	2,922,877	56,623
Total debt service	\$ 8,992,212	\$ 8,992,212	\$ 8,871,379	\$ 120,833
Total Debt Service Fund	\$ 8,992,212	\$ 8,992,212	\$ 8,871,379	\$ 120,833
Capital Projects Funds:				
County Capital Projects Fund:				
Capital outlay:				
Capital projects	\$ 1,956,400	\$ 4,529,273	\$ 4,874,535	\$ (345,262)
Total capital outlay	\$ 1,956,400	\$ 4,529,273	\$ 4,874,535	\$ (345,262)
Total County Capital Projects Fund	\$ 1,956,400	\$ 4,529,273	\$ 4,874,535	\$ (345,262)
Total Primary Government	\$ 57,577,641	\$ 66,178,240	\$ 63,371,421	\$ 2,806,819

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board				
School Operating Fund:				
Education:				
Instruction	\$ 33,329,098	\$ 33,388,653	\$ 32,360,165	\$ 1,028,488
Administration, attendance and health	1,760,439	1,769,350	1,658,813	110,537
Pupil transportation services	3,863,258	3,894,688	3,949,711	(55,023)
Operation and maintenance services	3,539,380	3,539,380	3,532,001	7,379
Total education	\$ 42,492,175	\$ 42,592,071	\$ 41,500,690	\$ 1,091,381
Debt service:				
Principal retirement	\$ -	\$ -	\$ 219,644	\$ (219,644)
Interest and other fiscal charges	-	-	43,637	(43,637)
Total debt service	\$ -	\$ -	\$ 263,281	\$ (263,281)
Total School Operating Fund	\$ 42,492,175	\$ 42,592,071	\$ 41,763,971	\$ 828,100
School Cafeteria Fund:				
Education:				
School food services	\$ 2,332,882	\$ 2,332,882	\$ 2,017,545	\$ 315,337
Total education	\$ 2,332,882	\$ 2,332,882	\$ 2,017,545	\$ 315,337
Total School Cafeteria Fund	\$ 2,332,882	\$ 2,332,882	\$ 2,017,545	\$ 315,337
School Capital Projects Fund:				
Capital outlay:				
Capital projects	\$ 109,500	\$ 205,529	\$ 132,830	\$ 72,699
Total capital outlay	\$ 109,500	\$ 205,529	\$ 132,830	\$ 72,699
Total School Capital Projects Fund	\$ 109,500	\$ 205,529	\$ 132,830	\$ 72,699
School Grant Fund:				
Education:				
Instruction	\$ 1,939,626	\$ 1,939,626	\$ 1,166,311	\$ 773,315
Total education	\$ 1,939,626	\$ 1,939,626	\$ 1,166,311	\$ 773,315
Total School Grant Fund	\$ 1,939,626	\$ 1,939,626	\$ 1,166,311	\$ 773,315
School Textbook Fund:				
Education:				
Instruction	\$ 416,857	\$ 744,516	\$ 701,008	\$ 43,508
Total education	\$ 416,857	\$ 744,516	\$ 701,008	\$ 43,508
Total School Textbook Fund	\$ 416,857	\$ 744,516	\$ 701,008	\$ 43,508
Total Discretely Presented Component Unit - School Board	\$ 47,291,040	\$ 47,814,624	\$ 45,781,665	\$ 2,032,959

OTHER STATISTICAL INFORMATION

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Statistical Section

Comments Relative to Statistical Section

The following statistical table recommended by the National Council on Governmental Accounting is not included for the reason stated below:

The table showing legal debt margin is omitted because counties in the State of Virginia are not subject to the 10% legal debt margin as cities and towns are.

COUNTY OF CAROLINE, VIRGINIA

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

	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	\$ (1,516,215)	\$ (7,898,401)	\$ (2,885,427)	\$ (15,106,264)
Restricted	-	-	16,479,118	8,348,530
Unrestricted	8,035,867	16,648,965	(2,158,308)	13,248,670
Total governmental activities net position	\$ 6,519,652	\$ 8,750,564	\$ 11,435,383	\$ 6,490,936
Business-type activities				
Net investment in capital assets	\$ 1,798,327	\$ 3,409,348	\$ 5,078,025	\$ 2,505,703
Restricted	494,152	-	-	4,712,149
Unrestricted	(1,792,297)	(4,238,484)	(5,373,848)	217,706
Total business-type activities net position	\$ 500,182	\$ (829,136)	\$ (295,823)	\$ 7,435,558
Primary government				
Net investment in capital assets	\$ 282,112	\$ (4,489,053)	\$ 2,192,598	\$ (12,600,561)
Restricted	494,152	-	16,479,118	13,060,679
Unrestricted	6,243,570	12,410,481	(7,532,156)	13,466,376
Total primary government net position	\$ 7,019,834	\$ 7,921,428	\$ 11,139,560	\$ 13,926,494

(1) June 30, 2014 net position was restated for the implementation of GASB Statement No. 68 and June 30, 2017 net position was restated for the implementation of GASB Statement No. 75.

Table 2

2014	2015	2016	2017	2018	2019
\$ (39,754,963)	\$ (33,804,885)	\$ (16,413,860)	\$ (7,599,642)	\$ (2,826,244)	\$ (1,765,894)
30,368,696	28,077,009	13,637,372	7,482,811	4,268,655	4,268,655
18,392,597	19,298,331	21,500,669	21,440,045	21,317,545	24,106,821
\$ 9,006,330	\$ 13,570,455	\$ 18,724,181	\$ 21,323,214	\$ 22,759,956	\$ 26,609,582
\$ 5,160,081	\$ 5,132,270	\$ 5,655,822	\$ 5,996,430	\$ 6,715,462	\$ 6,934,568
2,646,388	2,180,302	1,833,241	1,841,238	1,646,702	1,709,668
(837,006)	(573,962)	(358,259)	(579,857)	(735,707)	(494,918)
\$ 6,969,463	\$ 6,738,610	\$ 7,130,804	\$ 7,257,811	\$ 7,626,457	\$ 8,149,318
\$ (34,594,882)	\$ (28,672,615)	\$ (10,758,038)	\$ (1,603,212)	\$ 3,889,218	\$ 5,168,674
33,015,084	30,257,311	15,470,613	9,324,049	5,915,357	5,978,323
17,555,591	18,724,369	21,142,410	20,860,188	20,581,838	23,611,903
\$ 15,975,793	\$ 20,309,065	\$ 25,854,985	\$ 28,581,025	\$ 30,386,413	\$ 34,758,900

COUNTY OF CAROLINE, VIRGINIA

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

	2010	2011	2012	2013
Expenses:				
Governmental activities:				
General Government Administration	\$ 4,078,076	\$ 3,834,523	\$ 3,373,633	\$ 3,504,203
Judicial Administration	1,259,831	1,305,420	1,321,551	1,559,830
Public Safety	10,062,297	10,851,996	12,399,082	12,005,540
Public Works	3,096,165	3,224,196	2,488,278	3,066,768
Health and Welfare	4,477,646	4,486,438	4,678,442	4,569,627
Education	12,155,229	12,473,709	12,688,448	16,789,588
Parks, Recreation and Cultural	631,053	593,795	1,014,718	2,682,085
Community Development	1,683,340	1,357,445	1,466,009	1,545,447
Interest and Fiscal Charges	3,271,332	2,770,309	3,379,550	3,311,236
Total governmental activities	\$ 40,714,969	\$ 40,897,831	\$ 42,809,711	\$ 49,034,324
Business-type activities:				
Water and Sewer Utilities	\$ 4,643,674	\$ 4,833,897	\$ 4,600,849	\$ 4,708,177
Total primary government expenses	\$ 45,358,643	\$ 45,731,728	\$ 47,410,560	\$ 53,742,501
Program Revenues				
Governmental Activities:				
Charges for services:				
Public Safety	\$ 360,507	\$ 354,880	\$ 1,931,399	\$ 1,812,613
Community Development	289	209	259,936	274,372
All other activities	794,600	1,013,489	337,717	345,711
Operating grants and contributions	5,730,192	5,864,302	5,931,154	5,435,809
Capital grants and contributions	389,982	-	83,646	158,272
Total governmental activities	\$ 7,275,570	\$ 7,232,880	\$ 8,543,852	\$ 8,026,777
Business-type activities:				
Charges for services	\$ 3,050,269	\$ 3,091,297	\$ 2,879,029	\$ 3,891,144
Operating grants and contributions	-	259,417	380,573	638,344
Capital grants and contributions	139,397	118,716	-	-
Total business-type activities	\$ 3,189,666	\$ 3,469,430	\$ 3,259,602	\$ 4,529,488
Total primary government program revenues	\$ 10,465,236	\$ 10,702,310	\$ 11,803,454	\$ 12,556,265
Net (Expense)Revenue				
Governmental activities	\$ (33,439,399)	\$ (33,664,951)	\$ (34,265,859)	\$ (41,007,547)
Business-type activities	(1,454,008)	(1,364,467)	(1,341,247)	(178,689)
Total primary government net expense	\$ (34,893,407)	\$ (35,029,418)	\$ (35,607,106)	\$ (41,186,236)
General Revenues and Transfers				
Governmental Activities:				
Taxes:				
General property taxes	\$ 25,617,843	\$ 26,968,633	\$ 30,377,123	\$ 30,700,165
Local sales and use taxes	1,357,380	1,540,189	1,527,122	1,521,998
Other local taxes	3,313,411	3,510,347	3,749,268	3,661,418
State personal property tax reimbursement	2,371,897	2,371,897	2,371,897	2,371,897
Other state non-categorical shared revenues	115,890	250,235	694,417	749,001
Proffers from new development	260,996	208,409	111,314	294,776
Other unrestricted revenue	1,362,299	1,135,248	965,188	1,263,776
Transfers	(19,625)	-	(1,079,642)	(4,630,231)
Total governmental activities	\$ 34,380,091	\$ 35,984,958	\$ 38,716,687	\$ 35,932,800
Business-type activities:				
Revenue from use of money and property	\$ 2,949	\$ 35,149	\$ 44,154	\$ 22,127
Miscellaneous	-	-	151,939	97,605
Transfers	19,625	-	1,079,642	4,630,231
Total business-type activities	\$ 22,574	\$ 35,149	\$ 1,275,735	\$ 4,749,963
Total primary government	\$ 34,402,665	\$ 36,020,107	\$ 39,992,422	\$ 40,682,763
Change in Net Position				
Governmental activities	\$ 940,692	\$ 2,320,007	\$ 4,450,828	\$ (5,074,747)
Business-type activities	(1,431,434)	(1,329,318)	(65,512)	4,571,274
Primary government	\$ (490,742)	\$ 990,689	\$ 4,385,316	\$ (503,473)

Table 3

2014	2015	2016	2017	2018	2019
\$ 3,609,988	\$ 3,883,714	\$ 3,978,965	\$ 3,789,710	\$ 4,047,104	\$ 3,693,835
1,407,147	1,396,050	1,402,447	1,497,332	1,518,859	1,457,236
12,143,942	11,880,667	12,426,927	13,510,255	14,205,256	14,116,709
3,640,540	2,908,638	3,051,951	3,428,499	4,232,947	5,933,547
5,357,822	4,961,442	5,099,553	5,208,004	5,297,241	4,748,908
12,874,519	13,388,679	15,040,013	15,859,165	16,899,064	16,802,131
3,201,043	834,612	607,087	797,543	804,264	940,443
1,521,500	1,575,697	1,515,175	1,254,830	1,343,428	1,335,556
3,775,429	3,788,183	3,620,914	3,424,233	3,303,659	3,071,552
\$ 47,531,930	\$ 44,617,682	\$ 46,743,032	\$ 48,769,571	\$ 51,651,822	\$ 52,099,917
\$ 5,277,623	\$ 5,703,220	\$ 5,720,201	\$ 5,558,380	\$ 5,386,681	\$ 5,864,572
\$ 52,809,553	\$ 50,320,902	\$ 52,463,233	\$ 54,327,951	\$ 57,038,503	\$ 57,964,489
\$ 1,923,375	\$ 1,858,195	\$ 1,963,237	\$ 1,279,401	\$ 1,388,237	\$ 2,203,555
269,786	282,212	285,233	-	-	240
195,341	183,155	168,470	855,923	941,548	862,024
6,437,297	5,863,274	5,969,693	6,976,522	7,516,459	7,043,657
-	607,776	78,074	215,241	-	-
\$ 8,825,799	\$ 8,794,612	\$ 8,464,707	\$ 9,327,087	\$ 9,846,244	\$ 10,109,476
\$ 2,626,288	\$ 2,920,869	\$ 2,633,815	\$ 2,482,265	\$ 2,636,964	\$ 2,764,671
579,689	349,083	350,877	350,877	256,922	352,383
1,115,502	1,170,762	1,326,260	979,279	937,671	637,770
\$ 4,321,479	\$ 4,440,714	\$ 4,310,952	\$ 3,812,421	\$ 3,831,557	\$ 3,754,824
\$ 13,147,278	\$ 13,235,326	\$ 12,775,659	\$ 13,139,508	\$ 13,677,801	\$ 13,864,300
\$ (38,706,131)	\$ (35,823,070)	\$ (38,278,325)	\$ (39,442,484)	\$ (41,805,578)	\$ (41,990,441)
(956,144)	(1,262,506)	(1,409,249)	(1,745,959)	(1,555,124)	(2,109,748)
\$ (39,662,275)	\$ (37,085,576)	\$ (39,687,574)	\$ (41,188,443)	\$ (43,360,702)	\$ (44,100,189)
\$ 32,695,438	\$ 34,297,569	\$ 34,439,462	\$ 33,404,396	\$ 35,811,884	\$ 36,870,630
1,672,694	1,779,229	1,990,779	1,997,309	2,294,305	2,233,473
4,088,990	4,195,865	4,041,865	4,318,766	4,417,068	4,528,215
2,371,897	2,371,897	2,371,897	2,371,897	2,371,897	2,371,897
808,543	693,511	1,378,963	740,820	656,676	847,473
145,881	123,245	127,026	151,871	98,309	101,537
1,184,640	1,077,555	693,240	719,206	805,922	1,064,576
(959,896)	(1,145,321)	(1,611,181)	(1,662,748)	(1,730,200)	(2,267,705)
\$ 42,008,187	\$ 43,393,550	\$ 43,432,051	\$ 42,041,517	\$ 44,725,861	\$ 45,750,096
\$ 3,238	\$ 926	\$ 2,244	\$ 12,553	\$ 23,287	\$ 36,461
209,050	71,867	188,018	197,665	255,114	328,443
959,896	1,145,321	1,611,181	1,662,748	1,730,200	2,267,705
\$ 1,172,184	\$ 1,218,114	\$ 1,801,443	\$ 1,872,966	\$ 2,008,601	\$ 2,632,609
\$ 43,180,371	\$ 44,611,664	\$ 45,233,494	\$ 43,914,483	\$ 46,734,462	\$ 48,382,705
\$ 3,302,056	\$ 7,570,480	\$ 5,153,726	\$ 2,599,033	\$ 2,920,283	\$ 3,759,655
216,040	(44,392)	392,194	127,007	453,477	522,861
\$ 3,518,096	\$ 7,526,088	\$ 5,545,920	\$ 2,726,040	\$ 3,373,760	\$ 4,282,516

COUNTY OF CAROLINE, VIRGINIA

Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	2010	2011	2012	2013
General Fund				
Reserved	\$ 472,800	\$ -	\$ -	\$ -
Unreserved	5,631,691	-	-	-
Nonspendable	-	-	-	-
Restricted	-	-	1,176,599	1,827,272
Committed	-	444,987	366,000	366,000
Assigned	-	-	7,420	421,395
Unassigned	-	9,107,120	11,597,688	10,901,101
Total General Fund	\$ 6,104,491	\$ 9,552,107	\$ 13,147,707	\$ 13,515,768
All Other Governmental Funds				
Reserved	\$ 1,967,647	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	1,806,036	-	-	-
Debt service funds	181,625	-	-	-
Restricted	-	6,924,638	15,302,519	6,521,258
Committed	-	1,496,793	-	-
Assigned	-	518,586	577,240	619,386
Unassigned	-	-	(304)	(43,865)
Total all other governmental funds	\$ 3,955,308	\$ 8,940,017	\$ 15,879,455	\$ 7,096,779

Note: In fiscal year ended June 30, 2011, The County implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, which effectively changed the classifications used to report fund balances. The terms reserved and unreserved are no longer used to describe fund balance. Fund balance is now classified as nonspendable, restricted, committed, assigned, or unassigned.

Table 4

2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
30,000	-	-	-	-	-
1,846,264	1,846,264	1,847,361	1,847,361	1,847,361	1,847,361
366,000	366,000	175,000	3,553,910	2,392,483	2,784,575
1,420,225	2,962,590	4,598,162	1,818,577	3,007,004	3,007,004
14,297,822	15,979,092	16,346,543	17,398,812	18,313,245	17,083,663
<u>\$ 17,960,311</u>	<u>\$ 21,153,946</u>	<u>\$ 22,967,066</u>	<u>\$ 24,618,660</u>	<u>\$ 25,560,093</u>	<u>\$ 24,722,603</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
28,522,432	26,230,745	11,790,011	5,635,450	2,421,294	2,704,122
-	-	-	-	-	587,002
209,073	277,781	265,878	282,332	257,149	236,326
(50,154)	(127,250)	(139,160)	(420,770)	(322,446)	(219,758)
<u>\$ 28,681,351</u>	<u>\$ 26,381,276</u>	<u>\$ 11,916,729</u>	<u>\$ 5,497,012</u>	<u>\$ 2,355,997</u>	<u>\$ 3,307,692</u>

COUNTY OF CAROLINE, VIRGINIA

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

	2010	2011	2012	2013
Revenues				
General property taxes	\$ 25,663,790	\$ 26,749,352	\$ 28,661,523	\$ 29,981,769
Other local taxes	4,670,791	5,050,536	5,264,625	5,183,416
Permits, fees and regulatory licenses	393,905	343,737	311,443	480,770
Fines and forfeitures	447,048	599,320	702,704	463,215
Revenue from use of money/property	181,995	196,662	218,274	273,027
Charges for services	314,443	425,521	369,300	1,017,772
Other local revenue	1,794,807	1,770,522	1,404,880	1,114,255
Intergovernmental	10,377,324	9,196,070	9,691,832	9,280,763
Total revenues	\$ 43,844,103	\$ 44,331,720	\$ 46,624,581	\$ 47,794,987
Expenditures				
General government administration	\$ 3,279,185	\$ 2,942,718	\$ 2,742,445	\$ 2,974,843
Judicial administration	1,155,276	1,216,950	1,196,313	1,271,504
Public safety	9,869,467	11,072,836	11,147,753	11,311,969
Public works	2,870,377	2,837,204	2,822,731	2,661,656
Health and welfare	4,476,028	4,479,507	4,683,615	4,596,258
Education ^a	11,904,385	11,000,000	11,096,989	11,055,989
Parks, recreation and cultural	604,610	616,506	655,308	662,455
Community development	1,828,518	1,181,333	1,299,804	1,343,020
Capital projects	2,170,949	2,600,429	2,009,291	10,279,612
Debt service ^b :				
Principal retirement	2,848,100	1,897,834	2,459,712	4,779,582
Interest and fiscal charges	3,092,117	2,882,858	3,542,841	3,430,830
Total expenditures	\$ 44,099,012	\$ 42,728,175	\$ 43,656,802	\$ 54,367,718
Excess of revenues over(under) expenditures	\$ (254,909)	\$ 1,603,545	\$ 2,967,779	\$ (6,572,731)
Other Financing Sources (Uses):				
Transfers in	\$ 5,713,435	\$ 4,106,070	\$ 4,759,372	\$ 6,051,030
Transfers out	(5,733,060)	(4,106,070)	(5,839,014)	(10,681,261)
Issuance of debt	5,407,593	6,828,780	8,400,000	2,535,447
Early debt retirement	(4,735,761)	-	-	-
Premium in issuance of debt	-	-	114,912	119,060
Lease revenue and refunding bond issuance	-	-	-	-
Refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Issuance of capital leases	-	-	625,126	133,840
Total other financing sources (uses)	\$ 652,207	\$ 6,828,780	\$ 8,060,396	\$ (1,841,884)
Net change in fund balances	\$ 397,298	\$ 8,432,325	\$ 11,028,175	\$ (8,414,615)
Debt service as a percentage of noncapital expenditures	14.2%	11.9%	14.4%	18.6%

Table 5

	2014	2015	2016	2017	2018	2019
\$	31,936,888	\$ 34,435,880	\$ 34,510,102	\$ 35,056,977	\$ 35,894,593	\$ 36,402,347
	5,761,684	5,975,094	6,032,644	6,316,075	6,711,373	6,761,688
	529,470	392,539	502,416	417,770	468,716	527,310
	560,756	522,562	484,591	522,735	586,242	521,650
	251,372	255,286	284,644	348,824	484,436	698,912
	997,859	1,092,983	1,129,021	1,194,819	1,274,827	2,016,859
	1,228,772	619,896	778,426	858,606	774,577	5,426,062
	10,262,274	10,057,363	9,856,735	10,304,480	10,545,032	10,263,027
\$	51,529,075	\$ 53,351,603	\$ 53,578,579	\$ 55,020,286	\$ 56,739,796	\$ 62,617,855
\$	3,151,105	\$ 3,391,184	\$ 3,424,540	\$ 3,265,212	\$ 3,553,879	\$ 3,566,141
	1,301,043	1,330,592	1,324,354	1,309,884	1,372,101	1,373,148
	12,382,980	11,801,540	11,958,767	12,545,663	13,731,491	18,621,696
	2,713,043	2,801,214	3,034,572	3,263,001	3,428,930	3,741,639
	5,551,495	5,068,757	5,140,027	5,206,983	5,299,278	5,074,095
	11,748,926	11,986,533	12,211,095	13,513,761	14,479,789	14,652,485
	678,432	676,680	677,341	807,428	758,817	890,567
	1,381,345	1,435,597	1,396,369	1,458,096	1,564,618	1,705,736
	9,597,593	2,958,062	16,036,771	11,595,557	5,310,476	4,874,535
	4,399,722	5,794,072	6,479,052	6,284,425	27,497,973	5,948,502
	3,580,048	4,068,491	3,798,912	3,625,400	3,690,464	2,922,877
\$	56,485,732	\$ 51,312,722	\$ 65,481,800	\$ 62,875,410	\$ 80,687,816	\$ 63,371,421
\$	(4,956,657)	\$ 2,038,881	\$ (11,903,221)	\$ (7,855,124)	\$ (23,948,020)	\$ (753,566)
\$	6,915,440	\$ 9,155,668	\$ 9,529,968	\$ 8,430,878	\$ 7,641,400	\$ 9,003,235
	(7,733,736)	(10,300,989)	(11,141,149)	(10,093,626)	(9,371,600)	(11,270,940)
	25,133,000	-	-	10,416,169	-	-
	-	-	-	-	-	-
	-	-	-	-	1,790,388	92,476
	-	-	5,328,275	-	-	-
	8,487,000	-	-	-	20,120,000	555,000
	(8,390,000)	-	(4,465,300)	(7,175,000)	-	(585,000)
	6,574,068	-	-	1,508,580	1,568,250	3,073,000
\$	30,985,772	\$ (1,145,321)	\$ (748,206)	\$ 3,087,001	\$ 21,748,438	\$ 867,771
\$	26,029,115	\$ 893,560	\$ (12,651,427)	\$ (4,768,123)	\$ (2,199,582)	\$ 114,205
	17.0%	20.4%	20.8%	19.3%	41.4%	15.2%

Tax Revenues by Source - Governmental Funds
Last Ten Fiscal Years

Fiscal Year Ended	Property (1)	Local Sales And Use	Business License	Motor Vehicle Licenses	Recordation and Wills	Other	Total
2010	\$ 25,031,295	\$ 1,357,380	\$ 803,165	\$ 552,923	\$ 242,212	\$ 773,060	\$ 28,760,035
2011	26,013,620	1,540,189	905,568	667,779	217,128	881,244	30,225,528
2012	27,892,748	1,527,122	969,103	823,632	214,204	905,990	32,332,799
2013	29,247,485	1,521,998	1,065,597	596,577	330,602	875,773	33,638,032
2014	31,121,030	1,672,694	1,080,256	951,114	241,404	964,162	36,030,660
2015	33,554,227	1,779,229	998,994	1,038,375	229,367	1,929,129	39,529,321
2016	33,649,865	1,990,779	793,703	1,031,986	262,702	1,953,474	39,682,509
2017	34,180,894	1,997,309	850,591	1,067,923	337,059	2,063,193	40,496,969
2018	34,964,963	2,294,305	858,769	1,106,599	289,021	2,162,679	41,676,336
2019	35,484,094	2,233,473	905,098	1,155,454	296,994	2,170,669	42,245,782

(1) Property tax revenue does not include penalties and interest collected on delinquent tax collections

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property (3)	Machinery and Tools	Public Utility (2)	Total Taxable Assessed Value
2010	\$ 2,957,819,726	\$ 158,154,031	\$ 6,651,920	\$ 388,613,995	\$ 3,511,239,672
2011	2,438,863,853	150,301,120	7,303,910	434,199,114	3,030,667,997
2012	2,675,828,900	316,976,453	7,034,730	436,895,835	3,436,735,918
2013	2,690,621,100	254,081,388	7,045,530	447,027,197	3,398,775,215
2014	2,721,992,100	277,283,818	7,742,330	444,342,422	3,451,360,670
2015	2,739,975,000	282,284,550	7,383,110	457,707,814	3,487,350,474
2016	2,790,067,200	294,097,398	7,842,570	454,694,067	3,546,701,235
2017	3,209,399,962	303,805,730	7,962,840	450,539,996	3,971,708,528
2018	2,834,220,800	321,700,510	7,807,340	430,354,563	3,594,083,213
2019	2,853,736,200	339,639,631	7,735,500	418,038,530	3,619,149,861

(1) Assessed at 100% of market value using an assessed value to sales price factor computed annually by the State Department of Taxation.

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

(3) Vehicles assessed at 50% of market value beginning in 2009, assessed at 100% market value in 2012 and 100% trade-in value for 2013 and beyond.

Direct Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Real Estate		Personal Property (1)(2)		Machinery and Tools	Public Service Corporations				
						Real Estate	Personal Property			
2010	\$	0.53	\$	6.25	\$	3.50	\$	0.53	\$	6.25
2011		0.68		6.25		3.50		0.07		6.25
2012		0.72		3.50		3.50		0.72		3.50
2013		0.72		3.80		3.50		0.72		3.80
2014		0.83		3.80		3.50		0.83		3.80
2015		0.83		3.80		3.50		0.83		3.80
2016		0.82		3.80		3.50		0.82		3.80
2017		0.83		3.80		3.50		0.83		3.80
2018		0.83		3.80		3.50		0.83		3.80
2019		0.83		3.80		3.50		0.83		3.80

(1) Assessed value for vehicles increased to 100% of market value in 2012.

(2) Assessed value for vehicles changed to 100% trade-in value in 2013.

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer/Type of Business	2019			2011		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Dominion Virginia Power/Electric Utility	\$ 251,533,017	1	6.46%	\$ 282,125,743	1	8.69%
Rappahannock Electric Cooperative/Electric Utility	60,747,969	2	1.56%	64,291,488	2	1.98%
Virginia Natural Gas, Inc./Gas Utility	24,784,317	3	0.64%	17,515,198	4	0.54%
CSX Transportation/Railroad	21,853,649	4	0.56%			
McKesson Corporation/Pharmaceutical Distributor	18,241,000	5	0.47%			
PFJ Southeast LLC	16,741,200	6	0.43%			
Carmel Church Properties/Bank	15,736,800	7	0.40%	15,736,800	6	0.48%
Commonwealth Fairs & Events LLC	15,109,200	8	0.39%			
Exeter 11266 Enterprises LLC (Value City)	13,908,600	9	0.36%			
Haymount Limited Partnership & HLP II LLC	9,112,000	10	0.23%			
Verizon South\Telepone Uitlity				18,704,143	3	0.58%
Richmond, Fredericksburg and Potomac Railroad\Railroad				17,498,832	5	0.54%
JLB Ruther Glen LLC\Furniture Distribution				13,908,500	7	0.43%
Atlantic Rural Exposition & State Fair\Public Entertainment				13,163,675	8	0.41%
Highway Service Ventures Inc\Highway Service Commercial				10,632,550	9	0.33%
NNP IV-Ladysmith\Property Development				10,493,700	10	0.32%
Totals	\$ 447,767,752		11.50%	\$ 464,070,629		14.30%

Source:
Caroline County Commissioner of The Revenue

Property Tax Levies and Collections
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year (1,3)	Collected Within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date		Outstanding Delinquent Taxes (1,2)	Percentage of Delinquent Taxes to Tax Levy
		Amount (1,3)	Percentage of Levy		Amount	Percentage of Levy		
2010	\$ 27,443,283	\$ 26,455,233	96.40%	\$ 947,959	\$ 27,403,192	99.85%	\$ 3,565,280	12.99%
2011	28,430,141	27,337,561	96.16%	1,047,956	28,385,517	99.84%	3,659,723	12.87%
2012	30,790,303	29,222,222	94.91%	955,058	30,177,280	98.01%	4,021,078	13.06%
2013	31,992,621	30,609,324	95.68%	963,110	31,572,434	98.69%	4,478,787	14.00%
2014	33,707,074	31,483,184	93.40%	1,132,536	32,615,720	96.76%	4,799,184	14.24%
2015	36,315,452	34,636,181	95.38%	1,016,627	35,652,808	98.18%	4,677,178	12.88%
2016	36,339,139	34,852,070	95.91%	995,043	35,847,113	98.65%	4,729,311	13.01%
2017	36,999,802	35,374,665	95.61%	992,230	36,366,895	98.29%	4,909,900	13.27%
2018	37,602,914	35,994,290	95.72%	1,073,343	37,067,633	98.58%	4,999,558	13.30%
2019	38,195,184	36,480,464	95.51%	991,077	37,471,541	98.11%	5,313,939	13.91%

Source:
 Caroline County Treasurer

Notes:

- (1) Exclusive of penalties and interest. Includes Commonwealth of Virginia's reimbursement for personal property taxes and balances outstanding.
- (2) Includes three most current delinquent tax years and first half of current year.
- (3) Does not include land redemptions.

Ratios of Gross General Bonded Debt to Assessed Value
and Gross Bonded Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value (1)	Gross Bonded Debt (2)	Ratio of Gross Bonded Debt to Assessed Value	Gross Bonded Debt per Capita
2010	28,245	\$ 3,511,239,672	\$ 58,740,612	1.67%	\$ 2,080
2011	28,545	3,030,667,997	64,946,686	2.14%	2,275
2012	28,972	3,436,735,918	70,082,850	2.04%	2,419
2013	29,298	3,398,775,215	68,185,970	2.01%	2,327
2014	29,481	3,451,360,670	89,289,968	2.59%	3,029
2015	29,727	3,487,350,474	84,171,514	2.41%	2,831
2016	29,792	3,546,701,235	79,630,525	2.25%	2,673
2017	30,178	3,971,708,528	77,413,509	1.95%	2,565
2018	30,292	3,594,083,213	71,088,302	1.98%	2,347
2019	30,318	3,619,149,861	66,145,524	1.83%	2,182

(1) See table 7 for property value data

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

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	(1) <u>Population</u>	(2) Personal <u>Income (in 000s)</u>	(2) Per Capita Personal <u>Income</u>	(3) School Enrollment- September 30 <u>Membership</u>	(4) Unemployment <u>Rate</u>
2010	28,245	\$ 940,026	\$ 33,729	4,277	8.6%
2011	28,545	989,854	34,574	4,257	7.7%
2012	28,972	1,086,741	37,510	4,317	6.7%
2013	29,298	1,110,966	37,920	4,340	6.9%
2014	29,481	1,119,643	37,978	4,386	5.9%
2015	29,727	1,140,455	38,035	4,357	5.5%
2016	29,792	N/A	N/A	4,330	4.2%
2017	30,178	N/A	N/A	4,299	4.3%
2018	30,292	N/A	N/A	4,076	3.6%
2019	30,318	N/A	N/A	4,214	3.6%

Sources:

- (1) Estimated by Weldon Cooper Center for Public Service, University of Virginia, on a calendar basis for all years.
 - (2) US Department of Commerce, Bureau of Economic Analysis
 - (3) Virginia Department of Education as of September 30 each year
 - (4) Virginia Employment Commission fiscal year-end
- N/A - Information unavailable at fiscal year-end

Full-Time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
County Administrator	3	3	3	4	4	4	4	4	4	4
Finance	6	4	4	3	3	3	3	3	3	3
Information Technology				1	1	1	1	1	1	2
Emergency Services	26	26	26	30	30	30	30	33	40	48
Public Works	15	13	13	13	13	13	14	16	17	17
Social Services	29	29	29	29	29	29	31	31	32	36
Recreation	3	3	3	3	3	3	3	3	3	3
Planning and Community Development	13	10	10	10	10	10	10	10	11	11
Economic Development	3	2	2	2	2	2	2	2	2	2
Utilities	16	15	15	15	15	15	16	16	17	17
Constitutional Officers:										
Commissioner of the Revenue	11	11	12	13	13	13	13	13	13	13
Treasurer	7	7	7	8	8	8	8	8	8	9
Clerk of the Circuit Court	8	8	8	8	8	8	8	8	8	8
Commonwealth's Attorney	5	5	5	5	5	5	5	5	5	5
Sheriff:										
Sworn	51	52	52	52	52	52	52	52	52	53
Non sworn	19	19	19	19	19	19	19	20	20	22
Total full time employees	215	207	208	215	215	215	219	225	236	253

Source: Caroline County Budgets

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COMPLIANCE

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Caroline Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise County of Caroline, Virginia's basic financial statements and have issued our report thereon dated February 19, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Caroline, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Caroline, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Caroline, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control as described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness as item 2019-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Caroline, 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*.

County of Caroline, Virginia's Response to Findings

County of Caroline, Virginia's response to the finding¹⁸ identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Caroline, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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, Farmer, Cox Associates

Richmond, Virginia
February 19, 2020



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

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

Report on Compliance for Each Major Federal Program

We have audited County of Caroline, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Caroline, Virginia's major federal programs for the year ended June 30, 2019. County of Caroline, 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 the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Richmond, Virginia
February 19, 2020

COUNTY OF CAROLINE, VIRGINIA

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

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Entity Identifying Pass-through Number	Federal Expenditures
Department of Agriculture:			
Pass Through Payments:			
Virginia Department of Social Services:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program (SNAP Cluster)			
	10.561	10111	\$ 342,233
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Health:			
Summer Food Service Program for Children	10.559	17901	\$ 26,707
Department of Education:			
School Breakfast Program	10.553	17901-40591	328,381
National School Lunch Program	10.555	17901-40623	920,201
Department of Agriculture:			
Food Distribution - School Nutrition Program	10.555	17901-45707	154,472
Sub-total CFDA 10.555			<u>\$ 1,074,673</u>
	Child Nutrition Cluster		<u>\$ 1,429,761</u>
State Administrative Expenses for Child Nutrition	10.560	185002-20100	270
Child Nutrition Discretionary Grants Limited Availability	10.579	185002-20100	<u>13,962</u>
Total Department of Agriculture			<u>\$ 1,786,226</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Homeland Security Grant Program	97.067	77501-112487	43,797
		77501-	
Emergency Management Performance Grants	97.042	112485,114363	24,180
Total Department of Homeland Security			<u>\$ 67,977</u>
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	39001-51100	26,850
Violence Against Women Formula Grants	16.588	39001-99001	63,864
Total Department of Justice			<u>\$ 90,714</u>
Department of Health and Human Services:			
Pass Through Payments:			
Virginia Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950115/0950116	\$ 10,545
Temporary Assistance for Needy Families (TANF Cluster)	93.558	0400115/0400116	239,928
Refugee and Entrant Assistance - State Administered Programs	93.566	0500115/0500116	98
Low-Income Home Energy Assistance	93.568	0600415/0600416	36,445
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760115/0760116	39,975
Adoption and Legal Guardianship Incentive Payments	93.603	76500-469003	444
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900115/090116	248
Foster Care - Title IV-E	93.658	1100115/1100116	307,262
Adoption Assistance	93.659	1120115/1120116	151,282
Social Services Block Grant	93.667	1000115/1000116	195,866
Chafee Foster Care Independence Program	93.674	9150115/9150116	3,972
Children's Health Insurance Program	93.767	0540115/0540116	7,951
Medical Assistance Program (Medicaid Cluster)	93.778	1200115/1200116	381,935
Total Department of Health and Human Services			<u>\$ 1,375,951</u>

COUNTY OF CAROLINE, VIRGINIA

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

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Entity Identifying Pass-through Number	Federal Expenditures
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	179001-42901	\$ 938,815
Career and Technical Education - Basic Grants to States	84.048	179001-61095	75,744
Supporting Effective Instruction State Grant	84.367	179001-61480	186,574
English Language Acquisition state Grant	84.365	179001	10,270
Student Support and Academic Enrichment Program	84.424	S424A170048	23,737
Special Education Cluster:			
Special Education - Preschool Grants	84.173	179001-62521	\$ 18,292
Special Education - Grants to States	84.027	179001-43071	880,909
		Special Education Cluster	899,201
Total Department of Education			\$ 2,134,341
Department of Defense:			
Direct Payments:			
ROTC Instruction	12.U01	N/A	\$ 61,854
Total Department of Defense			\$ 61,854
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Impaired Driving Countermeasures Incentive Grants I (Highway Safety Cluster)	20.601	60507-53000	\$ 15,341
Total Department of Transportation			\$ 15,341
Total Expenditures of Federal Awards			\$ 5,532,404

See the accompanying notes to schedule of expenditures of federal awards.

COUNTY OF CAROLINE, VIRGINIA

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

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Caroline, 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 of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Caroline, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the County of Caroline, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	143,078
Less: Payment in lieu of taxes		(2,047)
Special Revenue Funds:		
Virginia Public Assistance Fund		1,676,013
CSA Fund		42,172
Fire/Rescue Grant Fund		33,000
Debt Service Funds:		
Debt Service Fund		494,013
Less: BaBs federal interest rate subsidy and other federal credits		(494,013)
Total primary government	\$	<u>1,892,216</u>

Component Unit - School Board:

School Operating Fund	\$	1,036,799
School Cafeteria Fund		1,289,522
School Grant Fund		1,159,395
Add: USDA Commodities		154,472
Total component unit school board	\$	<u>3,640,188</u>
Total federal expenditures per basic financial statements	\$	<u>5,532,404</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>5,532,404</u></u>
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Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - De Minimis Cost Rate

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

Note 7 - Loan Balances

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

COUNTY OF CAROLINE, VIRGINIA

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

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

a. Material weakness(es) identified?

✓ yes no

b. Significant deficiency(ies) identified?

 yes ✓ none reported

Noncompliance material to financial statements noted?

 yes ✓ no

Federal Awards

Internal control over major programs

a. Material weakness(es) identified?

 yes ✓ no

b. Significant deficiency(ies) identified?

 yes ✓ none reported

Type of auditors' report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR section 200.516(a)?

 yes ✓ no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.027/84.173
10.553/10.555/10.559

Special Education Cluster
Child Nutrition Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

 yes ✓ no

COUNTY OF CAROLINE, VIRGINIA

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

Section II-Financial Statement Finding

Finding 2019-001:

Financial Reporting

Criteria:

Identification of material adjustments to the financial statements that were not detected by the entity's internal controls indicates that a material weakness exists. Material adjustments identified were related to beginning fund balance, accounts receivable, accounts payable/accrued expenses, and capital assets.

Condition:

We noted errors which required adjustments to current financial statements, indicating a material weakness over financial reporting.

Effect of Condition:

There is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented by the entity's internal controls over financial reporting.

Cause of Condition:

Internal controls not in place over financial reporting and year-end adjusting entries were not identified prior to the auditors' arrival to conduct the audit.

Recommendation:

The County should implement steps and controls to improve its financial reporting controls and ensure that all year-end adjusting entries are identified and recorded on a timely basis.

Management's Recommendation:

The County office is considering corrective action for FY20 to include the hiring of a third party consultant to assist with audit preparations.

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Commonwealth of Virginia Findings and Questioned Costs

None

COUNTY OF CAROLINE, VIRGINIA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

Findings - Financial Statement Audit:

2018-001:

Condition:

We noted errors which required adjustments to current financial statements, indicating a material weakness in controls over financial reporting.

Recommendation:

The County should implement steps to improve its financial reporting process.

Current Status:

Finding is still applicable in the current year.