

CHARLOTTE COUNTY
VIRGINIA

**FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018**

COUNTY OF CHARLOTTE, VIRGINIA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

COUNTY OF CHARLOTTE, VIRGINIA

Financial Report
For the Year Ended June 30, 2018

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COUNTY OF CHARLOTTE, VIRGINIA

Board of Supervisors

Gary D. Walker, Chairman
Garland H. Hamlett, Jr., Vice-Chairman

Kay M. Pierantoni
Royal S. Freeman

Nancy R. Carwile

Donna Fore
Robert L. Shook, Jr.

School Board

Larry Fannon, Chairman
Gloria Talbott, Vice-Chairman

Teresa Dunnaway
Henry W. Carwile

Jon Paul Berkley
Raymond "Jay" George

Board of Public Welfare

Carolyn Baker, Chairman
Margaret A. Elder, Vice-Chairman

Catherine B. Hamlett
Hazel Smith
Gloria T. Talbott

Marilyn McIvor
Juanita T. Collie
Gary D. Walker

Library Board

Eleanor B. Williams, Chairman
Aurelia Cathey, Secretary

Teresa Osborne
Jean Elliot

Martha Brogdon

Barbara B. Hamlett
Winnie Morris

Other Officials

Judge of the Circuit Court
Clerk of the Circuit Court
Judge of the General District Court
Judge of the Juvenile & Domestic Relations Court
Commonwealth's Attorney
Commissioner of the Revenue
Treasurer
Sheriff
Superintendent of Schools
Director of Social Services
Librarian
County Administrator

Kimberly S. White
Nan R. Colley
J. William Watson, Jr.
Nora Miller
William E. Green, Jr.
Naisha P. Carter
Patricia P. Berkeley
Thomas D. Jones
Nancy Leonard
Sari C. Goff
James C. Watkins
Russell B. Clark

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Charlotte, Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County of Charlotte, Virginia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Charlotte, Virginia, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As described in Note 18 to the financial statements, in 2018, the County of Charlotte, Virginia adopted new accounting guidance, GASB Statement Nos. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, 85 *Omnibus 2017*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 18 to the financial statements, in 2018, the County of Charlotte, Virginia restated beginning balances to reflect the requirements of GASB Statement No. 75 and the reclassification of beginning fixed asset balances. 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 4-9, 93 and 94-108 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Charlotte, Virginia's basic financial statements. The combining and individual fund financial statements and schedules, supporting schedules, 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.

Other Matters: (Continued)

Supplementary and Other Information (continued)

The combining and individual fund financial statements and schedules, supporting schedules, 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 combining and individual fund financial statements and schedules, supporting schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2018, on our consideration of the County of Charlotte, 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 Charlotte, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Charlotte, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
November 27, 2018

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To the Citizens of Charlotte County County of Charlotte, Virginia

As management of the County of Charlotte, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2018.

Financial Highlights

Government-wide Financial Statements

The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$14,477,758 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures in excess of revenues and other financing sources of \$6,625,320 (Exhibit 5) after making contributions totaling \$3,948,731 to the School Board.

- As of the close of the current fiscal year; the County's funds reported ending fund balances of \$11,873,849, a decrease of \$6,625,320 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,784,197, or 58% of total general fund expenditures.
- Our combined long-term obligations increased \$4,510,904 during the current fiscal year.

Overview of the Financial Statements

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

The Government-wide financial statements include not only the County of Charlotte, Virginia itself (known as the primary government), but also a legally separate school district for which the County of Charlotte, Virginia is financially accountable. Financial information for this component unit is reported separately from the financial information present for the primary government itself.

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

Governmental funds - Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, reconciliation between the two methods is provided on Exhibit 4. The County has two major governmental funds - the General Fund, and the Capital Projects Fund.

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

Overview of the Financial Statements (Continued)

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

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and schedules of pension and OPEB funding progress. The School Board does not issue separate financial statements. Other supplementary information consists of combining statements and schedules for nonmajor funds, fiduciary funds, the discretely presented component unit School Board, budgetary schedules, and statistical information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14,477,758 at the close of the most recent fiscal year.

County of Charlotte, Virginia's Net Position			
	Governmental Activities		
	2018	2017	
Current and other assets	\$ 14,589,321	\$ 20,512,499	
Capital assets	25,670,831	10,771,078	
Total assets	\$ 40,260,152	\$ 31,283,577	
Deferred outflows of resources	\$ 382,684	\$ 933,422	
Current liabilities	\$ 2,130,398	\$ 1,348,368	
Long-term liabilities outstanding	23,154,281	18,181,577	
Total liabilities	\$ 25,284,679	\$ 19,529,945	
Deferred inflows of resources	\$ 880,399	\$ 418,781	
Net position:			
Net investment in capital assets	\$ 7,704,257	\$ 11,818,557	
Restricted for Library	320,745	300,742	
Unrestricted	6,452,756	148,974	
Total net position	\$ 14,477,758	\$ 12,268,273	

At the end of the current fiscal year, the County's net investment in capital assets is \$7,704,257. The County's net position restricted for Library use is \$320,745. The remaining \$6,452,756 of net position is unrestricted and available for use at the County's discretion.

Government-wide Financial Analysis (Continued)

Governmental Activities - Governmental activities increased the County's net position by \$1,684,285.

County of Charlotte, Virginia's Change in Net Position		
	Governmental Activities	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 1,100,419	\$ 870,501
Operating grants and contributions	6,828,943	6,907,933
General revenues:		
Property taxes	8,873,499	8,723,038
Other local taxes	1,215,078	1,273,165
Grants and other contributions unrestricted	986,098	1,023,144
Other	860,741	950,437
Total revenues	<u>\$ 19,864,778</u>	<u>\$ 19,748,218</u>
Expenses:		
General government administration	\$ 1,484,642	\$ 1,413,203
Judicial administration	583,483	200,636
Public safety	4,562,360	4,244,904
Public works	1,358,053	1,474,975
Health and welfare	5,332,595	5,650,959
Education	3,556,731	3,496,953
Parks, recreation and culture	306,880	348,367
Community development	236,461	215,733
Interest	759,288	444,203
Total expenses	<u>\$ 18,180,493</u>	<u>\$ 17,489,933</u>
Increases (decrease) in net position	\$ 1,684,285	\$ 2,258,285
Net position-beginning, as restated	<u>12,793,473</u>	<u>10,009,988</u>
Net position-ending	<u>\$ 14,477,758</u>	<u>\$ 12,268,273</u>

For the most part, increases in expenditures closely paralleled inflation and growth in the demand for services.

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

Government-wide Financial Analysis (Continued)

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$11,878,848, a decrease of \$6,625,320 in comparison with the prior year. Approximately 91% of this total amount constitutes unassigned fund balance, which is available for spending at the County's discretion.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$1,148,910 and can be briefly summarized as follows:

- \$305,979 in increases for Public Safety
- \$65,842 in increases for Public Works
- \$203,055 in increases for Health and Welfare
- \$489,371 in increases for Education
- \$11,531 in increases for Community Development
- \$73,132 in increases to other functions

The budget increases were to be funded from miscellaneous and state revenue increases. During the year, revenues were more than budgetary estimates by \$53,540. Expenditures were less than budgetary estimates by \$2,068,690.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2018 amounts to \$25,670,831 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

County of Charlotte, Virginia's Capital Assets			
		Governmental Activities	
		2018	2017
Land	\$	250,555	\$ 250,555
Buildings and improvements		6,877,802	6,877,802
Equipment		2,996,044	2,766,430
Tenancy in common		2,743,361	1,235,750
Construction in progress		18,664,836	5,999,688
Total	\$	31,532,598	\$ 17,130,225
Less accumulated depreciation		(5,861,767)	(5,395,147)
Net capital assets	\$	25,670,831	\$ 11,735,078

Additional information on the County's capital assets can be found in Note 4 of this report.

Capital Asset and Debt Administration (Continued)

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$18,535,000 comprised of debt backed by the full faith and credit of the County. The following table depicts all debt reported by the County:

County of Charlotte, Virginia's Outstanding Obligations		
	Governmental Activities	
	2018	2017
General obligation bond	\$ 1,040,000	\$ 1,120,000
Revenue bond	11,395,000	11,485,000
Lease revenue bonds	6,100,000	-
Premium on bonds	696,460	721,334
Compensated absences	420,244	367,269
Net OPEB liabilities	543,900	590,400
Net pension liability	1,407,310	2,780,643
Landfill closure liability	1,551,367	1,578,731
Total	<u>\$ 23,154,281</u>	<u>\$ 18,643,377</u>

Legislation enacted in fiscal year ended June 30, 2002 requires that debt historically reported by the School Board be assumed by the primary government. The legislation affects the reporting of local school capital assets as well.

The County's total long-term obligations increased by \$4,510,904 during the current fiscal year.

Additional information on the County of Charlotte, Virginia's long-term debt can be found in Note 6 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the County is currently 3.8 percent, which is down from 5.2 percent as reported in the previous year. This compares unfavorably to the state's average unemployment rate of 3.2 percent, but favorably to the national average rate of 4.0 percent.

Inflationary trends in the region compare favorably to national indices.

These factors were considered in preparing the County's budget for the 2019 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the County of Charlotte, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, 250 Le Grande Avenue, Charlotte Court House, Virginia 23923.

BASIC FINANCIAL STATEMENTS

- *Government-wide Financial Statements* -

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Statement of Net Position
June 30, 2018

	Primary Government	Component Unit
	Governmental Activities	School Board
ASSETS		
Cash and cash equivalents	\$ 9,631,342	\$ 924,522
Receivables (net of allowance for uncollectibles):		
Taxes receivable	985,004	-
Accounts receivable	152,433	-
Inventory	-	32,429
Due from component unit	632,131	-
Due from other governmental units	1,008,992	402,540
Prepaid items	46,409	307,940
Restricted assets:		
Cash and cash equivalents	1,812,265	-
Investments	220,745	-
Permanently restricted:		
Investments	100,000	-
Net pension asset	-	210,851
Capital assets (net of accumulated depreciation):		
Land	250,555	65,745
Buildings and improvements	4,441,289	5,750,142
Improvements other than buildings	-	-
Machinery and equipment	2,314,151	787,296
Construction in progress	18,664,836	-
Total assets	<u>\$ 40,260,152</u>	<u>\$ 8,481,465</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	\$ 359,668	\$ 2,108,210
OPEB related items	23,016	190,824
Total deferred outflows of resources	<u>\$ 382,684</u>	<u>\$ 2,299,034</u>
LIABILITIES		
Accounts payable	\$ 672,802	\$ 78,554
Contracts payable	643,516	-
Accrued liabilities	-	923,397
Retainage payable	626,306	-
Accrued interest payable	187,774	-
Due to primary government	-	632,131
Long-term liabilities:		
Due within one year	593,898	105,823
Due in more than one year	22,560,383	22,147,905
Total liabilities	<u>\$ 25,284,679</u>	<u>\$ 23,887,810</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related items	\$ 789,707	\$ 3,046,442
OPEB related items	39,000	196,000
Deferred revenue-property taxes	51,692	-
Total deferred inflows of resources	<u>\$ 880,399</u>	<u>\$ 3,242,442</u>
NET POSITION		
Net investment in capital assets	\$ 7,704,257	\$ 5,873,455
Restricted:		
Library	320,745	-
Unrestricted	6,452,756	(22,223,208)
Total net position	<u>\$ 14,477,758</u>	<u>\$ (16,349,753)</u>

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

Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Activities	Unit School Board
Primary Government:						
Governmental activities:						
General government						
administration	\$ 1,484,642	\$ 55,437	\$ 233,318	\$ -	\$ (1,195,887)	\$ -
Judicial administration	583,483	57,110	366,284	-	(160,089)	-
Public safety	4,562,360	615,817	1,628,795	-	(2,317,748)	-
Public works	1,358,053	371,439	18,774	-	(967,840)	-
Health and welfare	5,332,595	-	4,352,368	-	(980,227)	-
Education	3,556,731	-	180,000	-	(3,376,731)	-
Parks, recreation, and cultural	306,880	616	48,118	-	(258,146)	-
Community development	236,461	-	1,286	-	(235,175)	-
Interest on long-term debt	759,288	-	-	-	(759,288)	-
Total governmental activities	<u>\$ 18,180,493</u>	<u>\$ 1,100,419</u>	<u>\$ 6,828,943</u>	<u>\$ -</u>	<u>\$ (10,251,131)</u>	<u>\$ -</u>
Total primary government	<u>\$ 18,180,493</u>	<u>\$ 1,100,419</u>	<u>\$ 6,828,943</u>	<u>\$ -</u>	<u>\$ (10,251,131)</u>	<u>\$ -</u>
Component Unit:						
School Board	\$ 19,291,504	\$ 160,380	\$ 15,476,791	\$ -	\$ -	\$ (3,654,333)
Total component unit	<u>\$ 19,291,504</u>	<u>\$ 160,380</u>	<u>\$ 15,476,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,654,333)</u>
General revenues:						
General property taxes					\$ 8,873,499	\$ -
Other local taxes:						
Local sales and use taxes					575,888	-
Consumer utility taxes					227,180	-
Motor vehicle licenses					311,792	-
Other local taxes					100,218	-
Unrestricted revenues from use of money and property					383,570	186
Miscellaneous					477,171	567,980
Grants and contributions not restricted to specific programs					986,098	-
Contributions from Charlotte County					-	3,858,731
Total general revenues					<u>\$ 11,935,416</u>	<u>\$ 4,426,897</u>
Change in net position					\$ 1,684,285	\$ 772,564
Net position - beginning, as restated					12,793,473	(17,122,317)
Net position - ending					<u>\$ 14,477,758</u>	<u>\$ (16,349,753)</u>

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

BASIC FINANCIAL STATEMENTS

- *Fund Financial Statements* -

Balance Sheet
Governmental Funds
June 30, 2018

	General	Capital Projects Fund	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 9,451,287	\$ 180,000	\$ 55	\$ 9,631,342
Receivables (net of allowance for uncollectibles):				
Taxes receivable	985,004	-	-	985,004
Accounts receivable	152,433	-	-	152,433
Prepaid items	46,409	-	-	46,409
Due from component unit	632,131	-	-	632,131
Due from other funds	-	-	4,203	4,203
Due from other governmental units	1,008,992	-	-	1,008,992
Restricted assets:				
Cash and cash equivalents	-	1,812,265	-	1,812,265
Investments	-	-	220,745	220,745
Permanently restricted:				
Investments	-	-	100,000	100,000
Total assets	<u>\$ 12,276,256</u>	<u>\$ 1,992,265</u>	<u>\$ 325,003</u>	<u>\$ 14,593,524</u>
LIABILITIES				
Accounts payable	\$ 668,599	\$ -	\$ 4,203	\$ 672,802
Contracts payable	-	643,516	-	643,516
Retainage payable	-	626,306	-	626,306
Due to other funds	4,203	-	-	4,203
Total liabilities	<u>\$ 672,802</u>	<u>\$ 1,269,822</u>	<u>\$ 4,203</u>	<u>\$ 1,946,827</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	<u>\$ 772,848</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 772,848</u>
FUND BALANCE				
Nonspendable:				
Permanent fund corpus	\$ -	\$ -	\$ 100,000	\$ 100,000
Prepaid items	46,409	-	-	46,409
Restricted:				
Library operations	-	-	220,745	220,745
Capital projects	-	722,443	-	722,443
Assigned:				
Library operations	-	-	55	55
Unassigned	10,784,197	-	-	10,784,197
Total fund balances	<u>\$ 10,830,606</u>	<u>\$ 722,443</u>	<u>\$ 320,800</u>	<u>\$ 11,873,849</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,276,256</u>	<u>\$ 1,992,265</u>	<u>\$ 325,003</u>	<u>\$ 14,593,524</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2018

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	11,873,849
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Capital assets used in governmental activities are not financial resources and,
therefore, are not reported in the funds.

Capital assets, cost	\$	31,532,598	
Accumulated depreciation		<u>(5,861,767)</u>	25,670,831

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

Unavailable revenue - property taxes			721,156
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Items related to measurement of the net pension and net OPEB liabilities are
considered deferred outflows or deferred inflows and will be amortized and
recognized in pension and OPEB expense over future years.

Deferred outflows - pension related items	\$	359,668	
Deferred outflows - OPEB related items		23,016	
Deferred inflows - pension related items		(789,707)	
Deferred inflows - OPEB related items		<u>(39,000)</u>	(446,023)

Long-term liabilities, including bonds payable, are not due and payable in the
current period and, therefore, are not reported in the funds.

Bonds payable	\$	(12,435,000)	
Lease revenue bonds		(6,100,000)	
Premium on bond payable		(696,460)	
Accrued interest payable		(187,774)	
Net OPEB liabilities		(543,900)	
Net pension liability		(1,407,310)	
Compensated absences		(420,244)	
Landfill postclosure and corrective action liability		<u>(1,551,367)</u>	(23,342,055)

Net position of governmental activities	\$	<u><u>14,477,758</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General	Capital Projects Fund	Other Govern- mental Funds	Total
REVENUES				
General property taxes	\$ 8,845,767	\$ -	\$ -	\$ 8,845,767
Other local taxes	1,215,078	-	-	1,215,078
Permits, privilege fees, and regulatory licenses	63,086	-	-	63,086
Fines and forfeitures	198,866	-	-	198,866
Revenue from the use of money and property	268,364	87,892	27,314	383,570
Charges for services	837,851	-	616	838,467
Miscellaneous	477,072	-	100	477,172
Intergovernmental:				
Commonwealth	4,678,591	180,000	48,118	4,906,709
Federal	2,908,332	-	-	2,908,332
Total revenues	\$ 19,493,007	\$ 267,892	\$ 76,148	\$ 19,837,047
EXPENDITURES				
Current:				
General government administration	\$ 1,243,629	\$ -	\$ -	\$ 1,243,629
Judicial administration	578,725	-	-	578,725
Public safety	4,660,161	-	-	4,660,161
Public works	1,379,335	-	-	1,379,335
Health and welfare	5,383,706	-	-	5,383,706
Education	3,953,647	-	-	3,953,647
Parks, recreation, and cultural	89,246	-	266,023	355,269
Community development	243,473	-	-	243,473
Nondepartmental	122,186	-	-	122,186
Capital projects	-	13,751,603	-	13,751,603
Debt service:				
Principal retirement	170,000	-	-	170,000
Interest and other fiscal charges	625,051	95,582	-	720,633
Total expenditures	\$ 18,449,159	\$ 13,847,185	\$ 266,023	\$ 32,562,367
Excess (deficiency) of revenues over (under) expenditures	\$ 1,043,848	\$ (13,579,293)	\$ (189,875)	\$ (12,725,320)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 1,323,797	\$ 209,878	\$ 1,533,675
Transfers (out)	(1,533,675)	-	-	(1,533,675)
Issuance of lease revenue bond	-	6,100,000	-	6,100,000
Total other financing sources (uses)	\$ (1,533,675)	\$ 7,423,797	\$ 209,878	\$ 6,100,000
Net change in fund balances	\$ (489,827)	\$ (6,155,496)	\$ 20,003	\$ (6,625,320)
Fund balances - beginning	11,320,433	6,877,939	300,797	18,499,169
Fund balances - ending	\$ 10,830,606	\$ 722,443	\$ 320,800	\$ 11,873,849

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

Reconciliation of Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

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

Net change in fund balances - total governmental funds	\$ (6,625,320)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation expense in the current period.

Capital outlay	\$ 14,482,373	
Transfer of joint assets	(106,000)	
Depreciation expense	<u>(440,620)</u>	13,935,753

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

Property taxes	27,732
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Change in landfill closure and post-closure liability	\$ 27,364	
Issuance of lease revenue bond	(6,100,000)	
Amortization of premium on bond	24,874	
Principal payments	<u>170,000</u>	(5,877,762)

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 interest payable	\$ (65,380)	
Change in deferred outflows related to net pension liability	(573,754)	
Change in deferred outflows related to net OPEB liability	17	
Change in deferred inflows related to the measurement of net pension liability	(464,858)	
Change in deferred inflows related to the measurement of net OPEB liabilities	(39,000)	
Change in net pension liability	1,373,333	
Change in net OPEB liability	46,500	
Change in compensated absences	<u>(52,976)</u>	223,882

Change in net position of governmental activities	<u>\$ 1,684,285</u>
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The notes to the financial statements are an integral part of this statement.

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,558,629
Total assets	\$ <u>1,558,629</u>
LIABILITIES	
Amounts held for social services clients	\$ 44,901
Accounts and salaries payable	194,640
Amounts held for others	<u>1,319,088</u>
Total liabilities	\$ <u>1,558,629</u>

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements As of June 30, 2018

Note 1 - Summary of Significant Accounting Policies:

The County of Charlotte, Virginia was formed in 1764 and it is governed by an elected seven member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include police and volunteer fire protection, sanitation services, recreational activities, cultural events, education and social services.

The financial statements of the County of Charlotte, Virginia have been prepared in conformity with the specifications promulgated by the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and 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 unit. For the most part, effects of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget, final budget, and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for general purpose 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 Charlotte, Virginia (the primary government) and its component unit. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Unit: The County has no blended component units to be included for the fiscal year ended June 30, 2018.

Discretely Presented Component Unit: The Component unit columns in the combined financial statements include the financial data of the County's component unit. It is reported in a separate column to emphasize that it is legally separate from the County.

The Charlotte County School Board operates the elementary and secondary public schools in the County. School Board Members are elected by the voters. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools, since the School Board does not have separate taxing powers. The School Fund does not issue a separate report.

C. Other Related Organizations

Included in the County's Financial Report

None

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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

C. Other Related Organizations (Continued)

Excluded from the County's Financial Report

Crossroads Community Services Board

The Board was created by resolution pursuant to state statute and is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The County appoints two of the board members; however, the County cannot impose its will on the Board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Board. The Board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements. For the year ended June 30, 2018, the County contributed \$70,000 to the Board.

Charlotte County Industrial Development Authority

The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment. The Board of Supervisors appoints the board members of the Charlotte County Industrial Development Authority.

Virginia's Heartland Regional Industrial Facility Authority

The Authority was created pursuant to the provision of Title 15.2, Chapter 64 of the Code of Virginia, 1950 as amended. The Authority's purpose is to create a regional industrial park to enhance the economic base by developing, owning or operating one or more facilities on a cooperative basis. The County appoints two of the Authority's board members. The County has no further financial responsibilities to the Authority. Therefore, it is not included in the County's financial statements.

Southside Regional Public Service Authority

The County, in conjunction with the Counties of Mecklenburg and Halifax are members of the Southside Regional Public Service Authority. The Authority operates as a regional solid waste landfill facility. The County paid the Authority tipping fees of \$212,218 for solid waste transferred to the Authority in fiscal year 2018.

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

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

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

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

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

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

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

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

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following governmental funds.

a. General Fund

The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial 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 are used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for reporting purposes.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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

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

1. Governmental Funds (Continued)

b. Capital Projects Fund

The Capital Projects Fund is used to account for and report all activity related to the New Courthouse, mainly construction costs. The activity of School Capital Projects related to bus purchases, Eureka HVAC/Roof project, and Randolph Henry High School renovations was also recorded in this fund. The Capital Projects Fund is considered a major fund for reporting purposes.

c. Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The only special revenue fund is the Library Fund, which is considered a nonmajor fund.

d. Permanent Fund

The Permanent Fund accounts for and reports resources that are restricted such that only earnings may be used for purposes that support the reporting government's programs (i.e., for the benefit of the government or its citizens). The Permanent Fund accounts for operations of the Library Trust Fund, which is considered a nonmajor fund.

2. Fiduciary Funds (Trust and Agency Funds)

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

3. Component Unit

The Charlotte County School Board has the following funds:

Governmental Funds:

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

School Cafeteria Fund - This fund accounts for the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales and state and federal grants. This fund is considered a major fund.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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

E. Budgets and Budgetary Accounting

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level 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 general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund and Library Fund of the primary government and the School Operating Fund and School Cafeteria Fund of the School Board.
6. All budgets, except School Operating and Cafeteria Funds, are adopted on a basis consistent with generally accepted accounting principles (GAAP). The School Operating and Cafeteria Funds are adopted using the cash basis of accounting.
7. Appropriations lapse on June 30 for all county units.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

F. Cash and Investments

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.

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

At June 30, 2018 the County had restricted cash in the following amounts:

- \$100,000 held in perpetuity, earnings from which are used to fund library operations
- \$220,745 of earnings on library investments restricted for library operations
- \$1,812,265 held for the purpose of the new courthouse construction project

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (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 portion of 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 \$92,130 at June 30, 2018 and is comprised solely of property taxes.

Property is assessed at its value on July 1. Property taxes attach as an enforceable lien on property as of July 1. Taxes are payable June 5th and December 5th. The County bills and collects its own property taxes.

H. Prepaid Items

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

I. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the School Cafeteria Fund consists of school food.

J. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the County and Component Unit School Board as land, buildings, road registered vehicles, 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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

J. Capital Assets: (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	20-40
Vehicles	5
Office and Computer Equipment	5
Buses	8
Police Vehicles	3

K. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Governmental Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

L. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Fund Equity

The County reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

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

M. Fund Equity: (Continued)

- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

The 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).

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 20% of the actual GAAP basis expenditures and other financing sources and uses.

N. 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.

O. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value. Investments in custody of others include unspent bond proceeds and accumulated interest that the County intends to use for the new Courthouse Project.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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

P. Net Position

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

Q. Net Position Flow Assumption

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

R. 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 one item that qualifies for reporting in this category. It 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 asset/liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension asset/liability and net OPEB asset/liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

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

S. 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.

T. Other Postemployment Benefits (OPEB)

Group Life Insurance

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

Teacher Employee Health Insurance Credit Program

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. The Teacher HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher HIC OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher HIC OPEB, and the related HIC OPEB expense, information about the fiduciary net position of the VRS Teacher Employee HIC Program; and the additions to/deductions from the VRS Teacher Employee HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 2 - 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).

The County has no formal investment policy addressing the various risks related to investments.

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2018 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

County's Rated Debt Investments' Values			
Rated Debt Investments	Fair Quality Ratings		
	AAAm	AAf	Unrated
Local Government Investment Pool	\$ 1,521,296	\$ -	\$ -
U.S. Government Money Market	-	-	320,745
VML/VACO Virginia Investment Pool	508,927	-	-
Virginia State Non-Arbitrage Program	1,812,266	-	-
Total	\$ 3,842,489	\$ -	\$ 320,745

Redemption Restrictions: The County is limited to two withdrawals per month by VML/VACO.

Interest Rate Risk

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

County's Debt Investments' Values		
Debt Investments	Fair Value	Less than 1 year
Local Government Investment Pool	\$ 1,521,296	\$ 1,521,296
U.S. Government Money Market	320,745	320,745
VML/VACO Virginia Investment Pool	508,927	508,927
Virginia State Non-Arbitrage Program	1,812,266	1,812,266
Total	\$ 4,163,234	\$ 4,163,234

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 2 - Deposits and Investments: (Continued)

Fair Value Measurements:

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

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

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

The County has the following recurring fair value measurements as of June 30, 2018:

<u>Investment</u>	<u>6/30/2018</u>	<u>Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
U.S. Government Money Market Fund	\$ 320,745	\$ 320,745
Total Investments measured at fair value	\$ 320,745	
Investments measured at net asset value (NAV)		
VML/VACO Virginia Investment Pool	\$ 508,927	
Total Investments measured at NAV	\$ 508,927	

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 2 - Deposits and Investments: (Continued)

External Investment Pools

The value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios under the provisions of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

Note 3 - Due From Other Governmental Units:

At June 30, 2018 the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Commonwealth of Virginia:		
Local and state sales tax	\$ 131,714	\$ 248,902
Communication tax	18,862	-
Prisoner days	41,228	-
Rolling stock	74,678	-
Public assistance	51,891	-
Comprehensive services	238,681	-
Mobile home titling tax	6,826	-
Recordation tax	5,089	-
E-911 wireless	7,235	-
Commonwealth's Attorney	13,142	-
Sheriff	103,284	-
Clerk of the Circuit Court	15,922	-
Commissioner of Revenue	6,848	-
Treasurer	7,478	-
Other state funds	3,111	-
Federal Government:		
School funds	-	153,638
Public assistance	105,353	-
Other federal funds	2,420	-
Workforce Investment Board	175,230	-
Total	<u>\$ 1,008,992</u>	<u>\$ 402,540</u>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 4 - Capital Assets:

The following is a summary of capital assets activity for the year ended June 30, 2018:

Primary Government:

	Restated Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 250,555	\$ -	\$ -	\$ 250,555
Construction in progress	5,999,688	12,665,148	-	18,664,836
Total capital assets not being depreciated	\$ 6,250,243	\$ 12,665,148	\$ -	\$ 18,915,391
Capital assets being depreciated:				
Buildings and improvements	\$ 6,877,802	\$ -	\$ -	\$ 6,877,802
Equipment	2,766,430	229,614	-	2,996,044
Jointly owned assets	1,235,750	1,587,611	80,000	2,743,361
Total capital assets being depreciated	\$ 10,879,982	\$ 1,817,225	\$ 80,000	\$ 12,617,207
Accumulated depreciation:				
Buildings and improvements	\$ 3,062,565	\$ 153,708	\$ -	\$ 3,216,273
Equipment	2,060,832	208,672	-	2,269,504
Jointly owned assets	271,750	115,740	11,500	375,990
Total accumulated depreciation	\$ 5,395,147	\$ 478,120	\$ 11,500	\$ 5,861,767
Total capital assets being depreciated, net	\$ 5,484,835	\$ 1,339,105	\$ 68,500	\$ 6,755,440
Governmental activities capital assets, net	\$ 11,735,078	\$ 14,004,253	\$ 68,500	\$ 25,670,831

Discretely Presented Component Unit-School Board:

	Restated Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 65,745	\$ -	\$ -	\$ 65,745
Total capital assets not being depreciated	\$ 65,745	\$ -	\$ -	\$ 65,745
Capital assets being depreciated:				
Buildings and improvements	\$ 11,433,532	\$ -	\$ -	\$ 11,433,532
Equipment	4,864,649	159,903	-	5,024,552
Jointly owned assets	2,975,321	80,000	-	3,055,321
Total capital assets being depreciated	\$ 19,273,502	\$ 239,903	\$ -	\$ 19,513,405
Accumulated depreciation:				
Buildings and improvements	\$ 6,983,532	\$ 368,501	\$ -	\$ 7,352,033
Equipment	4,039,401	197,855	-	4,237,256
Jointly owned assets	1,412,678	11,500	37,500	1,386,678
Total accumulated depreciation	\$ 12,435,611	\$ 577,856	\$ 37,500	\$ 12,975,967
Total capital assets being depreciated, net	\$ 6,837,891	\$ (337,953)	\$ (37,500)	\$ 6,537,438
Governmental activities capital assets, net	\$ 6,903,636	\$ (337,953)	\$ (37,500)	\$ 6,603,183

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 4 - Capital Assets: (Continued)

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

Governmental activities:	
General government administration	\$ 59,566
Judicial administration	29,080
Public safety	169,233
Public works	77,316
Health and welfare	22,380
Education	115,740
Parks, recreation and cultural	4,805
Total	<u>\$ 478,120</u>
Component Unit-School Board	<u>\$ 577,856</u>

Note 5 - Compensated Absences:

In accordance with GASB statement 16 - *Accounting for Compensated Absences*, the County has accrued the liability arising from compensated absences.

Certain County employees (Department of Social Services employees) earn vacation and sick leave at various rates. The County had outstanding compensated absences pay as follows:

Primary Government	<u>\$ 420,244</u>
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Note 6 - Long-Term Obligations:

The following is summary of long-term obligation transactions of the County for the year ended June 30, 2018:

	Restated Balance at July 1, 2017	Issuances/ Additions	Retirements/ Deletions	Balance at June 30, 2018	Due Within One Year
Primary Government:					
General obligation bond	\$ 11,485,000	\$ -	\$ 90,000	\$ 11,395,000	\$ 80,000
Revenue bond	1,120,000	-	80,000	1,040,000	80,000
Lease revenue bond	-	6,100,000	-	6,100,000	367,000
Premium on bonds	721,334	-	24,874	696,460	24,874
Compensated absences	367,269	52,975	-	420,244	42,024
Net OPEB liabilities	590,400	18,300	64,800	543,900	-
Net pension liability	2,780,643	1,698,174	3,071,507	1,407,310	-
Landfill postclosure and corrective action liability	1,578,731	19,909	47,273	1,551,367	-
Total Primary Government	<u>\$ 18,643,377</u>	<u>\$ 7,889,358</u>	<u>\$ 3,378,454</u>	<u>\$ 23,154,281</u>	<u>\$ 593,898</u>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 6 - Long-Term Obligations: (Continued)

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

Year Ending June 30,	Primary Government					
	General Obligation Bond		Revenue Bond		Lease Revenue Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 80,000	\$ -	\$ 80,000	\$ 485,113	\$ 367,000	\$ 158,600
2020	80,000	-	90,000	481,156	376,000	149,058
2021	80,000	-	95,000	477,391	386,000	139,282
2022	80,000	-	100,000	473,369	396,000	129,246
2023	80,000	-	105,000	468,466	407,000	118,950
2024-2028	400,000	-	940,000	2,236,369	2,196,000	430,560
2029-2033	240,000	-	1,795,000	1,955,181	1,972,000	129,818
2034-2038	-	-	2,640,000	1,515,584	-	-
2039-2043	-	-	3,225,000	927,125	-	-
2044-2046	-	-	2,325,000	169,009	-	-
Total	\$ <u>1,040,000</u>	\$ <u>-</u>	\$ <u>11,395,000</u>	\$ <u>9,188,763</u>	\$ <u>6,100,000</u>	\$ <u>1,255,514</u>

Details of Long-Term Obligations (Payable from the General Fund):

General Obligations Bonds:

\$1,500,000 Virginia Public School Authority Bonds 2011, issued December 15, 2011,
maturing annually through June 1, 2031, interest at 4.25% \$ 1,040,000

Premium on bonds 696,460

Total General Obligation Bonds \$ 1,736,460

Revenue Bonds:

\$11,570,000 Virginia Resources Authority Revenue Bonds 2015, issued June 25, 2015,
maturing annually through April 1, 2046, interest at 4.01% \$ 11,395,000

Lease Revenue Bond:

\$6,100,000 issued August 15, 2017 for the renovation of Eureka Elementary School due
in annual installments of principal and interest of approximately \$525,000 through
June 30, 2032, interest at 2.60% \$ 6,100,000

Compensated Absences \$ 420,244

Net OPEB liabilities \$ 543,900

Net pension liability \$ 1,407,310

Landfill postclosure and corrective action liability \$ 1,551,367

Total Primary Government \$ 23,154,281

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 6 - Long-Term Obligations: (Continued)

Component Unit-School Board:

The following is a summary of long-term obligation transactions of the Component Unit-School Board:

	Restated Balance at July 1, 2017	Issuances/ Additions	Retirements/ Deletions	Balance at June 30, 2018	Amounts Due Within One Year
Capital Lease	\$ 833,957	\$ -	\$ 104,229	\$ 729,728	\$ 105,823
Compensated absences	7,479	-	7,479	-	-
Net OPEB liabilities	4,247,500	283,200	430,700	4,100,000	-
Net pension liability	20,293,000	2,891,000	5,760,000	17,424,000	-
	<u>\$ 25,381,936</u>	<u>\$ 3,174,200</u>	<u>\$ 6,302,408</u>	<u>\$ 22,253,728</u>	<u>\$ 105,823</u>

The County has entered into capital leases for energy efficient equipment and school computers. These lease agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of future minimum lease payments as of the inception date.

Total capital assets acquired through capital leases are as follows:

	Energy Efficient Equipment	School Computers	Total
Equipment	\$ 1,500,000	\$ 73,258	\$ 1,573,258
Accumulated depreciation	(437,500)	-	(437,500)
Net book value of Capital Assets	<u>\$ 1,062,500</u>	<u>\$ 73,258</u>	<u>\$ 1,135,758</u>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 6 - Long-Term Obligations: (Continued)

Component Unit-School Board: (Continued)

Present value of future minimum lease payments:

Year Ending June 30,	Energy Efficient Equipment	School Computers	Total
2019	\$ 99,737	\$ 19,721	\$ 119,458
2020	111,107	-	111,107
2021	111,117	-	111,117
2022	111,127	-	111,127
2023	111,137	-	111,137
2024-2026	263,483	-	263,483
Total minimum lease payments	\$ 807,708	\$ 19,721	\$ 827,429
Less: amount representing interest	(96,732)	(969)	(97,701)
Present value of future minimum lease payments	<u>\$ 710,976</u>	<u>\$ 18,752</u>	<u>\$ 729,728</u>

Details of long-term obligations (payable from the Component Unit-School Board):

Capital Leases:

\$2,296,949 issued July 22, 2011 for the lease/purchase of energy efficient equipment due in monthly installments of principal and interest through November 30, 2026, open to prepayment, interest at 3.54% \$ 710,976

\$73,258 issued June 24, 2016 for the lease/purchase of computers due in annual installments of principal and interest through June 30, 2019, open to prepayment, interest at 5.05% 18,752

Total Capital Leases \$ 729,728

Net OPEB liabilities \$ 4,100,000

Net pension liability \$ 17,424,000

Total Component Unit - School Board \$ 22,253,728

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 7 - Commitments and Contingencies:

Federal programs in which the County and discretely presented component unit participate were audited in accordance with the provisions of U.S. Office of Management and the Uniform Guidance, *Audits of States, Local Governments and Non-Profit Organizations*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

\$11,549,000 has been committed for the construction of the new Courthouse. The commitment was funded with bonds issued during 2017.

Note 8 - Litigation:

At June 30, 2018, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

Note 9 - Interfund Obligations:

<u>Fund</u>	<u>Due from Component Unit School Board</u>	<u>Due to Primary Government</u>
General School	\$ 632,131 -	\$ - 632,131
Total	\$ 632,131	\$ 632,131

<u>Fund</u>	<u>Due from General Fund</u>	<u>Due to Special Revenue Fund - Library</u>
Library General	\$ 4,203 -	\$ - 4,203
Total	\$ 4,203	\$ 4,203

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan:

Plan Description

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

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. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 (Cont.)</p>	<p>About Plan 2 (Cont.)</p>	<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is 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.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contribution Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contribution Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.) <u>Defined Contribution Component: (Cont.)</u> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1.</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. Sheriffs and regional jail superintendents: Same as Plan 1. Political subdivision hazardous duty employees: Same as Plan 1.	Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component 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. Sheriffs and regional jail superintendents: Not applicable. Political subdivision hazardous duty employees: Not applicable. Defined Contribution Component: Not applicable.
Normal Retirement Age VRS: Age 65. Political subdivisions hazardous duty employees: Age 60.	Normal Retirement Age VRS: Normal Social Security retirement age. Political subdivisions hazardous duty employees: Same as Plan 1.	Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2. Political subdivisions hazardous duty employees: Not applicable. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. 	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u></p> <ul style="list-style-type: none"> • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage (Cont.)	Disability Coverage (Cont.)	Disability Coverage (Cont.) Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exception: <ul style="list-style-type: none"> •Hybrid Retirement Plan members are ineligible for ported service. <u>Defined Contribution Component:</u> Not applicable.

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	47	39
Inactive members:		
Vested inactive members	8	-
Non-vested inactive members	7	12
Inactive members active elsewhere in VRS	43	4
Total inactive members	58	16
Active members	92	25
Total covered employees	197	80

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. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The County's contractually required employer contribution rate for the year ended June 30, 2018 was 9.88% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

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 \$429,690 and \$418,240 for the years ended June 30, 2018 and June 30, 2017, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2018 was 3.81% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$21,576 and \$25,854 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net Pension Liability and Asset

The County's and Component Unit School Board's (nonprofessional) net pension liability and asset were measured as of June 30, 2017. The total pension liabilities used to calculate the net pension liability and asset were determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates: (Continued)

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2016 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%

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

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

The actuarial assumptions used in the June 30, 2016 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	Increased rate from 60% to 45%

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	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. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the County and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed 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.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	\$ 22,662,672	\$ 19,882,029	\$ 2,780,643
Changes for the year:			
Service cost	\$ 499,908	\$ -	\$ 499,908
Interest	1,560,574	-	1,560,574
Changes of assumptions	(180,040)	-	(180,040)
Differences between expected and actual experience	(215,983)	-	(215,983)
Contributions - employer	-	413,671	(413,671)
Contributions - employee	-	210,021	(210,021)
Net investment income	-	2,430,144	(2,430,144)
Benefit payments, including refunds of employee contributions	(737,526)	(737,526)	-
Administrative expenses	-	(13,876)	13,876
Other changes	-	(2,168)	2,168
Net changes	\$ 926,933	\$ 2,300,266	\$ (1,373,333)
Balances at June 30, 2017	\$ 23,589,605	\$ 22,182,295	\$ 1,407,310

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

Changes in Net Pension Liability (Asset) (Continued)

	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, 2016	\$ 3,357,845	\$ 3,366,881	\$ (9,036)
Changes for the year:			
Service cost	\$ 60,843	\$ -	\$ 60,843
Interest	227,017	-	227,017
Changes of assumptions	(3,475)	-	(3,475)
Differences between expected and actual experience	(37,709)	-	(37,709)
Contributions - employer	-	20,699	(20,699)
Contributions - employee	-	30,970	(30,970)
Net investment income	-	399,604	(399,604)
Benefit payments, including refunds of employee contributions	(229,487)	(229,487)	-
Administrative expenses	-	(2,432)	2,432
Other changes	-	(350)	350
Net changes	\$ 17,189	\$ 219,004	\$ (201,815)
Balances at June 30, 2017	\$ 3,375,034	\$ 3,585,885	\$ (210,851)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County			
Net Pension Liability	\$ 4,349,515	\$ 1,407,310	\$ (1,055,429)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 110,495	\$ (210,851)	\$ (486,419)

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

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

For the year ended June 30, 2018, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$20,378 and \$61,450, respectively. At June 30, 2018, 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	\$ -	\$ 335,337	\$ 10,523	\$ 18,171
Change of assumptions	-	125,482	-	1,674
Net difference between projected and actual earnings on pension plan investments	-	328,888	-	47,120
Employer contributions subsequent to the measurement date	359,668	-	21,576	-
Total	<u>\$ 359,668</u>	<u>\$ 789,707</u>	<u>\$ 32,099</u>	<u>\$ 66,965</u>

\$359,668 and \$21,576 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2019	\$ (447,299)	\$ (44,535)
2020	(92,781)	19,404
2021	(41,039)	2,736
2022	(208,588)	(34,047)
2023	-	-
Thereafter	-	-

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

Component Unit School Board (professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information regarding the plan description can be found 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, 2018 was 14.66% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Division were \$1,832,634 and \$1,603,700 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of \$17,424,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 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, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was .14% as compared to .15% at June 30, 2016.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2018, the school division recognized pension expense of \$775,141. 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, 2018, 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	\$ -	\$ 1,233,000
Change of assumptions	254,000	-
Net difference between projected and actual earnings on pension plan investments	-	633,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,124,000
Employer contributions subsequent to the measurement date	<u>1,832,634</u>	<u>-</u>
Total	<u>\$ 2,086,634</u>	<u>\$ 2,990,000</u>

\$1,832,634 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, 2019. 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>	
2019	\$ (1,196,000)
2020	(396,000)
2021	(359,000)
2022	(679,000)
2023	(106,000)
Thereafter	-

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (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, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including inflation	3.5% - 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 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

The actuarial assumptions used in the June 30, 2016 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

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%.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 10 - Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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 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. Through the fiscal year ending June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, school divisions are assumed 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.

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan				
Net Pension Liability	\$	26,019,000	\$	17,424,000
				\$ 10,313,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 11 - Deferred/Unavailable Revenue

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue totaling \$772,848 is comprised of the following:

- A. Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$721,156.
- B. Prepaid Property Taxes - Property taxes due subsequent to June 30, 2018, but paid in advance by the taxpayers totaled \$51,692 at June 30, 2018.

Note 12 - Surety Bonds:

Fidelity and Deposit Company of Maryland -Surety	
Nan R. Colley, Clerk of Circuit Court	\$ 100,000
Patricia P. Berkeley, Treasurer	400,000
Naisha P. Carter, Commissioner of the Revenue	3,000
Thomas D. Jones, Sheriff	30,000
The above constitutional officer's employees- blanket bond	50,000
Nationwide Insurance Agency- Surety	
Nancy Leonard, Superintendent of Schools	10,000
Dana Ramsey, Clerk of the School Board	10,000
All social services employees - employee dishonesty coverage- blanket bond	100,000
Gary D. Walker, Chairman	1,000
Garland H. Hamlett, Jr., Vice Chairman	1,000
Robert L. Shook, Jr., Supervisor	1,000
Donna Fore, Supervisor	1,000
Royal S. Freeman, Supervisor	1,000
Kay M. Pierantoni, Supervisor	1,000
Nancy R. Carwile, Supervisor	1,000
Russell B. Clark, County Administrator	1,000

Note 13 - Risk Management:

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

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 13 - Risk Management: (Continued)

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

The County continues to carry commercial insurance for all other risks of loss. Settled claims from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Note 14 - Jail Funds:

The following is a summary of activity from the special accounts at the Charlotte County Sheriff's Office for the year ended June 30, 2018:

	<u>Receipts</u>	<u>Disbursements</u>	<u>Excess of Receipts over (under) Disbursements</u>
Commissary (Operating) Account	\$ 3,306	\$ 2,036	\$ 1,270
Inmate Trust Accounts	339,027	355,917	(16,890)
Inmate Accounts	28,390	30,355	(1,965)
Petty Cash	3,767	5,268	(1,501)
Jail Telephone Commissions	21,583	7,267	14,316
Totals	<u>\$ 396,073</u>	<u>\$ 400,843</u>	<u>\$ (4,770)</u>

Note 15 - Solid Waste Landfill Postclosure Care and Corrective Action Costs:

The County has closed a previously operated solid waste landfill in such a manner as to comply with laws and regulations administered by the United States Environmental Protection Agency and Virginia Department of Environmental Quality. The total \$1,551,367 reported as landfill postclosure care and corrective action liability at June 30, 2018, represents \$1,134,254 for postclosure care liability and \$417,113 for ground water corrective action and remediation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County intends to fund these costs from accumulated funds held in the general fund.

The County has demonstrated financial assurance requirements for postclosure care and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program:

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

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance 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 Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance 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 Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS	
Eligible Employees	
<p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none">• City of Richmond• City of Portsmouth• City of Roanoke• City of Norfolk• Roanoke City School Board <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>	

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Plan Description (Continued)

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (CONTINUED)
<p>Benefit Amounts</p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none">• <u>Natural Death Benefit</u> - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.• <u>Accidental Death Benefit</u> – The accidental death benefit is double the natural death benefit.• <u>Other Benefit Provisions</u> – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none">○ Accidental dismemberment benefit○ Safety belt benefit○ Repatriation benefit○ Felonious assault benefit○ Accelerated death benefit option
<p>Reduction in Benefit Amounts</p> <p>The benefit amounts provided to members covered under the Group Life Insurance Program 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.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,111.</p>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance 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, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$23,016 and \$22,049 for the years ended June 30, 2018 and June 30, 2017, respectively, for the County; \$3,499 and \$3,529 for the years ended June 30, 2018 and June 30, 2017, respectively, for the School Board (nonprofessional); and \$59,350 and \$57,732 for the years ended June 30, 2018 and June 30, 2017, respectively, for the School Board (professional).

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

At June 30, 2018, the entity reported a liability of \$345,000, \$55,000, and \$906,000 for the County, School Board Nonprofessional, and School Board Professional, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 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, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the participating employer's proportion was 0.02299%, 0.00368%, and 0.06019% as compared to 0.02301%, 0.00341%, and 0.06158% at June 30, 2016 for the County, School Board Nonprofessional, and School Board Professional, respectively.

For the year ended June 30, 2018, the participating employer recognized GLI OPEB expense of \$4,000, \$2,000, and \$6,000 for the County, School Board Nonprofessional, and School Board Professional, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

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 Group Life Insurance Program OPEB: (Continued)

At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government		
Differences between expected and actual experience	\$ -	\$ 8,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	13,000
Change in assumptions	-	18,000
Employer contributions subsequent to the measurement date	23,016	-
Total Primary Government	\$ 23,016	\$ 39,000
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	\$ -	\$ 1,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	2,000
Change in assumptions	-	3,000
Changes in proportion	4,000	-
Employer contributions subsequent to the measurement date	3,499	-
Total Component Unit School Board (nonprofessional)	\$ 7,499	\$ 6,000

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

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 Group Life Insurance Program OPEB (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Component Unit School Board (professional)		
Differences between expected and actual experience	\$ -	\$ 20,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	34,000
Change in assumptions	-	47,000
Changes in proportion	-	20,000
Employer contributions subsequent to the measurement date	59,350	-
Total Component Unit School Board (professional)	\$ 59,350	\$ 121,000

\$23,016, \$3,499 and \$59,350 for the County, School Board Nonprofessional, and School Board Professional, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2019	\$ (8,000)	\$ (2,000)	\$ (25,000)
2020	(8,000)	-	(25,000)
2021	(8,000)	-	(25,000)
2022	(8,000)	-	(25,000)
2023	(5,000)	-	(16,000)
Thereafter	(2,000)	-	(5,000)

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

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, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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

Mortality Rates - General State Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - General State Employees: (Continued)

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

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

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

Mortality Rates - SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - SPORS Employees: (Continued)

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

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

Mortality Rates - VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - VaLORS Employees: (Continued)

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

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

Mortality Rates - JRS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - JRS Employees: (Continued)

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

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

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, 2016 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 CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

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, 2016 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 CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

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, 2016 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.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Actuarial Assumptions: (Continued)

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

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

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the 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	\$	2,942,426
Plan Fiduciary Net Position		1,437,586
Employers' Net GLI OPEB Liability (Asset)	\$	1,504,840
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		48.86%

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 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 CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

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 follow 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	Current Discount	1% Increase
		(6.00%)	(7.00%)	(8.00%)
County's proportionate share of the Group Life Insurance Program				
Net OPEB Liability	\$	447,000	\$ 345,000	\$ 263,000
School Board(nonprofessional)'s proportionate share of the Group Life Insurance Program				
Net OPEB Liability	\$	72,000	\$ 55,000	\$ 42,000
School Board(professional)'s proportionate share of the Group Life Insurance Program				
Net OPEB Liability	\$	1,172,000	\$ 906,000	\$ 691,000

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit 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 health insurance credit 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 Health Insurance Credit Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
<p>Benefit Amounts</p> <p>The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • <u>At Retirement</u> - For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. • <u>Disability Retirement</u> - 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: <ul style="list-style-type: none"> ○ \$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.
<p>Health Insurance Credit Program Notes:</p> <ul style="list-style-type: none"> • The monthly Health Insurance Credit 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 health insurance credit as a retiree.

Note 16 - Other Postemployment Benefits Program: (Continued)

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, 2018 was 1.23% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. 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 Health Insurance Credit Program were \$139,914 and \$123,092 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of \$1,783,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was .14051% as compared to .14480% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$138,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

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

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

At June 30, 2018, 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>
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	\$ -	\$ 3,000
Change in assumptions	-	19,000
Change in proportion	-	47,000
Employer contributions subsequent to the measurement date	<u>139,914</u>	<u>-</u>
Total	<u>\$ 139,914</u>	<u>\$ 69,000</u>

\$139,914 is 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, 2019. 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>	
2019	\$ (11,000)
2020	(11,000)
2021	(11,000)
2022	(11,000)
2023	(10,000)
Thereafter	(15,000)

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

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

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, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

The actuarial assumptions used in the June 30, 2016 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 Health Insurance Credit 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 VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,364,702
Plan Fiduciary Net Position		96,091
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,268,611</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		
		7.04%

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, all agencies are assumed 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.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

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

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	1,990,000	\$ 1,783,000	\$ 1,607,000

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Medical Insurance - Pay-as-you-Go (OPEB Plan):

School Board

Plan Description

In addition to the pension benefits described in Note 10, the School Board administers a single-employer defined benefit healthcare plan, the Charlotte County School Board OPEB Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical 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.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

Medical Insurance - Pay-as-you-Go (OPEB Plan):

School Board: (Continued)

Plan Membership

At July 1, 2017 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$	88
Total retirees with coverage		<u>1</u>
Total	\$	<u><u>89</u></u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2018 was \$0.

Total OPEB Liability

The School Board’s total OPEB liability was measured as of July 1, 2017. The total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per year as of June 30, 2017
Salary Increases	2.50% per year for general salary inflations as of June 30, 2017
Discount Rate	3.56% for accounting and funding disclosures as of June 30, 2017
Investment Rate of Return	6.75% as of June 30, 2017

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

Medical Insurance - Pay-as-you-Go (OPEB Plan):

School Board: (Continued)

Actuarial Assumptions

Mortality rates for Active employees and healthy retirees were based on a RPH-2015 Total Dataset Mortality Table fully generational using scale MP-2015 while mortality rates for disabled retirees were based on a RPH-2015 Disabled Mortality Table fully generational using scale MP-15. The RPH-2015 table is calculated based on a RPH-2014 table with 8 years of MP-2014 mortality improvement backed out and projected to 2015 using scale MP-2015.

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

Discount Rate

The final equivalent single discount rate used for this year's valuation is 3.56% as of the end of the fiscal year with the expectation that the County will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

		<u>Primary Government</u>
Balances at June 30, 2017	\$	187,400
Changes for the year:		
Service cost		7,400
Interest		6,900
Contributions - employer		(2,800)
Net changes		<u>11,500</u>
Balances at June 30, 2018	\$	<u><u>198,900</u></u>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

Medical Insurance - Pay-as-you-Go (OPEB Plan):

School Board: (Continued)

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56%) or one percentage point higher (4.56%) than the current discount rate:

Rate		
1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
\$ 217,200	\$ 198,900	\$ 182,100

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.70% decreasing annually to an ultimate rate of 4.50%) or one percentage point higher (8.70% decreasing annually to an ultimate rate of 6.50%) than the current healthcare cost trend rates:

Rates		
1% Decrease (6.70% decreasing to 4.50%)	Healthcare Cost Trend (7.70% decreasing to 5.50%)	1% Increase (8.70% decreasing to 6.50%)
\$ 175,300	\$ 198,900	\$ 226,700

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

For the year ended June 30, 2018, the School Board recognized OPEB expense in the amount of \$14,300. At June 30, 2018, the School Board had no amounts to report as deferred outflows of resources and deferred inflows of resources related to OPEB.

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.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 17 - Interfund Transfers:

Interfund transfers for the year ended June 30, 2018 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 1,533,675
Capital Projects Fund	1,323,797	-
Library Fund	209,878	-
Total	<u>\$ 1,533,675</u>	<u>\$ 1,533,675</u>

Note 18 - Adoption of Accounting Principles and Prior Year Reclassification:

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2018. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to postemployment benefits other than pensions (other postemployment benefits or OPEB). Note disclosure and required supplementary information requirements about OPEB are also addressed. The requirements of this Statement will improve accounting and financial reporting by state and local governments for OPEB. In addition, the County implemented Governmental Accounting Standards Board Statement No. 85, *Omnibus 2017* during the fiscal year ended June 30, 2018. This Statement addresses practice issues identified during implementation and application of certain GASB statements for a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The implementation of these Statements, along with a reclassification of prior year fixed assets, resulted in the following restatement of net position:

	<u>County</u>	<u>School Board</u>
Net Position as reported at June 30, 2017	\$ 12,268,273	\$ (12,299,917)
Implementation of GASB Statement No. 75	(438,800)	(3,858,400)
Transfer of joint tenancy assets	964,000	(964,000)
Net Position as restated at June 30, 2017	<u>\$ 12,793,473</u>	<u>\$ (17,122,317)</u>

Note 19 - Upcoming Pronouncements:

Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring 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. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, it requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 19 - Upcoming Pronouncements: (Continued)

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about 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. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

- Required Supplementary Information -

Note to Required Supplementary Information:

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

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 8,318,000	\$ 8,318,000	\$ 8,845,767	\$ 527,767
Other local taxes	1,194,500	1,194,500	1,215,078	20,578
Permits, privilege fees, and regulatory licenses	47,550	47,550	63,086	15,536
Fines and forfeitures	160,000	160,000	198,866	38,866
Revenue from the use of money and property	236,585	236,585	268,364	31,779
Charges for services	497,433	497,433	837,851	340,418
Miscellaneous	439,323	458,884	477,072	18,188
Intergovernmental:				
Commonwealth	5,769,765	5,934,740	4,678,591	(1,256,149)
Federal	2,591,775	2,591,775	2,908,332	316,557
Total revenues	\$ 19,254,931	\$ 19,439,467	\$ 19,493,007	\$ 53,540
EXPENDITURES				
Current:				
General government administration	\$ 1,471,114	\$ 1,471,114	\$ 1,243,629	\$ 227,485
Judicial administration	607,157	607,157	578,725	28,432
Public safety	4,614,813	4,920,792	4,660,161	260,631
Public works	1,393,369	1,459,211	1,379,335	79,876
Health and welfare	6,274,156	6,477,211	5,383,706	1,093,505
Education	3,952,555	4,441,926	3,953,647	488,279
Parks, recreation, and cultural	100,685	100,685	89,246	11,439
Community development	243,501	255,032	243,473	11,559
Nondepartmental	133,420	133,420	122,186	11,234
Capital projects	578,169	578,169	578,169	-
Debt service:				
Principal retirement	-	-	80,000	(80,000)
Interest and other fiscal charges	-	73,132	136,882	(63,750)
Total expenditures	\$ 19,368,939	\$ 20,517,849	\$ 18,449,159	\$ 2,068,690
Excess (deficiency) of revenues over (under) expenditures	\$ (114,008)	\$ (1,078,382)	\$ 1,043,848	\$ 2,122,230
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,168,621	\$ 3,153,996	\$ -	\$ (3,153,996)
Transfers (out)	(2,054,613)	(2,075,614)	(1,533,675)	541,939
Total other financing sources and (uses)	\$ 114,008	\$ 1,078,382	\$ (1,533,675)	\$ (2,612,057)
Net change in fund balances	\$ -	\$ -	\$ (489,827)	\$ (489,827)
Fund balances - beginning	-	-	11,320,433	11,320,433
Fund balances - ending	\$ -	\$ -	\$ 10,830,606	\$ 10,830,606

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
For the Years Ended June 30, 2018 through June 30, 2015

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 499,908	\$ 501,753	\$ 504,280	\$ 517,448
Interest	1,560,574	1,494,782	1,415,451	1,333,403
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(215,983)	(363,963)	(138,453)	-
Changes in assumptions	(180,040)	-	-	-
Benefit payments, including refunds of employee contributions	(737,526)	(647,871)	(648,085)	(709,385)
Net change in total pension liability	\$ 926,933	\$ 984,701	\$ 1,133,193	\$ 1,141,466
Total pension liability - beginning	22,662,672	21,677,971	20,544,778	19,403,312
Total pension liability - ending (a)	\$ 23,589,605	\$ 22,662,672	\$ 21,677,971	\$ 20,544,778
Plan fiduciary net position				
Contributions - employer	\$ 413,671	\$ 517,045	\$ 508,216	\$ 536,281
Contributions - employee	210,021	204,950	202,851	206,474
Net investment income	2,430,144	347,483	857,967	2,533,826
Benefit payments, including refunds of employee contributions	(737,526)	(647,871)	(648,085)	(709,385)
Administrative expense	(13,876)	(11,980)	(11,513)	(13,495)
Other	(2,168)	(146)	(182)	134
Net change in plan fiduciary net position	\$ 2,300,266	\$ 409,481	\$ 909,254	\$ 2,553,835
Plan fiduciary net position - beginning	19,882,029	19,472,548	18,563,294	16,009,459
Plan fiduciary net position - ending (b)	\$ 22,182,295	\$ 19,882,029	\$ 19,472,548	\$ 18,563,294
County's net pension liability (asset) - ending (a) - (b)	\$ 1,407,310	\$ 2,780,643	\$ 2,205,423	\$ 1,981,484
Plan fiduciary net position as a percentage of the total pension liability	94.03%	87.73%	89.83%	90.36%
Covered payroll	\$ 4,233,199	\$ 4,129,210	\$ 4,046,086	\$ 4,062,738
County's net pension liability (asset) as a percentage of covered payroll	33.24%	67.34%	54.51%	48.77%

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.

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Years Ended June 30, 2018 through June 30, 2015

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 60,843	\$ 50,901	\$ 42,332	\$ 40,341
Interest	227,017	213,445	215,657	211,225
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(37,709)	185,909	(50,746)	-
Changes in assumptions	(3,475)	-	-	-
Benefit payments, including refunds of employee contributions	(229,487)	(283,260)	(194,427)	(182,060)
Net change in total pension liability	\$ 17,189	\$ 166,995	\$ 12,816	\$ 69,506
Total pension liability - beginning	3,357,845	3,190,850	3,178,034	3,108,528
Total pension liability - ending (a)	\$ 3,375,034	\$ 3,357,845	\$ 3,190,850	\$ 3,178,034
Plan fiduciary net position				
Contributions - employer	\$ 20,699	\$ 34,751	\$ 30,279	\$ 22,365
Contributions - employee	30,970	28,231	24,557	18,302
Net investment income	399,604	55,649	157,937	490,086
Benefit payments, including refunds of employee contributions	(229,487)	(283,260)	(194,427)	(182,060)
Administrative expense	(2,432)	(2,304)	(2,269)	(2,736)
Other	(350)	(25)	(31)	26
Net change in plan fiduciary net position	\$ 219,004	\$ (166,958)	\$ 16,046	\$ 345,983
Plan fiduciary net position - beginning	3,366,881	3,533,839	3,517,793	3,171,810
Plan fiduciary net position - ending (b)	\$ 3,585,885	\$ 3,366,881	\$ 3,533,839	\$ 3,517,793
School Division's net pension liability (asset) - ending (a) - (b)	\$ (210,851)	\$ (9,036)	\$ (342,989)	\$ (339,759)
Plan fiduciary net position as a percentage of the total pension liability	106.25%	100.27%	110.75%	110.69%
Covered payroll	\$ 678,586	\$ 612,329	\$ 533,394	\$ 377,136
School Division's net pension liability (asset) as a percentage of covered payroll	-31.07%	-1.48%	-64.30%	-90.09%

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.

Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan
For the Years Ended June 30, 2018 through June 30, 2015

	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.14%	0.15%	0.15%	0.15%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,424,000	\$ 20,293,000	\$ 18,417,000	\$ 17,891,000
Employer's Covered Payroll	11,088,363	11,009,664	10,885,051	10,326,025
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	157.14%	184.32%	169.20%	173.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.92%	68.28%	70.68%	70.88%

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

Schedule of Employer Contributions - Pension Plans
For the Years Ended June 30, 2018 through June 30, 2009

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					
2018	\$ 359,668	\$ 359,668	\$ -	\$ 4,414,261	8.15%
2017	418,240	418,240	-	4,233,199	9.88%
2016	519,455	519,455	-	4,129,210	12.58%
2015	508,998	508,998	-	4,046,086	12.58%
2014	536,281	536,281	-	4,062,738	13.20%
2013	526,084	526,084	-	3,985,485	13.20%
2012	367,626	367,626	-	3,647,082	10.08%
2011	372,697	372,697	-	3,697,386	10.08%
2010	299,355	299,355	-	3,714,086	8.06%
2009	307,383	307,383	-	3,813,688	8.06%
Component Unit School Board (nonprofessional)					
2018	\$ 21,576	\$ 21,576	\$ -	\$ 672,919	3.21%
2017	25,854	25,854	-	678,586	3.81%
2016	37,291	37,291	-	612,329	6.09%
2015	32,484	32,484	-	533,394	6.09%
2014	22,365	22,365	-	366,041	6.11%
2013	24,663	24,663	-	403,648	6.11%
2012	16,307	16,307	-	541,766	3.01%
2011	17,897	17,897	-	594,591	3.01%
2010	30,231	30,231	-	636,440	4.75%
2009	32,011	32,011	-	673,913	4.75%
Component Unit School Board (professional)					
2018	\$ 1,832,634	\$ 1,832,634	\$ -	\$ 12,836,499	14.28%
2017	1,603,700	1,603,700	-	11,088,363	14.46%
2016	1,541,463	1,541,463	-	11,009,664	14.00%
2015	1,547,625	1,547,625	-	10,885,051	14.22%
2014	1,303,017	1,303,017	-	10,326,025	12.62%
2013	1,303,017	1,303,017	-	10,326,025	12.62%
2012	1,111,932	1,111,932	-	9,814,057	11.33%
2011	911,641	911,641	-	10,200,077	8.94%
2010	1,363,831	1,363,831	-	11,669,146	11.69%
2009	1,656,291	1,656,291	-	11,979,814	13.83%

Current year contributions are from County 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, 2018

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

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%

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) - 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%

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 and School Board's Share of Net OPEB Liability
 Group Life Insurance Program
 For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (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					
2017	0.02299%	\$ 345,000	\$ 4,240,178	8.14%	48.86%
Component Unit School Board (nonprofessional)					
2017	0.00368%	\$ 55,000	\$ 678,586	8.11%	48.86%
Component Unit School Board (professional)					
2017	0.06019%	\$ 906,000	\$ 11,102,273	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, 2017 through June 30, 2018

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					
2018	\$ 23,016	\$ 23,016	\$ -	\$ 4,426,060	0.52%
2017	22,049	22,049	-	4,240,178	0.52%
Component Unit School Board (nonprofessional)					
2018	\$ 3,499	\$ 3,499	\$ -	\$ 672,919	0.52%
2017	3,529	3,529	-	678,586	0.52%
Component Unit School Board (professional)					
2018	\$ 59,350	\$ 59,350	\$ -	\$ 11,413,497	0.52%
2017	57,732	57,732	-	11,102,273	0.52%

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

Notes to Required Supplementary Information
 Group Life Insurance Program
 For the Year Ended June 30, 2018

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:

General State 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	
Line of Duty Disability	Increased rate from 14% to 25%	

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	

SPORS Employees

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

VaLORS Employees

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

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2018 (Continued)

JRS Employees

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

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 School Board's Share of Net OPEB Liability
Teacher Health Insurance Credit Program (HIC)
For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2017	0.14051% \$	1,783,000 \$	11,089,399	16.08%	7.04%

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

Schedule of Employer Contributions
Teacher Health Insurance Credit Program (HIC)
For the Years Ended June 30, 2009 through June 30, 2018

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)
2018	\$ 139,914	\$ 139,914	\$ -	\$ 11,375,134	1.23%
2017	136,400	123,092	13,308	11,089,399	1.11%

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.

Notes to Required Supplementary Information
 Teacher Health Insurance Credit Program (HIC)
 For the Year Ended June 30, 2018

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

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

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Primary Government
 For the Year Ended June 30, 2018

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 7,400
Interest	6,900
Changes in assumptions	-
Differences between expected and actual experience	-
Benefit payments	(2,800)
Net change in total OPEB liability	<u>\$ 11,500</u>
Total OPEB liability - beginning	<u>187,400</u>
Total OPEB liability - ending	<u><u>\$ 198,900</u></u>
 Covered-employee payroll	 \$ 4,071,300
 County's total OPEB liability (asset) as a percentage of covered-employee payroll	 4.89%

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 Year Ended June 30, 2018

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 85,700
Interest	47,500
Changes in assumptions	-
Differences between expected and actual experience	-
Benefit payments	(50,700)
Net change in total OPEB liability	<u>\$ 82,500</u>
Total OPEB liability - beginning	<u>1,273,500</u>
Total OPEB liability - ending	<u><u>\$ 1,356,000</u></u>
 Covered-employee payroll	 \$ 10,484,900
 County's total OPEB liability (asset) as a percentage of covered-employee payroll	 12.93%

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

Notes to Required Supplementary Information - County and Component Unit School Board OPEB
For the Year Ended June 30, 2018

County:

Valuation Date: 7/1/2017

Measurement Date: 6/30/2017

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	3.56% as of June 30, 2017
Inflation	2.50% per year as of June 30, 2017; 2.50% per year as of June 30, 2018
Healthcare Trend Rate	The healthcare trend rate assumption starts at 7.70% in 2017 and gradually declines to 5.50%
Salary Increase Rates	The salary increase rate starts at 2.50% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RPH-2014 Total Dataset Mortality Table fully generational using scale MP-2017. The mortality rates for disabled retirees and calculated using the PRH-2017 Disabled Mortality Table fully generational using scale MP-2017.

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Fund	Permanent Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 55	\$ -	\$ 55
Due from other funds	4,203	-	4,203
Restricted assets:			
Investments	-	220,745	220,745
Permanently restricted:			
Investments	-	100,000	100,000
Total assets	<u>\$ 4,258</u>	<u>\$ 320,745</u>	<u>\$ 325,003</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,203	\$ -	\$ 4,203
Total liabilities	<u>\$ 4,203</u>	<u>\$ -</u>	<u>\$ 4,203</u>
Fund balances:			
Nonspendable:			
Permanent fund corpus	\$ -	\$ 100,000	\$ 100,000
Restricted:			
Library operations	-	220,745	220,745
Assigned:			
Library operations	55	-	55
Total fund balances	<u>\$ 55</u>	<u>\$ 320,745</u>	<u>\$ 320,800</u>
Total liabilities and fund balances	<u>\$ 4,258</u>	<u>\$ 320,745</u>	<u>\$ 325,003</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2018

	Special Revenue Fund	Permanent Fund	Total Nonmajor Funds
REVENUES			
Revenue from the use of money and property	\$ -	\$ 27,314	\$ 27,314
Charges for services	616	-	616
Miscellaneous	-	100	100
Intergovernmental:			
Commonwealth	48,118	-	48,118
Total revenues	<u>\$ 48,734</u>	<u>\$ 27,414</u>	<u>\$ 76,148</u>
EXPENDITURES			
Current:			
Parks, recreation, and cultural	\$ 258,612	\$ 7,411	\$ 266,023
Total expenditures	<u>\$ 258,612</u>	<u>\$ 7,411</u>	<u>\$ 266,023</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (209,878)</u>	<u>\$ 20,003</u>	<u>\$ (189,875)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>\$ 209,878</u>	<u>\$ -</u>	<u>\$ 209,878</u>
Net change in fund balances	\$ -	\$ 20,003	\$ 20,003
Fund balances - beginning	55	300,742	300,797
Fund balances - ending	<u><u>\$ 55</u></u>	<u><u>\$ 320,745</u></u>	<u><u>\$ 320,800</u></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund
For the Year Ended June 30, 2018

	Library Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 2,160	\$ 2,160	\$ 616	\$ (1,544)
Intergovernmental:				
Commonwealth	48,094	48,094	48,118	24
Total revenues	<u>\$ 50,254</u>	<u>\$ 50,254</u>	<u>\$ 48,734</u>	<u>\$ (1,520)</u>
EXPENDITURES				
Current:				
Parks, recreation, and cultural	<u>\$ 261,113</u>	<u>\$ 261,113</u>	<u>\$ 258,612</u>	<u>\$ 2,501</u>
Total expenditures	<u>\$ 261,113</u>	<u>\$ 261,113</u>	<u>\$ 258,612</u>	<u>\$ 2,501</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (210,859)</u>	<u>\$ (210,859)</u>	<u>\$ (209,878)</u>	<u>\$ 981</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 210,859</u>	<u>\$ 210,859</u>	<u>\$ 209,878</u>	<u>\$ (981)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	55	55
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55</u>	<u>\$ 55</u>

Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2018

	Agency Funds			
	Special Welfare	Virtual Virginia	Sheriff	Total
ASSETS				
Cash and cash equivalents	\$ 44,901	\$ 1,444,902	\$ 68,826	\$ 1,558,629
Total assets	<u>\$ 44,901</u>	<u>\$ 1,444,902</u>	<u>\$ 68,826</u>	<u>\$ 1,558,629</u>
LIABILITIES				
Amounts held for social services clients	\$ 44,901	\$ -	\$ -	\$ 44,901
Accounts and salaries payable	-	194,640	-	194,640
Amounts held for others	-	1,250,262	68,826	1,319,088
Total liabilities	<u>\$ 44,901</u>	<u>\$ 1,444,902</u>	<u>\$ 68,826</u>	<u>\$ 1,558,629</u>

Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2018

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 44,698	\$ 12,017	\$ 11,814	\$ 44,901
Liabilities:				
Amounts held for social services clients	\$ 44,698	\$ 12,017	\$ 11,814	\$ 44,901
Virtual Virginia Fund:				
Assets:				
Cash and cash equivalents	\$ 405,751	\$ 4,824,929	\$ 3,785,778	\$ 1,444,902
Due from other governments	337,279	-	337,279	-
Total assets	\$ 743,030	\$ 4,824,929	\$ 4,123,057	\$ 1,444,902
Liabilities:				
Accounts payable	\$ 198,686	\$ 194,640	\$ 198,686	\$ 194,640
Amounts held for others	544,344	4,630,289	3,924,371	1,250,262
Total liabilities	\$ 743,030	\$ 4,824,929	\$ 4,123,057	\$ 1,444,902
Sheriff Funds:				
Assets:				
Cash and cash equivalents	\$ 73,596	\$ 396,074	\$ 400,844	\$ 68,826
Liabilities:				
Amounts held for others	\$ 73,596	\$ 396,074	\$ 400,844	\$ 68,826
Totals -- All agency funds:				
Assets:				
Cash and cash equivalents	\$ 524,045	\$ 5,233,020	\$ 4,198,436	\$ 1,558,629
Due from other governments	337,279	-	337,279	-
Total assets	861,324	5,233,020	4,535,715	1,558,629
Liabilities:				
Amounts held for social services clients	\$ 44,698	\$ 12,017	\$ 11,814	\$ 44,901
Accounts and salaries payable	198,686	194,640	198,686	194,640
Amounts held for others	617,940	5,026,363	4,325,215	1,319,088
Total liabilities	\$ 861,324	\$ 5,233,020	\$ 4,535,715	\$ 1,558,629

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2018

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 887,601	\$ 36,921	\$ 924,522
School food inventory	-	32,429	32,429
Due from other governmental units	402,540	-	402,540
Prepaid items	307,940	-	307,940
Total assets	<u>\$ 1,598,081</u>	<u>\$ 69,350</u>	<u>\$ 1,667,431</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 78,554	\$ -	\$ 78,554
Accrued liabilities	887,396	36,001	923,397
Due to primary government	632,131	-	632,131
Total liabilities	<u>\$ 1,598,081</u>	<u>\$ 36,001</u>	<u>\$ 1,634,082</u>
Fund balances:			
Nonspendable:			
Inventory	\$ -	\$ 32,429	\$ 32,429
Prepaid items	307,940	-	307,940
Assigned to:			
Cafeteria operations	-	920	920
Unassigned	(307,940)	-	(307,940)
Total fund balances	<u>\$ -</u>	<u>\$ 33,349</u>	<u>\$ 33,349</u>
Total liabilities and fund balances	<u>\$ 1,598,081</u>	<u>\$ 69,350</u>	<u>\$ 1,667,431</u>

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

Total fund balances per above	\$ 33,349
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 19,579,150	
Accumulated depreciation	(12,975,967)	6,603,183

The net pension asset is not an available resource and, therefore, is not reported in the funds	210,851
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Deferred outflows of resources:		
Pension related items	\$ 2,108,210	
OPEB related items	190,824	2,299,034

Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, are not reported in the funds.

Net OPEB liabilities	\$ (4,100,000)	
Net pension liability	(17,424,000)	
Capital leases	(729,728)	
Deferred inflows of resources:		
Pension related items	(3,046,442)	
OPEB related items	(196,000)	(25,496,170)

Net position of governmental activities	\$ (16,349,753)
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2018

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ -	\$ 186	\$ 186
Charges for services	-	160,380	160,380
Miscellaneous	567,978	-	567,978
Intergovernmental:			
Local government	3,948,731	-	3,948,731
Commonwealth	13,435,964	11,553	13,447,517
Federal	1,400,504	628,770	2,029,274
Total revenues	\$ 19,353,177	\$ 800,889	\$ 20,154,066
EXPENDITURES			
Current:			
Education	\$ 19,222,444	\$ 818,979	\$ 20,041,423
Debt service:			
Principal retirement	104,229	-	104,229
Interest and other fiscal charges	26,334	-	26,334
Total expenditures	\$ 19,353,007	\$ 818,979	\$ 20,171,986
Excess (deficiency) of revenues over (under) expenditures	\$ 170	\$ (18,090)	\$ (17,920)
Net change in fund balances	\$ 170	\$ (18,090)	\$ (17,920)
Fund balances - beginning	(170)	51,439	51,269
Fund balances - ending	\$ -	\$ 33,349	\$ 33,349

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 \$ (17,920)

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

Capital outlay	\$ 159,903	
Depreciation expense	(566,356)	
Joint assets - net	106,000	(300,453)

The issuance of capital 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 104,229

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 net pension asset	\$ 201,815	
Change in net OPEB liabilities	147,500	
Change in net pension liability	2,869,000	
Change in compensated absences	7,479	
Change in deferred outflows of resources:		
Pension related items	(866,468)	
OPEB related items	6,824	
Change in deferred inflows of resources:		
Pension related items	(1,183,442)	
OPEB related items	(196,000)	986,708
Change in net position of governmental activities		\$ 772,564

COUNTY OF CHARLOTTE, 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, 2018

	School Operating 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	263,518	263,518	567,978	304,460
Intergovernmental:				
Local government	3,947,639	4,437,010	3,948,731	(488,279)
Commonwealth	13,259,196	13,737,484	13,435,964	(301,520)
Federal	1,371,975	1,596,663	1,400,504	(196,159)
Total revenues	\$ 18,842,328	\$ 20,034,675	\$ 19,353,177	\$ (681,498)
EXPENDITURES				
Current:				
Education	\$ 19,091,027	\$ 19,756,463	\$ 19,222,444	\$ 534,019
Debt service:				
Principal retirement	80,000	80,000	104,229	(24,229)
Interest and other fiscal charges	63,750	63,750	26,334	37,416
Total expenditures	\$ 19,234,777	\$ 19,900,213	\$ 19,353,007	\$ 547,206
Excess (deficiency) of revenues over (under) expenditures	\$ (392,449)	\$ 134,462	\$ 170	\$ (134,292)
Net change in fund balances	\$ (392,449)	\$ 134,462	\$ 170	\$ (134,292)
Fund balances - beginning	392,449	(134,462)	(170)	134,292
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

School Cafeteria Fund				
Budgeted Amounts		Actual	Variance with Final Budget	
Original	Final		Positive	(Negative)
\$ 110	\$ 110	\$ 186	\$ 76	
199,000	199,000	160,380	(38,620)	
-	-	-	-	
-	-	-	-	
12,485	12,485	11,553	(932)	
605,058	605,058	628,770	23,712	
<u>\$ 816,653</u>	<u>\$ 816,653</u>	<u>\$ 800,889</u>	<u>\$ (15,764)</u>	
\$ 1,020,258	\$ 1,020,258	\$ 818,979	\$ 201,279	
-	-	-	-	
-	-	-	-	
<u>\$ 1,020,258</u>	<u>\$ 1,020,258</u>	<u>\$ 818,979</u>	<u>\$ 201,279</u>	
<u>\$ (203,605)</u>	<u>\$ (203,605)</u>	<u>\$ (18,090)</u>	<u>\$ 185,515</u>	
\$ (203,605)	\$ (203,605)	\$ (18,090)	\$ 185,515	
203,605	203,605	51,439	(152,166)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,349</u>	<u>\$ 33,349</u>	

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- Supporting Schedules -

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

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	\$ 4,805,000	\$ 4,805,000	\$ 4,923,668	\$ 118,668
Real and personal public service corporation taxes	419,000	419,000	503,815	84,815
Personal property taxes	2,600,000	2,600,000	2,839,456	239,456
Mobile home taxes	31,000	31,000	33,586	2,586
Machinery and tools taxes	300,000	300,000	354,855	54,855
Merchant's capital taxes	28,000	28,000	30,609	2,609
Penalties	80,000	80,000	105,199	25,199
Interest	55,000	55,000	54,579	(421)
Total general property taxes	\$ 8,318,000	\$ 8,318,000	\$ 8,845,767	\$ 527,767
Other local taxes:				
Local sales and use taxes	\$ 580,000	\$ 580,000	\$ 575,888	\$ (4,112)
Consumer utility taxes	228,000	228,000	227,180	(820)
Motor vehicle licenses	313,000	313,000	311,792	(1,208)
Taxes on recordation and wills	42,500	42,500	67,827	25,327
Utility consumption taxes	31,000	31,000	32,391	1,391
Total other local taxes	\$ 1,194,500	\$ 1,194,500	\$ 1,215,078	\$ 20,578
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 6,000	\$ 6,000	\$ 7,649	\$ 1,649
Transfer fees	450	450	504	54
Permits and other licenses	41,100	41,100	54,933	13,833
Total permits, privilege fees, and regulatory licenses	\$ 47,550	\$ 47,550	\$ 63,086	\$ 15,536
Fines and forfeitures:				
Court fines and forfeitures	\$ 160,000	\$ 160,000	\$ 198,866	\$ 38,866
Revenue from use of money and property:				
Revenue from use of money	\$ 31,000	\$ 31,000	\$ 62,346	\$ 31,346
Revenue from use of property	205,585	205,585	206,018	433
Total revenue from use of money and property	\$ 236,585	\$ 236,585	\$ 268,364	\$ 31,779
Charges for services:				
Charges for work release/inmate fees	\$ 91,633	\$ 91,633	\$ 93,492	\$ 1,859
Charges for law enforcement and traffic control	5,000	5,000	8,446	3,446
Jail bed days - other localities	110,000	110,000	128,995	18,995
Law library fees	1,000	1,000	1,187	187
Courthouse security fees	32,000	32,000	35,103	3,103
Courthouse maintenance fees	17,200	17,200	19,814	2,614
Charges for Commonwealth's Attorney	600	600	1,006	406
School charges for sheriff	185,000	185,000	178,369	(6,631)
Charges for sanitation and waste removal	55,000	55,000	371,439	316,439
Total charges for services	\$ 497,433	\$ 497,433	\$ 837,851	\$ 340,418

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 439,323	\$ 458,884	\$ 477,072	\$ 18,188
Total revenue from local sources	\$ 10,893,391	\$ 10,912,952	\$ 11,906,084	\$ 993,132
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carrier tax	\$ 74,500	\$ 74,500	\$ 74,614	\$ 114
Mobile home titling tax	10,000	10,000	15,538	5,538
Tax on deeds (grantor tax)	22,000	22,000	16,318	(5,682)
Auto rental tax	400	400	2,165	1,765
Communication sales and use tax	124,000	124,000	117,459	(6,541)
Personal property tax relief funds	686,900	686,900	686,910	10
Total noncategorical aid	\$ 917,800	\$ 917,800	\$ 913,004	\$ (4,796)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 156,144	\$ 156,144	\$ 156,662	\$ 518
Sheriff	1,217,006	1,217,006	1,213,249	(3,757)
Commissioner of revenue	75,957	75,957	76,446	489
Treasurer	89,827	89,827	91,251	1,424
Registrar/electoral board	39,656	39,656	37,399	(2,257)
DMV license agent	23,000	23,000	28,222	5,222
Clerk of the Circuit Court	191,000	191,000	209,622	18,622
Total shared expenses	\$ 1,792,590	\$ 1,792,590	\$ 1,812,851	\$ 20,261
Other categorical aid:				
Litter control	\$ 10,607	\$ 10,607	\$ 10,194	\$ (413)
Fire programs funds	30,000	34,953	34,953	-
Prisoner days	180,000	180,000	185,156	5,156
VJCCCA grant	87,030	87,030	61,542	(25,488)
WIB fiscal agent fees	20,000	20,000	20,000	-
Victim witness	16,787	16,787	14,370	(2,417)
E911 wireless	44,000	44,000	46,333	2,333
Public assistance and welfare administration	1,884,951	1,884,951	708,300	(1,176,651)
Comprehensive services act funds	773,400	931,702	870,273	(61,429)
Emergency services	12,600	12,600	329	(12,271)
Other categorical aid	-	1,720	1,286	(434)
Total other categorical aid	\$ 3,059,375	\$ 3,224,350	\$ 1,952,736	\$ (1,271,614)
Total categorical aid	\$ 4,851,965	\$ 5,016,940	\$ 3,765,587	\$ (1,251,353)
Total revenue from the Commonwealth	\$ 5,769,765	\$ 5,934,740	\$ 4,678,591	\$ (1,256,149)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018 (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:				
BAB subsidy	\$ 63,750	\$ 63,750	\$ 63,750	\$ -
Payments in lieu of taxes	3,000	3,000	9,344	6,344
Total noncategorical aid	<u>\$ 66,750</u>	<u>\$ 66,750</u>	<u>\$ 73,094</u>	<u>\$ 6,344</u>
Categorical aid:				
Emergency services	\$ 7,500	\$ 7,500	\$ 7,500	\$ -
LLE block grant	-	-	2,253	2,253
Victim witness	50,361	50,361	43,110	(7,251)
Welfare administration and assistance	47,000	47,000	1,279,309	1,232,309
Workforce investment act	2,409,564	2,409,564	1,494,486	(915,078)
Ground transportation grant	10,600	10,600	8,580	(2,020)
Total categorical aid	<u>\$ 2,525,025</u>	<u>\$ 2,525,025</u>	<u>\$ 2,835,238</u>	<u>\$ 310,213</u>
Total revenue from the federal government	<u>\$ 2,591,775</u>	<u>\$ 2,591,775</u>	<u>\$ 2,908,332</u>	<u>\$ 316,557</u>
Total General Fund	<u><u>\$ 19,254,931</u></u>	<u><u>\$ 19,439,467</u></u>	<u><u>\$ 19,493,007</u></u>	<u><u>\$ 53,540</u></u>
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 87,893	\$ 87,893
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Bus rebate	\$ -	\$ 180,000	\$ 180,000	\$ -
Total Capital Projects Fund	<u><u>\$ -</u></u>	<u><u>\$ 180,000</u></u>	<u><u>\$ 267,893</u></u>	<u><u>\$ 87,893</u></u>
Nonmajor Funds:				
Special Revenue Fund:				
Library Fund:				
Revenue from local sources:				
Charges for services:				
Other charges for services	\$ 2,160	\$ 2,160	\$ 616	(1,544)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
State library funds	\$ 48,094	\$ 48,094	\$ 48,118	\$ 24
Total Library Fund	<u><u>\$ 50,254</u></u>	<u><u>\$ 50,254</u></u>	<u><u>\$ 48,734</u></u>	<u><u>\$ (1,520)</u></u>
Permanent Fund:				
Library Trust Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 27,314	\$ 27,314
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,314</u>	<u>\$ 27,314</u>
Total revenue from local sources	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 27,314</u></u>	<u><u>\$ 27,314</u></u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2018 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Permanent Fund: (Continued)				
Library Trust Fund: (Continued)				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 100	\$ 100
Total Library Trust Fund	\$ -	\$ -	\$ 27,414	\$ 27,414
Total Nonmajor funds	\$ 50,254	\$ 50,254	\$ 76,148	\$ 25,894
Total Primary Government	\$ 19,305,185	\$ 19,669,721	\$ 19,837,048	\$ 167,327
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ 263,518	\$ 263,518	\$ 567,978	\$ 304,460
Total revenue from local sources	\$ 263,518	\$ 263,518	\$ 567,978	\$ 304,460
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Charlotte, Virginia	\$ 3,947,639	\$ 4,437,010	\$ 3,948,731	\$ (488,279)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,048,315	\$ 2,048,315	\$ 1,937,835	\$ (110,480)
Basic school aid	6,711,542	6,711,542	6,554,236	(157,306)
Remedial education	262,727	263,846	259,368	(4,478)
GED	7,859	72,897	8,294	(64,603)
Gifted and talented	64,341	65,961	64,842	(1,119)
Remedial summer education	57,191	41,491	44,856	3,365
Special education	1,045,546	1,049,998	1,032,178	(17,820)
Textbook payment	147,153	147,780	145,272	(2,508)
Vocational education	238,599	270,447	255,118	(15,329)
Fringe Benefits	1,422,532	1,421,535	1,464,721	43,186
Homebound	19,167	16,224	20,345	4,121
Class size reduction	234,174	236,797	220,728	(16,069)
English as a second language	5,790	7,334	8,312	978
Algebra readiness	30,028	31,964	34,532	2,568
Regional programs	53,558	59,505	44,163	(15,342)
Technology	180,000	180,000	180,000	-
Workplace	-	-	677	677
At risk	560,325	557,767	562,881	5,114
Early reading	46,287	46,287	42,079	(4,208)
Other state funds	124,062	507,794	555,527	47,733
Total categorical aid	\$ 13,259,196	\$ 13,737,484	\$ 13,435,964	\$ (301,520)
Total revenue from the Commonwealth	\$ 13,259,196	\$ 13,737,484	\$ 13,435,964	\$ (301,520)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2018 (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 I	\$ 563,192	\$ 685,070	\$ 532,824	\$ (152,246)
Title VI-B, special education flow-through	437,000	445,536	400,030	(45,506)
Vocational education	-	41,309	55,514	14,205
Title VI-B, special education pre-school	17,430	17,959	17,959	-
EESA - Title II	100,384	98,801	112,140	13,339
Education technology	40,000	82,075	112,790	30,715
Rural schools	166,953	38,960	32,110	(6,850)
Title IV Part B	37,438	166,953	119,478	(47,475)
Summer food service	9,578	20,000	17,659	(2,341)
Total categorical aid	<u>\$ 1,371,975</u>	<u>\$ 1,596,663</u>	<u>\$ 1,400,504</u>	<u>\$ (196,159)</u>
Total School Operating Fund	<u>\$ 18,842,328</u>	<u>\$ 20,034,675</u>	<u>\$ 19,353,177</u>	<u>\$ (681,498)</u>
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 110	\$ 110	\$ 186	\$ 76
Charges for services:				
Cafeteria sales	\$ 199,000	\$ 199,000	\$ 160,380	\$ (38,620)
Total revenue from local sources	<u>\$ 199,110</u>	<u>\$ 199,110</u>	<u>\$ 160,566</u>	<u>\$ (38,544)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 12,485	\$ 12,485	\$ 11,553	\$ (932)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 605,058	\$ 605,058	\$ 628,770	\$ 23,712
Total intergovernmental	<u>\$ 617,543</u>	<u>\$ 617,543</u>	<u>\$ 640,323</u>	<u>\$ 22,780</u>
Total School Cafeteria Fund	<u>\$ 816,653</u>	<u>\$ 816,653</u>	<u>\$ 800,889</u>	<u>\$ (15,764)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 19,658,981</u>	<u>\$ 20,851,328</u>	<u>\$ 20,154,066</u>	<u>\$ (697,262)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 143,280	\$ 143,280	\$ 121,470	\$ 21,810
General and financial administration:				
County administrator	\$ 401,962	\$ 401,962	\$ 383,660	\$ 18,302
Professional services	63,700	63,700	63,296	404
Commissioner of revenue	257,025	257,025	252,560	4,465
Reassessment	125,000	125,000	-	125,000
Treasurer	310,742	310,742	286,569	24,173
County attorney	25,270	25,270	8,073	17,197
Total general and financial administration	\$ 1,183,699	\$ 1,183,699	\$ 994,158	\$ 189,541
Board of elections:				
Electoral board and officials	\$ 40,104	\$ 40,104	\$ 31,165	\$ 8,939
Registrar	104,031	104,031	96,836	7,195
Total board of elections	\$ 144,135	\$ 144,135	\$ 128,001	\$ 16,134
Total general government administration	\$ 1,471,114	\$ 1,471,114	\$ 1,243,629	\$ 227,485
Judicial administration:				
Courts:				
Circuit court	\$ 17,675	\$ 17,675	\$ 12,706	\$ 4,969
General district court	7,800	7,800	3,705	4,095
Juvenile and domestic relations court	5,160	5,160	4,365	795
Special magistrates	2,100	2,100	1,281	819
Clerk of the circuit court	342,365	342,365	328,622	13,743
Total courts	\$ 375,100	\$ 375,100	\$ 350,679	\$ 24,421
Commonwealth's attorney:				
Commonwealth's attorney	\$ 232,057	\$ 232,057	\$ 228,046	\$ 4,011
Total judicial administration	\$ 607,157	\$ 607,157	\$ 578,725	\$ 28,432
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,917,180	\$ 1,958,708	\$ 1,877,855	\$ 80,853
Witness assistance	67,148	67,148	57,534	9,614
Dare	12,947	14,425	5,614	8,811
Asset forfeiture	8,055	9,589	-	9,589
E-911 system	216,253	284,724	281,543	3,181
Total law enforcement and traffic control	\$ 2,221,583	\$ 2,334,594	\$ 2,222,546	\$ 112,048

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018 (Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Fire services	\$ 369,541	\$ 554,494	\$ 561,817	\$ (7,323)
Rescue squad	126,602	126,602	108,873	17,729
Division of forestry	19,760	19,760	19,758	2
Total fire and rescue services	<u>\$ 515,903</u>	<u>\$ 700,856</u>	<u>\$ 690,448</u>	<u>\$ 10,408</u>
Correction and detention:				
Sheriff	\$ 1,558,690	\$ 1,566,705	\$ 1,561,640	\$ 5,065
VJCCA	220,730	220,730	90,378	130,352
Total correction and detention	<u>\$ 1,779,420</u>	<u>\$ 1,787,435</u>	<u>\$ 1,652,018</u>	<u>\$ 135,417</u>
Inspections:				
Building	<u>\$ 71,479</u>	<u>\$ 71,479</u>	<u>\$ 70,828</u>	<u>\$ 651</u>
Other protection:				
Animal control	\$ 25,928	\$ 25,928	\$ 24,141	\$ 1,787
Medical examiner	500	500	180	320
Total other protection	<u>\$ 26,428</u>	<u>\$ 26,428</u>	<u>\$ 24,321</u>	<u>\$ 2,107</u>
Total public safety	<u>\$ 4,614,813</u>	<u>\$ 4,920,792</u>	<u>\$ 4,660,161</u>	<u>\$ 260,631</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	<u>\$ 799,125</u>	<u>\$ 799,125</u>	<u>\$ 793,426</u>	<u>\$ 5,699</u>
Maintenance of general buildings and grounds:				
General properties	\$ 593,244	\$ 659,086	\$ 584,909	\$ 74,177
Canneries	1,000	1,000	1,000	-
Total maintenance of general buildings and grounds	<u>\$ 594,244</u>	<u>\$ 660,086</u>	<u>\$ 585,909</u>	<u>\$ 74,177</u>
Total public works	<u>\$ 1,393,369</u>	<u>\$ 1,459,211</u>	<u>\$ 1,379,335</u>	<u>\$ 79,876</u>
Health and welfare:				
Health:				
Supplement of local health department	<u>\$ 129,590</u>	<u>\$ 129,590</u>	<u>\$ 124,198</u>	<u>\$ 5,392</u>
Mental health and mental retardation:				
Crossroads Board	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ -</u>
Welfare:				
Public assistance	\$ 2,614,402	\$ 2,614,402	\$ 2,400,045	\$ 214,357
Workforce investment	2,409,564	2,409,564	1,572,757	836,807
Comprehensive services act	1,050,600	1,253,655	1,216,706	36,949
Total welfare	<u>\$ 6,074,566</u>	<u>\$ 6,277,621</u>	<u>\$ 5,189,508</u>	<u>\$ 1,088,113</u>
Total health and welfare	<u>\$ 6,274,156</u>	<u>\$ 6,477,211</u>	<u>\$ 5,383,706</u>	<u>\$ 1,093,505</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018 (Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to Community Colleges	\$ 4,916	\$ 4,916	\$ 4,916	\$ -
Contribution to County school board	3,947,639	4,437,010	3,948,731	488,279
Total education	<u>\$ 3,952,555</u>	<u>\$ 4,441,926</u>	<u>\$ 3,953,647</u>	<u>\$ 488,279</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation youth league	\$ 25,000	\$ 25,000	\$ 14,561	\$ 10,439
Cultural enrichment:				
Red hill shrine	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
Adult programs	73,185	73,185	72,185	1,000
Total cultural enrichment	<u>\$ 75,685</u>	<u>\$ 75,685</u>	<u>\$ 74,685</u>	<u>\$ 1,000</u>
Total parks, recreation, and cultural	<u>\$ 100,685</u>	<u>\$ 100,685</u>	<u>\$ 89,246</u>	<u>\$ 11,439</u>
Community development:				
Planning and community development:				
Planning	\$ 23,200	\$ 24,486	\$ 19,836	\$ 4,650
Zoning appeals board	2,600	2,600	-	2,600
Economic development	22,686	22,686	17,686	5,000
Total planning and community development	<u>\$ 48,486</u>	<u>\$ 49,772</u>	<u>\$ 37,522</u>	<u>\$ 12,250</u>
Environmental management:				
Contribution to soil and water district	\$ 140,175	\$ 150,420	\$ 150,410	\$ 10
Cooperative extension program:				
Extension office	\$ 54,840	\$ 54,840	\$ 55,541	\$ (701)
Total community development	<u>\$ 243,501</u>	<u>\$ 255,032</u>	<u>\$ 243,473</u>	<u>\$ 11,559</u>
Nondepartmental:				
Fixed charges	\$ 133,420	\$ 133,420	\$ 122,186	\$ 11,234
Total nondepartmental	<u>\$ 133,420</u>	<u>\$ 133,420</u>	<u>\$ 122,186</u>	<u>\$ 11,234</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 170,000	\$ (170,000)
Interest and other fiscal charges	578,169	651,301	625,051	26,250
Total debt service	<u>\$ 578,169</u>	<u>\$ 651,301</u>	<u>\$ 795,051</u>	<u>\$ (143,750)</u>
Total General Fund	<u>\$ 19,368,939</u>	<u>\$ 20,517,849</u>	<u>\$ 18,449,159</u>	<u>\$ 2,068,690</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018 (Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Fund:				
Capital projects:				
New courthouse project	\$ 6,744,615	\$ 8,935,965	\$ 8,659,964	\$ 276,001
Eureka HVAC and roof	3,000,000	3,000,000	2,938,418	61,582
School buses and renovations	1,800,000	3,180,000	2,153,221	1,026,779
Debt service:				
Bond issuance costs	-	100,000	95,582	4,418
Total Capital Projects Fund	<u>\$ 11,544,615</u>	<u>\$ 15,215,965</u>	<u>\$ 13,847,185</u>	<u>\$ 1,368,780</u>
Nonmajor Funds:				
Special Revenue Fund:				
Library Fund				
Parks, recreation, and cultural:				
Library	\$ 261,113	\$ 261,113	\$ 258,612	\$ 2,501
Total Library Fund	<u>\$ 261,113</u>	<u>\$ 261,113</u>	<u>\$ 258,612</u>	<u>\$ 2,501</u>
Permanent Fund:				
Library Trust Fund				
Parks, recreation, and cultural:				
Library	\$ -	\$ -	\$ 7,411	\$ (7,411)
Total Library Trust Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,411</u>	<u>\$ (7,411)</u>
Total Nonmajor funds	<u>\$ 261,113</u>	<u>\$ 261,113</u>	<u>\$ 266,023</u>	<u>\$ (4,910)</u>
Total Primary Government	<u>\$ 31,174,667</u>	<u>\$ 35,994,927</u>	<u>\$ 32,562,367</u>	<u>\$ 3,432,560</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Education costs:				
Elementary and secondary schools	\$ 14,674,177	\$ 15,227,613	\$ 14,738,231	\$ 489,382
Administration attendance and health services	929,461	941,461	987,810	(46,349)
Pupil transportation	1,519,700	1,519,700	1,558,007	(38,307)
Operation and maintenance of school plant	1,967,689	2,067,689	1,938,396	129,293
Total education	<u>\$ 19,091,027</u>	<u>\$ 19,756,463</u>	<u>\$ 19,222,444</u>	<u>\$ 534,019</u>
Debt service:				
Principal retirement	\$ 80,000	\$ 80,000	\$ 104,229	\$ (24,229)
Interest and other fiscal charges	63,750	63,750	26,334	37,416
Total debt service	<u>\$ 143,750</u>	<u>\$ 143,750</u>	<u>\$ 130,563</u>	<u>\$ 13,187</u>
Total School Operating Fund	<u>\$ 19,234,777</u>	<u>\$ 19,900,213</u>	<u>\$ 19,353,007</u>	<u>\$ 547,206</u>
Special revenue fund:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,020,258	\$ 1,020,258	\$ 818,979	\$ 201,279
Total School Cafeteria Fund	<u>\$ 1,020,258</u>	<u>\$ 1,020,258</u>	<u>\$ 818,979</u>	<u>\$ 201,279</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 20,255,035</u>	<u>\$ 20,920,471</u>	<u>\$ 20,171,986</u>	<u>\$ 748,485</u>

- Other Statistical Information -

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COUNTY OF CHARLOTTE, VIRGINIA

Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government		Judicial Administration	Public Safety		Public Works	Health and Welfare		Education	Parks, Recreation, and Cultural		Community Development	Interest on Long-Term Debt		Total
	Administration														
2008-09	\$ 1,170,626	\$ 602,610	\$ 3,733,311	\$ 1,127,597	\$ 4,857,792	\$ 3,152,675	\$ 309,900	\$ 478,363	\$ 129,807	\$ 15,562,681					
2009-10	1,175,629	549,960	3,301,492	603,238	6,305,896	3,216,899	320,954	2,526,132	97,682	18,097,882					
2010-11	1,239,455	569,155	3,588,708	1,392,987	5,443,673	3,704,470	333,627	565,944	102,899	16,940,918					
2011-12	1,467,594	560,488	3,617,834	1,213,874	5,184,311	4,195,289	309,725	922,497	92,060	17,563,672					
2012-13	1,443,296	605,104	3,712,218	1,183,134	5,455,050	4,906,144	300,895	259,403	111,091	17,976,335					
2013-14	1,394,498	617,495	4,117,916	1,210,398	5,231,004	3,898,251	329,270	333,780	87,107	17,219,719					
2014-15	1,323,096	599,410	4,098,244	1,215,782	5,344,807	4,164,205	328,364	265,568	64,552	17,404,028					
2015-16	1,324,440	522,473	4,413,589	1,249,862	5,311,449	3,342,859	322,956	880,479	531,702	17,899,809					
2016-17	1,413,203	200,636	4,244,904	1,474,975	5,650,959	3,496,953	348,367	215,733	444,203	17,489,933					
2017-18	1,484,642	583,483	4,562,360	1,358,053	5,332,595	3,556,731	306,880	236,461	759,288	18,180,493					

COUNTY OF CHARLOTTE, VIRGINIA

Table 2

Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES							
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General			Other		Unrestricted		Grants and Contributions Not Restricted to Specific Programs
				Property Taxes	Local Taxes	Investment Earnings	Miscellaneous				
2008-09	\$ 467,923	\$ 7,036,608	\$ 652,657	\$ 6,416,117	\$ 1,178,829	\$ 268,040	\$ 600,052	\$ 1,329,928	\$ 17,950,154		
2009-10	626,193	8,590,253	87,343	6,078,882	1,017,490	286,739	683,153	1,776,238	19,146,291		
2010-11	675,278	6,595,190	-	9,332,210	1,176,624	285,420	709,739	749,669	19,524,130		
2011-12	623,029	7,121,806	-	6,443,161	1,053,969	203,431	740,907	842,788	17,029,091		
2012-13	666,104	6,451,959	-	6,637,649	1,099,381	250,885	664,065	1,011,234	16,781,277		
2013-14	774,868	6,514,563	2,706	7,623,280	1,144,264	252,857	684,849	1,034,590	18,031,977		
2014-15	734,320	6,583,012	4,650	7,751,434	1,199,274	247,787	576,435	986,389	18,083,301		
2015-16	670,452	6,754,669	-	8,484,155	1,193,246	274,082	414,617	1,483,133	19,274,354		
2016-17	870,501	6,907,933	-	8,723,038	1,273,165	385,514	564,923	1,023,144	19,748,218		
2017-18	1,100,419	6,828,943	-	8,873,499	1,215,078	383,570	477,171	986,098	19,864,778		

COUNTY OF CHARLOTTE, VIRGINIA

Table 3

General Governmental Expenditures by Function (1) (2)

Last Ten Fiscal Years

Fiscal Year	General Government Administration			Judicial Administration	Public Safety		Public Works	Health and Welfare		Parks, Recreation, and Cultural		Community Development		Non-Departmental	Capital Projects		Debt Service	Total				
	\$		\$		\$	\$		\$	\$	\$	\$	\$	\$		\$							
2008-09	\$	1,023,597	\$	565,689	\$	3,714,469	\$	1,100,126	\$	4,849,312	\$	21,571,857	\$	308,321	\$	1,897,890	\$	-	\$	846,744	\$	35,878,005
2009-10		1,022,532		520,384		3,381,657		1,247,171		6,271,008		20,513,605		313,651		2,524,469		-		882,174		36,676,651
2010-11		1,087,620		539,281		3,594,502		1,443,796		5,410,945		20,001,521		324,954		563,281		-		774,910		33,740,810
2011-12		1,311,671		530,529		3,560,627		1,176,084		5,167,086		19,798,252		309,374		920,971		-		1,751,310		34,525,904
2012-13		1,319,692		575,456		3,831,711		1,174,795		5,417,806		21,131,797		339,939		259,147		-		682,697		34,733,040
2013-14		1,258,647		587,717		4,087,186		1,138,119		5,228,491		20,231,367		320,409		333,384		-		650,993		33,836,313
2014-15		1,387,020		581,314		4,134,125		1,157,675		5,429,748		19,888,924		321,002		270,683		-		557,717		33,728,208
2015-16		1,214,326		608,872		4,330,787		1,165,377		5,348,625		19,511,653		321,080		896,048		-		860,330		34,257,098
2016-17		1,314,206		581,723		4,480,463		1,391,332		5,682,287		19,662,452		348,714		217,818		125,164		774,628		38,716,220
2017-18		1,243,629		578,725		4,660,161		1,379,335		5,383,706		20,046,339		355,269		243,473		122,186		1,021,196		48,785,622

(1) Includes General, Special Revenue Funds, and Permanent Funds of the primary government and its discretely presented component unit, except for capital projects and nondepartmental.

(2) General fund contributions to the School Board are not included.

COUNTY OF CHARLOTTE, VIRGINIA

Table 4

General Governmental Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes (2)	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (3)	Total
2008-09	\$ 7,091,372	\$ 1,178,829	\$ 33,431	\$ 150,785	\$ 274,422	\$ 753,038	\$ 896,069	\$ -	\$ 26,125,514	\$ 36,503,460
2009-10	6,796,248	1,017,490	52,931	166,714	288,265	879,103	1,003,439	-	26,965,640	37,169,830
2010-11	9,771,363	1,176,624	50,015	133,944	286,728	958,296	1,098,833	-	22,573,541	36,049,344
2011-12	7,141,599	1,053,969	57,974	163,470	206,015	825,807	1,395,333	-	23,255,678	34,099,845
2012-13	7,314,529	1,099,381	45,241	179,309	251,665	781,881	1,062,335	-	23,389,751	34,124,092
2013-14	8,231,883	1,144,264	53,642	170,134	253,330	815,356	932,933	-	22,660,056	34,261,598
2014-15	8,479,959	1,199,274	48,342	163,519	248,172	801,482	1,070,916	-	22,128,720	34,140,384
2015-16	9,024,457	1,193,246	39,231	137,887	274,325	681,461	786,122	-	22,978,904	35,115,633
2016-17	9,355,908	1,273,165	67,514	171,807	385,684	858,970	809,462	-	23,095,127	36,017,637
2017-18	9,532,677	1,215,078	63,086	198,866	383,756	998,847	1,045,150	-	22,604,922	36,042,382

(1) Includes General, Special Revenue Funds and Permanent Funds of the primary government and its discretely presented component unit.

(2) Includes Commonwealth of Virginia PPTRA reimbursement.

(3) General fund contributions to the School Board are not included.

COUNTY OF CHARLOTTE, VIRGINIA

Table 5

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)		Current Tax (1), (3) Collections		Percent of Levy Collected	Delinquent (1) Tax (2) Collections		Total Tax Collections	Percent of Total Tax Collections to Tax Levy		Outstanding Delinquent Taxes (1)		Percent of Delinquent Taxes to Tax Levy	
2008-09	\$	7,093,544	\$	6,810,979	96.02%	\$	155,161	\$	6,966,140	98.20%	\$	391,164	5.51%	
2009-10		6,532,177		6,463,416	98.95%		210,276		6,673,692	102.17%		406,270	6.22%	
2010-11		9,954,838		9,407,507	94.50%		218,401		9,625,908	96.70%		801,307	8.05%	
2011-12		6,408,642		6,378,940	99.54%		619,938		6,998,878	109.21%		611,439	9.54%	
2012-13		6,585,952		6,190,451	93.99%		437,168		6,627,619	100.63%		622,182	9.45%	
2013-14		7,463,161		6,821,614	91.40%		723,359		7,544,973	101.10%		769,679	10.31%	
2014-15		7,684,759		7,048,066	91.71%		744,983		7,793,049	101.41%		705,643	9.18%	
2015-16		8,273,289		7,657,365	92.56%		680,182		8,337,547	100.78%		834,447	10.09%	
2016-17		8,607,788		7,943,358	92.28%		563,580		8,506,938	98.83%		855,507	9.94%	
2017-18		8,790,027		7,980,087	90.79%		705,776		8,685,863	98.81%		1,028,980	11.71%	

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Includes Commonwealth of Virginia PPTRA reimbursement.

COUNTY OF CHARLOTTE, VIRGINIA

Table 6

Assessed Value of Taxable Property
Last Ten Fiscal Years (1)

Fiscal Year	Real Estate	Personal Property	Machinery and Tools				Public Service	Total
			Mobile Homes	Merchants' Capital				
2008-09	\$ 953,460,850	\$ 86,840,009	\$ 6,863,850	\$ 6,389,078	\$ 831,637	\$ 56,355,953	\$ 1,110,741,377	
2009-10	961,990,800	67,884,109	6,877,367	5,755,896	771,449	54,534,257	1,097,813,878	
2010-11	970,876,650	77,910,392	6,805,157	5,699,916	786,073	54,191,406	1,116,269,594	
2011-12	977,029,100	84,524,978	6,903,429	5,072,447	810,656	63,793,637	1,138,134,247	
2012-13	982,544,351	87,611,014	6,867,313	5,718,422	835,149	71,330,319	1,154,906,568	
2013-14	910,302,065	86,196,036	5,770,563	6,428,450	817,174	63,909,257	1,073,423,545	
2014-15	914,675,911	90,291,046	6,038,431	7,327,130	943,444	65,005,310	1,084,281,272	
2015-16	918,211,760	90,948,657	6,136,918	7,635,331	935,525	79,478,190	1,103,346,381	
2016-17	921,926,484	95,220,649	6,347,614	11,119,083	937,876	89,162,041	1,124,713,747	
2017-18	925,156,500	97,106,146	6,504,781	11,844,083	950,457	95,059,396	1,136,621,363	

(1) 100% of fair market value.

COUNTY OF CHARLOTTE, VIRGINIA

Table 7

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate		Personal Property		Mobile Homes		Machinery and Tools		Merchant's Capital	
2008-09	\$	0.42	\$	3.00	\$	0.42	\$	3.00	\$	3.20
2009-10		0.42		3.00		0.42		3.00		3.20
2010-11		0.42		3.00		0.42		3.00		3.20
2011-12		0.42		3.00		0.42		3.00		3.20
2012-13		0.42		3.00		0.42		3.00		3.20
2013-14		0.48		3.75		0.48		3.75		3.20
2014-15		0.48		3.75		0.48		3.75		3.20
2015-16		0.53		3.75		0.53		3.00		3.20
2016-17		0.53		3.75		0.53		3.00		3.20
2017-18		0.53		3.75		0.53		3.00		3.20

(1) Per \$100 of assessed value.

COUNTY OF CHARLOTTE, VIRGINIA

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2008-09	12,696	\$ 1,110,741,377	\$ 1,582,863	0.14%	\$ 125
2009-10	12,672	1,097,813,878	1,345,795	0.12%	106
2010-11	12,586	1,116,269,594	1,099,064	0.10%	87
2011-12	12,565	1,138,134,247	2,341,990	0.21%	186
2012-13	12,560	1,154,906,568	1,998,708	0.17%	159
2013-14	12,305	1,073,423,545	1,643,320	0.15%	134
2014-15	12,641	1,084,281,272	1,275,000	0.12%	101
2015-16	12,454	1,103,346,381	12,770,000	1.16%	1,025
2016-17	12,316	1,124,713,747	12,605,000	1.12%	1,023
2017-18	12,231	1,136,621,363	18,535,000	1.63%	1,515

(1) Weldon Cooper Center for Public Service.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt and Literary Fund Loans.
Excludes capital leases, premiums on bonds, net OPEB liabilities
net pension liability, landfill postclosure and corrective action liability,

COUNTY OF CHARLOTTE, VIRGINIA

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures(2)	Ratio of Debt Service to General Governmental Expenditures
2008-09	\$ 677,525	\$ 169,219	\$ 846,744	\$ 35,878,005	2.36%
2009-10	731,161	151,013	882,174	36,676,651	2.41%
2010-11	665,023	109,887	774,910	33,740,810	2.30%
2011-12	1,573,160	178,150	1,751,310	34,525,904	5.07%
2012-13	523,075	159,622	682,697	34,733,040	1.97%
2013-14	520,631	130,362	650,993	33,836,313	1.92%
2014-15	446,265	111,452	557,717	33,728,208	1.65%
2015-16	173,031	687,299	860,330	34,257,098	2.51%
2016-17	269,973	504,655	774,628	38,716,220	2.00%
2017-18	274,229	746,967	1,021,196	48,785,622	2.09%

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

(2) Excludes capital projects and nondepartmental.

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- Compliance -

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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 Charlotte, 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, discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Charlotte, Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County of Charlotte, Virginia's basic financial statements and have issued our report thereon dated November 27, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Charlotte, 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 Charlotte, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Charlotte, Virginia's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
November 27, 2018

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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 Charlotte, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Charlotte, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Charlotte, Virginia's major federal programs for the year ended June 30, 2018. County of Charlotte, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County of Charlotte, 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, 2018.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
November 27, 2018

COUNTY OF CHARLOTTE, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass-Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	950115	\$ 688
Temporary Assistance for Needy Families (TANF)	93.558	0400115 / 0400116	257,738
Refugee and Entrant Assistance - State Administered Programs	93.566	0500115 / 0500116	241
Low-Income Home Energy Assistance	93.568	0600415 / 0600416	21,758
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760115 / 0760116	25,862
Chafee Education and Training Vouchers Program	93.599	9160114	1,916
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900115 / 0900116	508
Foster Care - Title IV-E	93.658	1100115 / 1100116	191,961
Adoption Assistance	93.659	1120115 / 1120116	175,098
Social Services Block Grant	93.667	1000115 / 1000116	163,361
Chafee Foster Care Independence Program	93.674	9150115 / 9150116	3,226
Children's Health Insurance Program	93.767	0540115 / 0540116	8,051
Medical Assistance Program	93.778	1200115 / 1200116	206,103
Total Department of Health and Human Services			\$ 1,056,511
Department of Agriculture:			
Pass-Through Payments:			
Department of Agriculture:			
State Administrative Expenses for Child Nutrition	10.560	Unknown	\$ 34
Child Nutrition Cluster:			
Department of Agriculture:			
Summer Food Service Program for Children	10.559	Unknown	\$ 18,934
National School Lunch Program - Food Distribution	10.555	Unknown	\$ 57,706
Department of Education:			
National School Lunch Program	10.555	402540	380,347
School Breakfast Program	10.553	402530	189,408
Total Child Nutrition Cluster			\$ 646,395
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040115 / 0040116	201,901
Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort Under SNAP	10.596	Unknown	20,897
Total Department of Agriculture			\$ 869,227
Department of Justice:			
Pass-Through Payments:			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	Unknown	\$ 43,110
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Unknown	2,253
Total Department of Justice			\$ 45,363

COUNTY OF CHARLOTTE, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2018

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Labor:			
Pass-Through Payments:			
Virginia Community College System:			
Workforce Innovation Fund	17.283	Unknown	\$ 116,466
WIOA Cluster:			
WIA/WIOA Adult Program	17.258	Unknown	488,391
WIA/WIOA Youth Activities	17.259	Unknown	525,205
WIA/WIOA Dislocated Worker Formula Grants	17.278	Unknown	364,424
Total WIOA Cluster			\$ 1,378,020
Total Department of Labor			\$ 1,494,486
Department of Homeland Security			
Pass-Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	Unknown	\$ 7,500
Total Department of Homeland Security			\$ 7,500
Department of Transportation:			
Pass-Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL201513004240	\$ 8,580
Total Department of Transportation			\$ 8,580
Department of Education:			
Pass-Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	429010	\$ 532,824
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	430710	400,030
Special Education - Preschool Grants	84.173	625210	17,959
Total Special Education Cluster (IDEA)			\$ 417,989
Career and Technical Education - Basic Grants to States	84.048	610950	55,514
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	Unknown	112,790
Supporting Effective Instruction State Grant	84.367	614800 / 867390	112,140
Twenty-First Century Community Learning Centers	84.287	605650	119,478
Rural Education	84.358	434810	32,110
Total Department of Education			\$ 1,382,845
Total Expenditures of Federal Awards			\$ 4,864,512

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2018

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Charlotte, Virginia under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Charlotte, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Charlotte, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed.

Note 4 - Subrecipient Monitoring

No awards were passed through to subrecipients.

Note 5 - De Minimis Cost Rate

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

Note 6 - Loan Balances

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

Note 7 - 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	\$ 2,908,332
Less: Payments in lieu of taxes	(9,344)
Less: BAB Subsidy	(63,750)
Total General Fund	<u>2,835,238</u>
Total primary government	\$ <u>2,835,238</u>

Component Unit School Board:

School Operating Fund	\$ 1,400,504
School Cafeteria Fund	628,770
Total component unit School Board	\$ <u>2,029,274</u>

Total federal expenditures per basic financial statements	\$ <u>4,864,512</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>4,864,512</u></u>
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COUNTY OF CHARLOTTE, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
84.010	Title I Grants to Local Educational Agencies
93.558	Temporary Assistance to Needy Families (TANF)

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

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Prior Year Findings

There are no findings from the prior year.