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Financial Report For The Year Ended June 30, 2017

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

To the Honorable Members of the Board of Supervisors County of Prince Edward, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince Edward, Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince Edward, Virginia, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-13, 80, and 81-86 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.

Other Information

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

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

The 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 February 16, 2018, on our consideration of the County of Prince Edward, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County of Prince Edward, Virginia's internal control over financial reporting and compliance.

Robinson, farmy Cox Associates Charlottesville, Virginia

February 16, 2018



MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Board of Supervisors To the Citizens of the County of Prince Edward, Virginia

The management of the County of Prince Edward, Virginia, presents this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2017. We encourage you to read this discussion and analysis in conjunction with the accompanying auditor's opinion on internal controls, the basic financial statements and the notes to the financial statements.

Financial Highlights

Government-wide Financial Statements

- The assets and deferred outflows of resources of the County's Primary Government accounts exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3,776,448 (total net position). This was an increase of \$1,562,129 or 70% compared to the restated ending amount of \$2,214,319 on June 30, 2016. \$3,557,774 of the net position is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.
- The Governmental activities net position was \$4,838,290 of the County's total, an increase of \$1,790,205 or 58% in comparison with restated net position of \$3,048,085 at June 30, 2016. Cash and cash equivalents for the Governmental Activities increased from \$11,672,918 in FY16 to \$11,954,882 at the end of FY17. This is an increase of \$281,964 or 2.58%.
- The School Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$11,734,158, an increase of \$1,581,705 when compared to the amount on June 30, 2016. \$10,103,558 of this amount reflects the School Board's net investment in capital assets. (\$21,837,716) of net assets are in unrestricted assets available to meet ongoing obligations. This is a decrease of \$141,387 in the School Board's unrestricted net position for the fiscal year.
- In 2009, the County began operating its own utility system. The system consists of water and sewer lines and a sewer pump station purchased from the Town of Farmville. Business-Type Activities net position was (\$1,061,842) which was a decrease of \$228,076. Unrestricted net position of Business-Type Activities decreased \$321,454 during the year ending with a balance of (\$963,915) on June 30, 2017 as compared to (\$642,461) on June 30, 2016.
- The combining long-term governmental obligations decreased \$828,888 during the current fiscal year. Details of this decrease can be found under the long-term debt section of the management discussion and analysis and in Note 7 of the report.

Financial Highlights: (Continued)

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues exceeded expenditures by \$2,506,268 (Exhibit 5) before Other Financing Sources (Uses) and after making direct contributions totaling \$7,381,327 to the School Board.

- At the close of the current fiscal year, the County's Governmental funds reported ending fund balances of \$15,037,011 which is an increase of \$2,506,268 or 20% in comparison with the prior fiscal year.
- At the close of the current fiscal year, the unassigned fund balance for the General Fund was \$12,112,059 or 54% of total general fund expenditures excluding capital projects.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the County's basic financial statements. These financial statements are comprised of three (3) components:

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

This report also contains other information to supplement the basic financial statements. Local governmental accounting and financial reporting originally focused on funds which were designed to enhance and demonstrate fiscal accountability. Now to be accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide the public with both justification from the government that public monies have been used to comply with the desires of the elected officials and whether operating objectives have been met efficiently and effectively and can continue to be met in the future.

<u>Government-wide financial statements</u> - 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 statements include all assets and liabilities using the accrual basis of accounting. Both the financial overview and accrual accounting factors are used in the reporting of private-sector business. Government-wide financial reporting consists of two statements: (1) The Statement of Net position and (2) The Statement of Activities.

<u>The Statement of Net Position (exhibit one)</u> presents information on all of the County's assets and liabilities. The difference between assets and liabilities is reported as net position. Net position is presented in three categories: net investment in capital assets, restricted and unrestricted. 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 (exhibit two) presents information showing how the County's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items which result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). This statement is focused on the gross and net cost of various government functions which are supported by general tax and other revenues. The statement of activities presents expenses before revenues, emphasizing that in government revenues are generated for the express purpose of providing services to the public.

Overview of the Financial Statements: (Continued)

The Statement of Net Position and The Statement of Activities are both divided into two types of activities:

- 1. <u>Governmental Activities</u> Most of the County's basic services are reported in this column to include: General Administration, Courts, Social Services, Economic Development, and Capital Projects. Governmental activities are supported primarily by taxes, state and federal grants.
- 2. <u>Business-Type Activities</u> The County has two business-type activities: Water and Sewer. It is the intent of the County to recover all or a significant portion of the costs associated with providing these services through user fees and charges to customers receiving these services.
- 3. <u>Component Unit</u> The County has two component units, the Prince Edward County Public Schools and the Industrial Development Authority. While the Component Units are legally separate entities, the County of Prince Edward is financially accountable for them. A primary government is accountable for an organization if the primary government appoints the majority of the organization's governing body. Financial information for the component units is reported separately from the financial information presented for the primary government.

<u>Fund financial statements</u> - 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, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of these funds can be placed in either of three (3) categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - A governmental fund is used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. However, government-wide financial statements are prepared on the accrual basis of accounting while governmental fund financial statements are prepared on the modified accrual basis of accounting. Thus, governmental fund financial statements focus on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Such information is useful in evaluating the County's ability to satisfy near-term financing requirements. Since the focus of governmental funds is narrower than that of government-wide financial statements, reconciliation between the two methods is provided in exhibits 4 and 6, respectively. By comparing the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements readers may better understand the long-term impact of the County's near-term financing decisions.

The County has three funds considered major governmental funds - the *General Fund, Landfill Construction Fund, and School Debt Service Fund.* In addition, the County has one fund considered non-major - the *Recreation Fund.* Information on these funds is contained in exhibits eleven and fourteen through seventeen. This data is then displayed in the governmental fund balance sheet (exhibit 3) and the governmental fund statement of revenues, expenditures, and changes in fund balance (exhibit 5).

<u>Proprietary funds</u> - <u>Proprietary funds</u> consist of enterprise funds which are established to account for the delivery of goods and services to the public. These funds use the accrual basis of accounting, similar to private businesses. The County has two proprietary funds (Water and Sewer) at this time.

Enterprise funds are used to report the same functions as the business-type activities in the government-wide financial statements. Water and Sewer Funds are presented on the statements as major funds (Exhibits 7 - 9). Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business. The intent of the governing body is to finance these services primarily through user charges and fees.

Overview of the Financial Statements: (Continued)

<u>Fiduciary funds</u> - *Fiduciary funds* account for assets held by the government as a trustee or agent for another organization. The County is responsible for ensuring the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide statements since the funds are not available to support County activities. Information on these funds is contained in exhibits eighteen and nineteen.

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

Other information - In addition to the basic financial statement and accompanying notes, this report presents certain required information supplements including budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit School Board. The School Board does not issue separate financial statements.

Government-wide Financial Analysis

As stated earlier in this discussion, net position may serve as a useful indicator of a County's financial position over time. For the County in FY2017, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,838,290 at the close of the fiscal year as presented in the Table below. This was an increase of \$1,790,205 or 58% over the FY2016 restated ending amount of \$3,048,085.

County of Prince Edward, Virginia

Schedule of Assets Liabilities and Net Position For the Years Ended June 30, 2017 and 2016

		Governmental Activities Business-type Activities			Total		
	_	2017	2016	2017	2016	2017	2016
Current and other assets Capital assets	\$	31,041,034 \$ 10,301,099	28,428,109 \$ 12,631,334	0.00 \$ 3,727,191	- \$ 3,814,156	31,041,034 \$ 14,028,290	28,428,109 16,445,490
Total assets	\$_	41,342,133 \$	41,059,443 \$	3,727,191 \$	3,814,156 \$	45,069,324 \$	44,873,599
Deferred outflows of resources	\$_	949,028 \$	573,883 \$	\$_	\$_	949,028 \$	573,883
Current liabilities Long-term liabilities outstanding	\$	384,768 \$ 23,067,508	2,049,292 \$ 23,896,396	963,915 \$ 3,825,118	642,461 \$ 4,005,461	1,348,683 \$ 26,892,626	2,691,753 27,901,857
Total liabilities	\$_	23,452,276 \$	25,945,688 \$	4,789,033 \$	4,647,922 \$	28,241,309 \$	30,593,610
Deferred inflows of resources	\$_	14,000,595 \$	13,838,956 \$	\$_	\$_	14,000,595 \$	13,838,956
Net position: Net investment in capital assets Restricted Unrestricted	\$	228,916 \$ 87,685 4,521,689	1,858,573 \$ 95,258 (105,149)	(97,927) \$ - (963,915)	(191,305) \$ - (642,461)	130,989 \$ 87,685 3,557,774	1,667,268 95,258 (747,610)
Total net position	\$	4,838,290 \$	1,848,682 \$	(1,061,842) \$	(833,766) \$	3,776,448 \$	1,014,916

At the end of FY2017, the County's net investment in capital assets is \$228,916. These capital assets are used to deliver services to County residents and business; and accordingly, these assets are not available for future spending. Although the important and needed investment in capital assets is reported net of related debt, it should be noted that resources needed to repay such debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis: (Continued)

Restricted net position represents resources subject to external restrictions on how they may be used. The County had no restricted net position at the end of the fiscal year. \$87,685 of the County's net position is restricted for the use of Community Development Authority. The remaining balance of net position in the amount of \$4,521,689 may be used to meet the government's ongoing obligations. While the unrestricted net position amount is \$4,521,689, Prince Edward County has more than \$11 million in cash and cash equivalents that are unrestricted and are available to meet current obligations. The difference between the two amounts is due to the inclusion of capital assets and long-term liabilities in the net position amount.

<u>Governmental Activities</u> - Governmental activities increased Prince Edward County's net position by \$1,790,205. The key elements of this increase are found in exhibit 2 and 6 and the table below. Revenues increased from the previous year by \$1,519,529 and expenses decreased \$329,652. The net effect was an increase in net position of \$1,790,205.

County of Prince Edward, Virginia

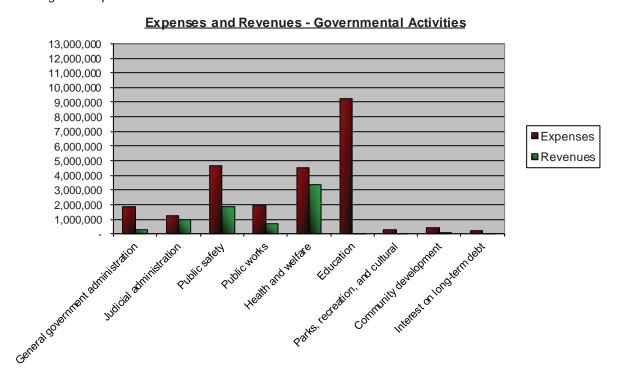
Changes in Net Position For the Years Ended June 30, 2017 and 2016

		Governmental Activities		Business-type Activities				Total			
		2017	2016		2017	20)16	_	2017	2016	
Revenues: Program revenues:	_				_						
Charges for services	\$	1,208,813 \$	933,574	\$	2,602 \$	\$	2,651	\$	1,211,415 \$	936,225	
Operating grants and contributions	*	5,991,324	5,813,572	*	-		-	*	5,991,324	5,813,572	
General revenues:											
General property taxes		12,934,371	11,867,596		-		-		12,934,371	11,867,596	
Other local taxes		3,877,765	3,710,005		-		-		3,877,765	3,710,005	
Commonwealth non-categorial aid		1,756,921	1,774,380		-		-		1,756,921	1,774,380	
Other general revenues	_	379,651	530,189				-	_	379,651	530,189	
Total revenues	\$_	26,148,845 \$	24,629,316	\$	2,602 \$	\$	2,651	\$_	26,151,447 \$	24,631,967	
Expenses:											
General government administration	\$	1,879,121 \$	1,978,261	\$	- \$	\$	-	\$	1,879,121 \$	1,978,261	
Judicial administration		1,230,677	2,183,197		-		-		1,230,677	2,183,197	
Public safety		4,676,477	4,988,608		-		-		4,676,477	4,988,608	
Public works		1,900,935	1,783,830		-		-		1,900,935	1,783,830	
Health and welfare		4,488,190	4,200,104		-		-		4,488,190	4,200,104	
Education		9,217,509	8,197,715		-		-		9,217,509	8,197,715	
Parks, recreation, and cultural		278,804	315,351		-		-		278,804	315,351	
Community development		450,083	660,282		-		-		450,083	660,282	
Interest on long-term debt		236,844	380,944		-		-		236,844	380,944	
Water fund		-	-		167,039	17	0,631		167,039	170,631	
Sewer fund	-	<u> </u>	-		63,639	6	5,993	_	63,639	65,993	
Total expenses	\$_	24,358,640 \$	24,688,292	\$	230,678 \$	23	6,624	\$_	24,589,318 \$	24,924,916	
Transfers	\$_	\$	-	\$	\$	\$	-	\$_	\$	-	
Increase (decrease) in net position	\$	1,790,205 \$	(58,976)	\$	(228,076) \$	(23	3,973)	\$	1,562,129 \$	(292,949)	
Net position - beginning, as restated	_	3,048,085	1,907,658		(833,766)	(59	9,793)		2,214,319	1,307,865	
Net position - ending	\$_	4,838,290 \$	1,848,682	\$	(1,061,842) \$	(83	3,766)	\$	3,776,448 \$	1,014,916	

Revenues from governmental activities totaled \$26,148,845 with general property taxes (49.7%), operating grants and contributions (22.9%), and other local taxes (14.8%) comprising 87.5% of the County's revenues. Expenses for education (37.8%), health and welfare (18.4%), and public safety (19.2%) account for 75.4% of total governmental expenses of \$24,389,654.

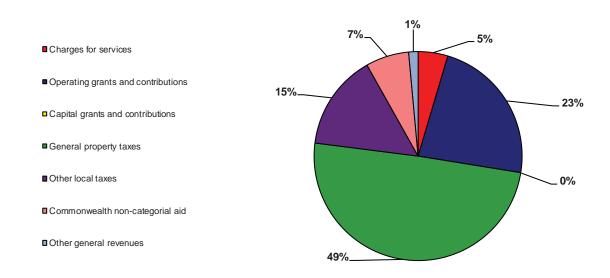
Government-wide Financial Analysis: (Continued)

The chart below compares the revenues and expenses by program for governmental activities. In every category expenses outpace the revenues generated. This is common throughout the Commonwealth because most of the programs are not able to generate revenue. For those programs that can generate revenue (Recreation, Building Inspections etc.) the County has traditionally followed a policy of maintaining associated charges at a minimal level and funding the expenses from other revenue sources.



The Chart below portrays the Sources of Revenue for the Governmental Activities of the County.

Revenues by Source - Governmental Activities



Financial Analysis of the County's Funds

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

Governmental Funds - The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balances at the end of the fiscal year can be used to measure net resources available for expenditure. Governmental Funds reported a combined ending fund balance of \$15,037,011, an increase of \$2,506,248 when compared to the prior year. Approximately 81 percent (\$12,112,059) of the combined governmental fund balance is unassigned. The remaining 19% (\$2,924,952) of the combined fund balance is restricted or assigned to show it is not available for spending because it has been committed for future capital projects or debt service. Cash and cash equivalents in the amount of \$11,533,117 comprise 77% of the fund balance of the Governmental Funds. For the fiscal year cash and cash equivalents increased \$1,039,872 or 10%.

The General Fund is the primary operating fund of the County. The General Fund reports a fund balance at June 30, 2017 of \$12,199,744. This is an increase from the prior year of \$2,431,930. The major component of the current year increase was an increase of general property taxes of \$670,981.

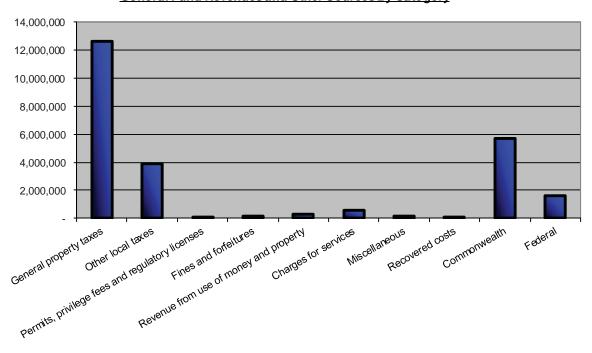
The Landfill Construction Fund is used to pay expenses associated with the opening and closing of landfill cells. On June 30, 2017 the Landfill Construction Fund had a fund balance of \$1,203,394, a decrease of \$74,872. This decrease was the result of capital project expenditures in the fund.

As a measure of the General Fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 54% of General Fund expenditures excluding capital projects. Total fund balance represents approximately the same percentage due to the minimal amount of reserved fund balance reported.

General Fund Revenues and Other Sources by Category

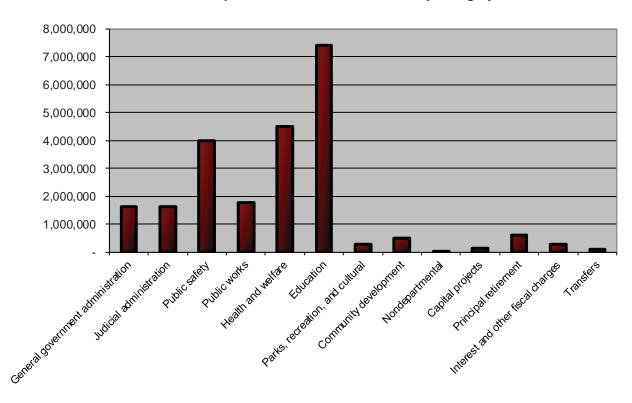
The following graph depicts General Fund revenues and other sources by categories. Total revenues and other sources are \$25,202,408.

General Fund Revenues and Other Sources By Category



General Fund Revenues and Other Sources by Category

The graph below displays General Fund expenditures and other uses by category. Total expenditures and uses are \$22,660,328 including transfers out of the fund of \$110,153.



General Fund Expenditures and Other Sources By Category

General Fund Budgetary Highlights

The final amended General Fund budget saw revenues increased by \$433,882 over the original budgeted amount. The final expenditure budget reflected an increase of \$564,725 when compared to the original budget. The revenue increases (decreases) were as follows:

- > \$175,460 in General Property Taxes
- > \$258,422 in intergovernmental revenues from the Commonwealth of Virginia

General Fund Budgetary Highlights: (Continued)

The Expenditure amendments were as follows:

	\$10,802	increase in Judicial administration
	\$393,586	increase in Public Safety
	\$227,337	increase in Health and welfare
\triangleright	\$5,000	increase in Education
\triangleright	\$72,000	decrease in Nondepartmental

As can be seen increases in Public Safety and Health and Welfare accounted for approximately 87% of the increase in the budgeted expenditures. The majority of the increase in public safety is attributed to the Fire Department.

Capital Asset and Debt Administration

<u>Capital assets</u> - The County's investment in capital assets for its governmental and enterprise operations as of June 30, 2017, is \$14,028,290 (net of accumulated depreciation) as listed below. This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

County of Prince Edward, Virginia Capital Assets June 30, 2017 and 2016

		Governm Activit			3.	Tota	al	
		2017	2016	2017	2016	2017	2016	
Land	\$	1,501,360 \$	1,501,360 \$	- \$	- \$	1,501,360 \$	1,501,360	
Buildings		6,942,978	7,184,022	-	-	6,942,978	7,184,022	
Improvements other than buildings		1,405,399	110,514	-	-	1,405,399	110,514	
Equipment		451,362	573,515	-	-	451,362	573,515	
Utility plant in service		-	-	3,727,191	3,814,156	3,727,191	3,814,156	
Construction in progress	_		3,261,923				3,261,923	
Net capital assets	\$_	10,301,099 \$	12,631,334 \$	3,727,191 \$	3,814,156 \$	14,028,290 \$	16,445,490	

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

<u>Long-term debt</u> - At the close of FY2017, Prince Edward County had total outstanding obligations of \$26,892,626. Of this amount \$7,019,363 comprises note payable and bonds payable (other than revenue bonds) of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources, i.e., revenue bonds, landfill closure and post-closure liability, retirement note obligation, compensated absences, net pension liability and net OPEB obligation.

During the fiscal year the County's long-term obligations decreased by \$828,888.

Additional information on the Prince Edward County's long-term obligations can be found in Note 7 of this report.

Economic Factors Influencing FY2018 Budgets and Tax Rates

After balancing the FY17 budget without the use of transfers from the General Fund for the first time in several years the development of the FY18 budget was not as controversial as the last several years. Expected revenue growth from the expansion of the local economy was forecast to increase General Fund Revenues by approximately \$500,000. Employment had increased in our region as the result of the opening of several new businesses and the expansion of existing businesses. Several large construction projects have been started and will be completed before the end of FY18. These projects will increase the tax base and provide additional employment. This combination will increase local revenues in FY18 but the full impact will not be felt until FY19 and beyond.

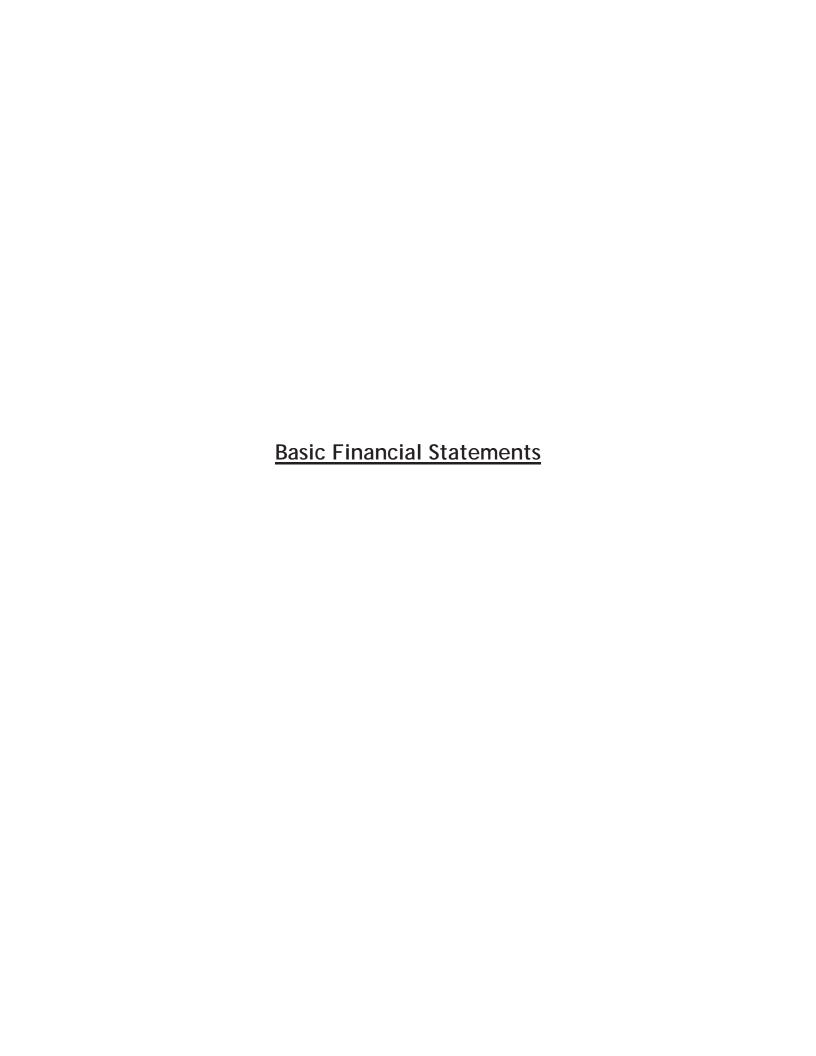
This revenue growth was timely because of the requirement to fund several new projects. The most expensive of these projects is the need to purchase a new CAD/reporting system for the Sheriff's Department. This will cost \$200,000 and is required because the old system is outdated and the current provider of this system went out of business and is not able to repair or replace the current system. The second largest expenditure increase was \$140,000 to purchase new voting machines. These machines were required because of a mandate by the state. Finally, an additional \$103,000 was needed to match the 2% pay increase contained in the budget approved by the General Assembly.

For FY18 the Board of Supervisors directed the County Administrator to present a budget that was not only balanced but also did not contain any tax increases. This was accomplished.

The end result was a balanced budget which required no draws from fund balances.

Requests for Information

This financial report is designed to provide a general overview of the County of Prince Edward's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administration Office, 111 South Street, Farmville, Virginia 23901.









	_	Pri	mary Government		Component Unit		
	0	Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority	
ASSETS							
Cash and cash equivalents	\$	11,557,639 \$	- \$	11,557,639 \$	1,588,959 \$	605,431	
Receivables (net of allowance for uncollectibles):							
Taxes receivable		14,764,092	-	14,764,092	-	-	
Accounts receivable		122,537	-	122,537	-	-	
Loan receivable		-	-	-	-	457,920	
Note receivable		933,459	-	933,459	-	-	
Due from primary government		-	-	-	-	52,570	
Due from component unit		1,099,476	-	1,099,476	-	-	
Due from other governmental units		1,244,655	-	1,244,655	917,840	-	
Prepaid items		-	-	-	154,135	-	
Industrial assets		-	-	-	-	991,175	
Restricted assets:							
Cash and cash equivalents		1,319,176	_	1,319,176	-	_	
Capital assets (net of accumulated depreciation):		.,,		.,,,,,,,,			
Land		1,501,360	_	1,501,360	99,952	_	
Buildings and improvements		6,942,978	_	6,942,978	9,241,692	_	
Improvements other than buildings		1,405,399	_	1,405,399	250,783	_	
Equipment		451,362	_	451,362	511,131	_	
Utility plant in service		431,302	3,727,191	3,727,191	311,131	-	
othity plant in service	_		3,727,171	3,727,171			
Total assets	\$	41,342,133 \$	3,727,191 \$	45,069,324 \$	12,764,492 \$	2,107,096	
DEFERRED OUTFLOWS OF RESOURCES							
Pension contributions subsequent to measurement date	\$	448,244 \$	- \$	448,244 \$	1,694,856 \$	-	
Items related to measurement of net pension liability	*	500,784	<u>-</u>	500,784	1,367,830	_	
Total deferred outflows of resources	\$	949,028 \$	- \$				
	Φ	949,020 \$		949,028 \$	3,062,686 \$		
LIABILITIES							
Reconciled overdraft	\$	- \$		921,933 \$	- \$	-	
Accounts payable		60,768	688	61,456	35,622	-	
Accrued liabilities		182,969	-	182,969	1,136,363	-	
Accrued interest payable		88,461	41,294	129,755	-	-	
Due to primary government		-	-	-	1,068,462	-	
Due to component unit		52,570	-	52,570	-	31,014	
Long-term liabilities:							
Due within one year		919,451	186,914	1,106,365	-	-	
Due in more than one year	_	22,148,057	3,638,204	25,786,261	22,572,294		
Total liabilities	\$	23,452,276 \$	4,789,033 \$	28,241,309 \$	24,812,741 \$	31,014	
DEFERRED INFLOWS OF RESOURCES							
tems related to measurement of net pension liability	\$	889,933 \$	- \$	889,933 \$	703,595 \$	_	
Changes in proportionate share of net pension liability	*	-	-	-	2,045,000	_	
Deferred revenue - property taxes		13,110,662	_	13,110,662	2,010,000	_	
	_				0.740.505.4		
Total deferred inflows of resources	\$	14,000,595 \$	\$	14,000,595 \$	2,748,595 \$	-	
NET POSITION							
Net investment in capital assets	\$	228,916 \$	(97,927) \$	130,989 \$	10,103,558 \$	-	
Restricted:							
Community Development Authority		87,685	-	87,685	-	-	
Jnrestricted		4,521,689	(963,915)	3,557,774	(21,837,716)	2,076,082	
	_						
Total net position	\$	4,838,290 \$	(1,061,842) \$	3,776,448 \$	(11,734,158) \$	2,076,082	
	_						

			_	Program Revenues					
Functions/Programs		Expenses		Charges for Services	_	Operating Grants and Contributions		Capital Grants and Contributions	
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	\$	1,879,121	\$	77,574	\$	217,117	\$	-	
Judicial administration		1,230,677		220,831		741,905		-	
Public safety		4,676,477		179,619		1,669,871		-	
Public works		1,900,935		717,693		-		-	
Health and welfare		4,488,190		-		3,360,431		-	
Education		9,217,509		-		-		-	
Parks, recreation, and cultural		278,804		-		2,000		-	
Community development		450,083		13,096		-		-	
Interest on long-term debt	_	236,844		-	_				
Total governmental activities	\$	24,358,640	\$	1,208,813	\$	5,991,324	\$		
Business-type activities:									
Water	\$	167,039	\$	862	\$	-	\$	-	
Sewer	_	63,639		1,740	_			-	
Total business-type activities	\$_	230,678	\$	2,602	\$	-	\$	-	
Total primary government	\$_	24,589,318	\$_	1,211,415	\$	5,991,324	\$	-	
COMPONENT UNITS:	_								
School Board	\$	25,220,223	\$	582,984	\$	16,926,613	\$	_	
Industrial Development Authority	Ψ	91,430	Ψ	-	Ψ	-	Ψ	_	
	-								
Total component units	\$ _	25,311,653	\$ =	582,984	\$	16,926,613	\$	-	

General revenues:

General property taxes

Other local taxes:

Local sales and use taxes

Consumers' utility taxes

Motor vehicle licenses

Taxes on recordation and wills

Other local taxes

Unrestricted revenues from use of money and property

Miscellaneous

Contributions from the County of Prince Edward, Virginia Grants and contributions not restricted to specific programs

Total general revenues

Change in net position

Net position - beginning, as restated

Net position - ending

Net (Expense) Revenue and Changes in Net Position

-	P	mary Governme		iges in Net Pos		Component Unit				
-	Governmental Activities		Business-type Activities	_	Total	_	School Board		Industrial Development Authority	
\$	(1,584,430) (267,941) (2,826,987) (1,183,242) (1,127,759) (9,217,509) (276,804) (436,987)	\$	- - - - -	\$	(1,584,430) (267,941) (2,826,987) (1,183,242) (1,127,759) (9,217,509) (276,804) (436,987)	\$	- - - - -	\$	- - - - - -	
_	(236,844)		-		(236,844)		-		-	
\$	(17,158,503)	\$	-	\$	(17,158,503)	\$	-	\$	-	
\$	-	\$	(166,177) (61,899)	\$	(166,177) (61,899)	\$	-	\$	- -	
\$	-	\$	(228,076)	\$	(228,076)	\$	-	\$	-	
\$	(17,158,503)	\$	(228,076)	\$	(17,386,579)	\$	-	\$	-	
\$	-	\$	-	\$	-	\$	(7,710,626)	\$	- (91,430)	
\$	-	\$	-	\$	-	\$	(7,710,626)	\$	(91,430)	
\$	12,934,371	\$	-	\$	12,934,371	\$	-	\$	-	
	2,807,361 309,779 492,489 203,446 64,690 336,954 42,697		- - - - -		2,807,361 309,779 492,489 203,446 64,690 336,954 42,697		- - - - 16,568 70,004		- - - 74,944 2,982	
_	1,756,921		-	_	1,756,921		9,205,759		73,011 -	
\$_	18,948,708	\$	-	\$	18,948,708	\$	9,292,331	\$	150,937	
\$	1,790,205 3,048,085	\$	(228,076) (833,766)	\$	1,562,129 2,214,319	\$	1,581,705 (13,315,863)	\$	59,507 2,016,575	
\$_	4,838,290	\$	(1,061,842)	\$	3,776,448	\$	(11,734,158)	\$	2,076,082	







Balance Sheet Governmental Funds June 30, 2017

		General		School Debt Service		Landfill Construction		Other Governmental Funds	Total
ASSETS									
Cash and cash equivalents	\$	10,030,526	\$	- :	\$	1,177,890	\$	324,701 \$	11,533,117
Receivables (net of allowance									
for uncollectibles):									
Taxes receivable		14,764,092		-		-		-	14,764,092
Accounts receivable		97,033		-		25,504		-	122,537
Notes receivable		51,266		-		-		-	51,266
Due from component unit		1,099,476		-		-		-	1,099,476
Due from other governmental units		1,244,655		-		-		-	1,244,655
Restricted assets:									
Cash and cash equivalents	_	-	_	1,319,176	_	-	_		1,319,176
Total assets	\$_	27,287,048	\$	1,319,176	\$_	1,203,394	\$_	324,701 \$	30,134,319
LIABILITIES									
Accounts payable	\$	55,328	\$	- :	\$	- :	\$	5,440 \$	60,768
Accrued liabilities		182,969		-		-		-	182,969
Due to component unit		52,570		-		-		-	52,570
Due to other funds	_	48,270	_	-	_	-	_	4,564	52,834
Total liabilities	\$_	339,137	\$_	:	\$_	-	\$_	10,004 \$	349,141
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue-property taxes	\$	14,748,167	\$_		\$_	-	\$_	\$	14,748,167
FUND BALANCES									
Restricted:									
Community Development Authority	\$	87,685	\$		\$	-	\$	- \$	87,685
Debt service		-		1,319,176		-		-	1,319,176
Assigned:									
Landfill construction		-		-		1,203,394		-	1,203,394
Recreation capital projects		-		-		-		8,085	8,085
Special revenue		-		-		-		306,612	306,612
Unassigned	_	12,112,059	_	-	_		_		12,112,059
Total fund balances	\$_	12,199,744	\$_	1,319,176	\$_	1,203,394	\$_	314,697 \$	15,037,011
Total liabilities, deferred inflows of resources									
and fund balances	\$_	27,287,048	\$_	1,319,176	\$_	1,203,394	\$_	324,701 \$	30,134,319

Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Position June 30, 2017

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds

\$ 15,037,011

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost Accumulated depreciation \$ 21,441,468 (11,140,369)

10,301,099

Internal services funds are used by the County to charge the cost of health and dental insurance benefits to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position. The internal service fund net position is:

77,356

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

Unavailable property taxes Notes receivable 1,637,505

882,193 (889,933)

\$

1,629,765

Pension contributions subsequent to the measurement date will be a reduction to the net

Deferred inflows related to measurement of pension

448,244

Deferred inflows of resources and long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

pension liability in the next fiscal year and, therefore, are not reported in the funds.

Deferred outflows related to measurement of pension	\$ 500,784
Bonds and loans payable, including premium on bonds	(14,068,777)
Accrued interest payable	(88,461)
Compensated absences	(708,409)
Net OPEB obligation	(225,100)
Net pension liability	(2,909,659)
Landfill closure, postclosure and corrective action cost liability	(5,155,563)

Net position of governmental activities

(22,655,185) 4,838,290

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2017

	_	General	School Debt Service		Landfill Construction Fund	(Other Governmental Funds		Total
REVENUES									
General property taxes	\$	12,659,333 \$	-	\$	-	\$	-	\$	12,659,333
Other local taxes		3,877,548	-		_		-		3,877,548
Permits, privilege fees, and regulatory licenses		73,445	-		_		-		73,445
Fines and forfeitures		192,680	-		-		-		192,680
Revenue from the use of money and property		334,241	29,348		9,968		896		374,453
Charges for services		550,774	-		258,495		56,063		865,332
Miscellaneous		142,112	-		-		1,404		143,516
Recovered costs		79,193	-		-		-		79,193
Intergovernmental:									
Commonwealth		5,675,913	-		-		455,163		6,131,076
Federal	_	1,617,169			-		-	-	1,617,169
Total revenues	\$_	25,202,408 \$	29,348	\$	268,463	\$_	513,526	\$	26,013,745
EXPENDITURES									
Current:									
General government administration	\$	1,626,463 \$	-	\$	-	\$	-	\$	1,626,463
Judicial administration		1,607,932	-		-		-		1,607,932
Public safety		3,972,295	-		-		497,817		4,470,112
Public works		1,763,373	-		-		-		1,763,373
Health and welfare		4,487,585	-		-		-		4,487,585
Education		7,393,077	-		-				7,393,077
Parks, recreation, and cultural		276,804	-		-		6,000		282,804
Community development		478,395	-		-		-		478,395
Nondepartmental		32,560	-		242 225		-		32,560
Capital projects Debt service:		142,819	-		343,335		-		486,154
Principal retirement		607,248							607,248
Interest and other fiscal charges		271,774	_		_		_		271,774
ū	. –							_	_
Total expenditures	\$_	22,660,325 \$	-	_\$_	343,335	_\$_	503,817	\$_	23,507,477
Excess (deficiency) of revenues over (under) expenditures	\$	2,542,083 \$	29,348	\$	(74,872)	\$	9,709	\$	2,506,268
	-			_ ` -	(* */**=/		.,,,,,,	·	
OTHER FINANCING SOURCES (USES)	φ.	•	110 150	φ.		ф		ф	110 150
Transfers in	\$	- \$	110,153	\$	-	\$	-	\$	110,153
Transfers out	_	(110,153)			-		-	-	(110,153)
Total other financing sources (uses)	\$_	(110,153) \$	110,153	\$	-	\$_	-	\$_	
Net change in fund balances	\$	2,431,930 \$	139,501	\$	(74,872)	\$	9,709	\$	2,506,268
Fund balances - beginning		9,767,814	1,179,675		1,278,266		304,988		12,530,743
E albatana Ra	_	40.400.744 †	4 040 47:		1 000 00:		044.60=	_	45 007 044
Fund balances - ending	\$_	12,199,744 \$	1,319,1/6	= \$	1,203,394	\$ =	314,697	* =	15,037,011

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, 2017

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

Net change in fund balances - total governmental funds

\$ 2,506,268

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

Capital asset additions	\$ 2,149,847	
Transfer of construction in progress from component unit School Board	(3,717,595)	
Net transfer of joint tenancy assets	(230,220)	
Depreciation expense	(532,267)	(2,330,235)

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

Unavailable property tax revenue	\$ 275,038	
Deferred inflows related to the measurement of the net pension liability	(87,706)	187,332

The issuance of long-term notes receivable consumes the current financial resources of governmental funds, while the receipt of repayment of the principal of long-term notes receivable provides current financial resources to governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term notes receivable.

12,353

Internal service funds are used by the County to charge the costs of health and dental insurance benefits to individual funds. The change in net position of the internal service fund is reported with governmental activities.

77,356

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.

(Increase) decrease in landfill closure, postclosure and corrective action cost liability	\$ (66,162)	
Principal payments and premium amortization	 970,657	904,495

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

(Increase) decrease accrued interest payable	\$ 133,096	
(Increase) decrease in compensated absences	(96,070)	
(Increase) decrease in net pension liability	50,563	
(Increase) decrease in deferred outflows of resources related to pension	375,147	
(Increase) decrease in net OPEB obligation	 (30,100)	432,636
Change in net position of governmental activities	\$	1,790,205

Statement of Net Position Proprietary Funds June 30, 2017

	_	Business-type	Activities - Ente	erpri	se Funds	_	Governmental Activities Internal
	_	Water	Sewer		Total		Service Fund
ASSETS							
Current assets:							
Cash and cash equivalents	\$	- \$	_	\$	- 9	\$	24,522
Due from other funds	*	-	-	•	-	*	52,834
Total current assets	\$	- \$	_	\$	-	-	77,356
Noncurrent assets:	_	·		· —		_	
Capital assets:							
Utility plant in service	\$	3,107,261 \$	1,241,000	\$	4,348,261	\$	-
Accumulated depreciation	_	(422,510)	(198,560)		(621,070)	_	-
Total capital assets	\$	2,684,751 \$	1,042,440	\$	3,727,191	\$_	
Total noncurrent assets	\$_	2,684,751 \$	1,042,440	\$	3,727,191	\$_	
Total assets	\$_	2,684,751 \$	1,042,440	\$_	3,727,191	\$_	77,356
LIABILITIES							
Current liabilities:							
Reconciled overdraft	\$	392,227 \$	529,706	\$	921,933	\$	
Accounts payable		688	-		688		-
Accrued interest payable		30,216	11,078		41,294		-
Bonds payable - current portion	_	136,127	50,787	_	186,914	_	
Total current liabilities	\$_	559,258 \$	591,571	\$	1,150,829	\$ <u>_</u>	
Noncurrent liabilities:							
Bonds payable - net of current portion	\$	2,650,275 \$	987,929	\$	3,638,204	\$_	
Total noncurrent liabilities	\$_	2,650,275 \$	987,929	\$	3,638,204	\$_	
Total liabilities	\$_	3,209,533 \$	1,579,500	\$	4,789,033	\$_	
NET POSITION							
Net investment in capital assets	\$	(101,651) \$	3,724	\$	(97,927)	\$	-
Unrestricted		(423,131)	(540,784)		(963,915)		77,356
Total net position	\$	(524,782) \$	(537,060)	\$	(1,061,842)	\$ _	\$ 77,356

Statement of Revenues, Expenses, and Changes in Net Position **Proprietary Funds**

For the Year Ended June 30, 2017

	_	Business-ty	pe A	Activities - Ent	erpr	ise Funds	 Governmental Activities
	_	Water	_	Sewer	_	Total	 Internal Service Fund
OPERATING REVENUES							
Charges for services:	•	0/0	_			0/0	
Water revenues	\$	862	\$	1 740	\$	862	\$ -
Sewer revenues Insurance premiums		-		1,740		1,740 -	- 77,356
Total operating revenues	\$	862	\$	1,740	\$	2,602	\$ 77,356
OPERATING EXPENSES							
Supplies	\$	1,249	\$	-	\$	1,249	\$ -
Utilities		-		579		579	
Insurance		400		400		800	
Depreciation	_	62,145	_	24,820		86,965	
Total operating expenses	\$	63,794	\$	25,799	\$	89,593	\$
Operating income (loss)	\$_	(62,932)	\$	(24,059)	\$	(86,991)	\$ 77,356
NONOPERATING REVENUES (EXPENSES)							
Interest expense	\$	(103,245)	\$	(37,840)	\$	(141,085)	\$
Total nonoperating revenues (expenses)	\$	(103,245)	\$	(37,840)	\$	(141,085)	\$
Change in net position	\$	(166,177)	\$	(61,899)	\$	(228,076)	\$ 77,356
Total net position - beginning		(358,605)		(475,161)		(833,766)	-
Total net position - ending	\$	(524,782)	\$	(537,060)	\$	(1,061,842)	\$ 77,356

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities			
		Water		Sewer		Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users Payments to suppliers	\$	862 (1,020)	\$	1,740 (979)	\$	2,602 \$ (1,999)	24,522
Net cash provided by (used for) operating activities	\$	(158)	\$	761	\$	603 \$	24,522
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Advances from other funds	\$	234,618	\$	86,715	\$	321,333 \$	
Net cash provided by (used for) noncapital financing activities	\$	234,618	\$	86,715	\$	321,333_\$	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Principal payments on bonds Interest payments	\$	(110,785) (123,675)	\$	(41,819) (45,657)	\$	(152,604) \$ (169,332)	- -
Net cash provided by (used for) capital and related financing activities	\$	(234,460)	\$_	(87,476)	\$	(321,936) \$	
Net increase (decrease) in cash and cash equivalents	\$	-	\$	-	\$	- \$	24,522
Cash and cash equivalents - beginning		-	<u> </u>	-			
Cash and cash equivalents - ending	\$	-	\$	-	\$	\$	24,522
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:							
Operating income (loss)	\$	(62,932)	\$	(24,059)	\$	(86,991) \$	77,356
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation	\$	62,145	\$	24,820	\$	86,965 \$	- (52.024)
(Increase) decrease in due from other funds Increase (decrease) in accounts payable		629	_		_	629	(52,834)
Total adjustments	\$	62,774	\$	24,820	\$	87,594 \$	(52,834)
Net cash provided by (used for) operating activities	\$	(158)	\$	761	\$	603 \$	24,522

Statement of Fiduciary Net Position Fiduciary Funds June 30, 2017

	_	Agency Funds
ASSETS		
Cash and cash equivalents	\$	325,637
Total assets	\$	325,637
LIABILITIES		
Amounts held for social services clients	\$	825
Amounts held as sales tax to other towns		30
Amounts held for Piedmont Alcohol Safety Action Program	_	324,782
Total liabilities	\$	325,637

Notes to Financial Statements As of June 30, 2017

Note 1—Summary of Significant Accounting Policies:

Financial Statement Presentation

<u>Management's Discussion and Analysis</u> - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

Government-wide and Fund Financial Statements

<u>Government-wide financial statements</u> - 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 components units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

Notes to Financial Statements As of June 30, 2017 (Continued)

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

<u>Budgetary comparison schedules</u> - 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 organizations governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Prince Edward, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Units - The County has no blended component units.

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

The Prince Edward County School Board operates the elementary and secondary public schools in the County. School Board members are appointed by the Board of Supervisors. 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 Prince Edward County School Board does not issue separate financial statements.

The Prince Edward County Industrial Development Authority was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Board of Supervisors of Prince Edward County on October 21, 1971 pursuant to the provisions of the Industrial Development and Revenue Bond Act (Chapter 33, Section 15.2-4900), et. seq., of the Code of Virginia (1950), as amended. The Authority is authorized to issue revenue bonds; acquire, own, lease and dispose of properties to the end that such activities may promote industry and develop trade inducing enterprise to locate and remain in Virginia.

The Authority is governed by seven directors appointed by the Board of Supervisors of Prince Edward County. The Authority is fiscally dependent on the County. Complete financial statements of the Authority may be obtained at the Authority's administrative office.

Notes to Financial Statements As of June 30, 2017 (Continued)

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

C. Jointly Governed Organizations

The County, in conjunction with other localities, has created the Central Virginia Regional Library, the Piedmont Regional Jail, the Piedmont Regional Juvenile Detention Center, and Crossroads Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$204,663 to the regional library, \$51,424 to the juvenile detention center, and \$60,000 to the Crossroads Community Services Board.

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

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

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

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

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

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

Notes to Financial Statements As of June 30, 2017 (Continued)

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

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

In the fund financial statements, financial transactions and accounts of the County are organized on 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.

b. Special Revenue Fund

The Piedmont Court Services Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditures for the Piedmont Court. The Piedmont Court Services Fund is considered a nonmajor fund.

c. Capital Projects Fund

The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The Landfill Construction Fund is considered a major fund. The Recreation Fund is considered a nonmajor fund.

d. Debt Service Fund

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

Notes to Financial Statements As of June 30, 2017 (Continued)

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

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

2. Fiduciary Funds (Trust and Agency Funds)

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County unit 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. Proprietary Funds

Proprietary Funds account for activities similar to those found in the private business sector. The measurement focus is upon determination of net income. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the County is that the cost of providing services to the general public be financed or recovered through user charges. Currently the County's Water and Sewer Funds are accounted for as enterprise funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees and facility fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

Notes to Financial Statements As of June 30, 2017 (Continued)

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

E. <u>Budgets and Budgetary Accounting: (Continued)</u>

- 4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The total appropriation can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments and between County departments (excluding the Constitutional Officers); 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, Recreation Fund, Landfill Construction Fund, and the Water and Sewer Funds of the primary government and the School Operating Fund, School Cafeteria Fund and School Capital Projects Fund of the School Board.
- 6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 7. Appropriations lapse on June 30, for all county units.
- 8. Budgetary data presented in the accompanying financial statements includes the original and legally amended budgets at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
- 9. There were no departments reporting expenditures in excess of appropriations.

F. Cash and Cash Equivalents

For purposes of reporting cash flows for proprietary-type funds, cash and cash equivalents include cash on hand, money market funds, certificates of deposit and investments with maturities of three months or less from the date of acquisition.

The County maintains a pool of cash and investments in which each fund participates on a dollar equivalent and daily transaction basis. Interest is distributed monthly based on average monthly balances. The majority of funds in the County's accounts are invested at all times.

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 trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$903,223 at June 30, 2017 and is comprised solely of property taxes.

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

Notes to Financial Statements As of June 30, 2017 (Continued)

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

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County 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 value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business—type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the year ended June 30, 2017.

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

Assets	Years
Structures, lines & accessories	50
Buildings	40
Building improvements	20-40
Vehicles	5
Office and computer equipment	5
Buses	8
Police vehicles	3

I. <u>Deferred Outflows/Inflows of Resources</u>

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

Notes to Financial Statements As of June 30, 2017 (Continued)

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

I. <u>Deferred Outflows/Inflows of Resources: (Continued)</u>

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

J. Compensated Absences

Vested or accumulated vacation leave 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 Government 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.

K. 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.

L. 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;
- 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:

Notes to Financial Statements As of June 30, 2017 (Continued)

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

L. Fund Equity: (Continued)

- 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 formal Board action. 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 the 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).

M. 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.

N. Restricted Assets

The County reports restricted assets of \$1,319,176, which is to be used for debt service on QZAB bonds.

O. 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 the component of net position.

P. Net Position Flow Assumption

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

Notes to Financial Statements As of June 30, 2017 (Continued)

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

Q. Pensions

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

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.

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 3—Due From Other Governmental Units:

Amounts due from other governments are detailed as follows:

	Primary Government		 Component Unit
Commonwealth of Virginia			
School funds	\$	-	\$ 96,322
State sales taxes		-	528,307
Local sales tax		498,022	-
Communication tax		48,308	-
Shared expenses		165,318	-
Social services funds		88,070	-
Comprehensive services		170,308	-
Rolling stock		63,417	
State forest in lieu of taxes		16,943	
Other		26,811	-
Federal Government:			
School funds		-	293,211
Social services funds		132,685	-
Other		34,773	
	\$	1,244,655	\$ 917,840

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 4—Capital Assets:

The following is a summary of changes in the capital assets for the fiscal year ended June 30, 2017:

	<u>.</u>	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Primary Government:					
Governmental Activities: Capital assets, not being depreciated:					
Land	\$	1,501,360 \$	- \$	- \$	1,501,360
Construction in progress	_	3,261,923	455,672	3,717,595	
Total capital assets not being depreciated	\$_	4,763,283 \$	455,672 \$	3,717,595	1,501,360
Capital assets, being depreciated:					
Buildings and improvements	\$	12,174,234 \$	251,867 \$	370,264 \$	12,055,837
Improvements other than buildings		3,728,401	1,384,115	-	5,112,516
Equipment	_	2,713,562	58,193	-	2,771,755
Total capital assets being depreciated	\$_	18,616,197 \$	1,694,175 \$	370,264	19,940,108
Accumulated depreciation:					
Buildings and improvements	\$	4,990,212 \$	262,691 \$	140,044 \$	5,112,859
Improvements other than buildings		3,617,887	89,230	-	3,707,117
Equipment	_	2,140,047	180,346	-	2,320,393
Total accumulated depreciation	\$_	10,748,146 \$	532,267 \$	140,044	11,140,369
Total capital assets being					
depreciated, net	\$_	7,868,051 \$	1,161,908 \$	230,220	8,799,739
Governmental activities capital					
assets, net	\$_	12,631,334 \$	1,617,580 \$	3,947,815	10,301,099

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 4—Capital Assets: (Continued)

Primary Government: (Continued)	_	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Business-type Activities: Capital assets, being depreciated: Utility plant in service	\$_	4,348,261 \$	\$	\$	4,348,261
Accumulated depreciation: Utility plant in service	\$_	534,105_\$	86,965 \$	\$	621,070
Total capital assets being depreciated, net	\$	3,814,156 \$	(86,965) \$	\$	3,727,191
Business-type activities capital assets, net	\$ <u></u>	3,814,156 \$	(86,965) \$	\$	3,727,191
Component Unit-School Board:	_	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Governmental Activities: Capital assets, not being depreciated: Land	\$_	99,952 \$	S\$	\$	99,952
Capital assets, being depreciated: Buildings and improvements Improvements other than buildings Equipment	\$	20,983,859 \$ 720,057 5,700,810	5 2,451,879 \$ - 	- \$ - 	23,435,738 720,057 5,700,810
Total capital assets being depreciated	\$_	27,404,726	2,451,879 \$	\$	29,856,605
Accumulated depreciation: Buildings and improvements Improvements other than buildings Equipment	\$	13,495,166 \$ 456,949 5,026,628	698,879 \$ 12,325 163,051	- \$ - -	14,194,045 469,274 5,189,679
Total accumulated depreciation	\$_	18,978,743	874,255 \$	\$	19,852,998
Total capital assets being depreciated, net	\$_	8,425,983	51,577,624_\$	\$	10,003,607
Governmental activities capital assets, net	\$_	8,525,935	S <u>1,577,624</u> \$	\$	10,103,559

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 4—Capital Assets: (Continued)

Primary Government

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

Triniary Government	
Governmental activities:	
General government administration	\$ 318,964 96,274
Public safety Public works	83,583
Health and Welfare	4,360
Community development	 29,086
Total Governmental Activities	\$ 532,267
Business type activities	\$ 86,965
Total Primary Government	\$ 619,232
Component Unit-School Board	\$ 874,255

Note 5-Pension Plan:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered a by 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 <u>Code of Virginia</u>, 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:

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5-Pension Plan: (Continued)

RETIREMENT PLAN PROVISIONS						
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN				
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. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	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. Employees are eligible for 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.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")				
		 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. 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. 				

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5-Pension Plan: (Continued)

DETI	RETIREMENT PLAN PROVISIONS (CONTINUED)						
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN					
I LAN I	I LAN 2	TITORIO RETIREMENTI LAN					
Eligible Members Employees are in Plan 1 if their	Eligible Members Employees are in Plan 2 if their	Eligible Members Employees are in the Hybrid					
membership date is before July 1,	membership date is on or after	Retirement Plan if their					
2010, and they were vested as of January 1, 2013.	July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of	membership date is on or after January 1, 2014. This includes: • Political subdivision					
Hybrid Opt-In Election	January 1, 2013.	employees*					
VRS non-hazardous duty covered Plan 1 members were allowed to	Hybrid Opt-In Election	School division employeesMembers in Plan 1 or Plan 2					
make an irrevocable decision to opt into the Hybrid Retirement	Eligible Plan 2 members were allowed to make an irrevocable	who elected to opt into the plan during the election					
Plan during a special election window held January 1 through	decision to opt into the Hybrid Retirement Plan during a special	window held January 1-April 30, 2014; the plan's					
April 30, 2014.	election window held January 1 through April 30, 2014.	effective date for opt-in members was July 1, 2014.					
The Hybrid Retirement Plan's effective date for eligible Plan 1	The Hybrid Retirement Plan's	*Non-Eligible Members					
members who opted in was July 1, 2014.	effective date for eligible Plan 2 members who opted in was July	Some employees are not eligible to participate in the Hybrid					
	1, 2014.	Retirement Plan. They include:					
If eligible deferred members returned to work during the	If eligible deferred members	 Political subdivision employees who are covered 					
election window, they were also eligible to opt into the Hybrid	returned to work during the election window, they were also	by enhanced benefits for hazardous duty employees.					
Retirement Plan.	eligible to opt into the Hybrid Retirement Plan.	Those employees eligible for an optional retirement plan (ORP)					
Members who were eligible for an		must elect the ORP plan or the					
optional retirement plan (ORP) and had prior service under Plan	Members who were eligible for an optional retirement plan (ORP)	Hybrid Retirement Plan. If these members have prior service under					
1 were not eligible to elect the Hybrid Retirement Plan and	and have prior service under Plan 2 were not eligible to elect the	Plan 1 or Plan 2, they are not eligible to elect the Hybrid					
remain as Plan 1 or ORP.	Hybrid Retirement Plan and remain as Plan 2 or ORP.	Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or					
	romani as i ian z oi oixi .	ORP.					

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5-Pension Plan: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)							
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN					
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016. 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.	Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016.	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.					
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.	Creditable Service Same as Plan 1.	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.					

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5-Pension Plan: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)						
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN				
Creditable Service (Cont.)	Creditable Service (Cont.)	Creditable Service (Cont.) Defined Contributions Component: Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.				
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. Members are always 100% vested in the contributions that they make.	Vesting Same as Plan 1.	Defined Benefit Component: 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. Defined Contributions Component: 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. Members are always 100% vested in the contributions that they make.				

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5-Pension Plan: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)						
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN				
Vesting (Cont.)	Vesting (Cont.)	Vesting (Cont.) Defined Contributions Component: (Cont.) 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. • 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. Distribution is not required by law until age 70½.				
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. 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.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit Defined Benefit Component: See definition under Plan 1 Defined Contribution Component: 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.				

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5—Pension Plan: (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 Defined Benefit Component: 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 Defined Benefit Component: VRS: Same as Plan 2. Political subdivisions hazardous duty employees: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.				

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5—Pension Plan: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)						
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN				
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. 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.	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. Political subdivisions hazardous duty employees: Same as Plan 1.	Earliest Unreduced Retirement Eligibility Defined Benefit Component: 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. Political subdivisions hazardous duty employees: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.				
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.	Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.	Earliest Reduced Retirement Eligibility Defined Benefit Component: VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.				
Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.	Political subdivisions hazardous duty employees: Same as Plan 1.	Political subdivisions hazardous duty employees: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.				

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5-Pension Plan: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)							
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN					
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%. Eligibility: 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.	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%. Eligibility: Same as Plan 1.	Cost-of-Living Adjustment (COLA) in Retirement Defined Benefit Component: Same as Plan 2. Defined Contribution Component: Not applicable. Eligibility: Same as Plan 1 and Plan 2.					
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.							
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability.							

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5-Pension Plan: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)							
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN					
Cost-of-Living Adjustment (COLA) in Retirement (Cont.)	Cost-of-Living Adjustment (COLA) in Retirement (Cont.)	Cost-of-Living Adjustment (COLA) in Retirement (Cont.)					
 Exceptions to COLA Effective Dates: 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. 	Exceptions to COLA Effective Dates: Same as Plan 1.	Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2.					
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.	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.	Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 optins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.					

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5-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.)				
VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	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. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service Defined Benefit Component: Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. Defined Contribution Component: Not applicable.				

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2016-annual-report-pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5—Pension Plan: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2015 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	75	39
Inactive members: Vested inactive members	16	3
Non-vested inactive members	15	6
Inactive members active elsewhere in VRS	55	13_
Total inactive members	86	22
Active members	114	30
Total covered employees	275	91

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the <u>Code of Virginia</u>, 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 contribution rate for the year ended June 30, 2017 was 8.91% 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 \$448,244 and \$573,883 for the years ended June 30, 2017 and June 30, 2016, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2017 was 9.47% 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 Component Unit School Board's nonprofessional employees were \$55,128 and \$55,607 for the years ended June 30, 2017 and June 30, 2016, respectively.

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5—Pension Plan: (Continued)

Net Pension Liability

The County's and Component Unit School Board's (nonprofessional) net pension liability and asset were measured as of June 30, 2016. The total pension liabilities used to calculate the net pension liability and asset were determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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, 2015, 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, 2016.

Inflation 2.5%

Salary increases, including inflation 3.5% - 5.35%

Investment rate of return 7.0%, net of pension plan investment

expense, including inflation*

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

^{*} 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.

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5—Pension Plan: (Continued)

Actuarial Assumptions - General Employees: (Continued)

All Others (Non 10 Largest) - Non-LEOS: (Continued)

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

Inflation 2.5%

Salary increases, including inflation 3.5% - 4.75%

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.

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5—Pension Plan: (Continued)

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5—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
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
	*Expected arithme	tic nominal return	8.33%

^{*} Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5—Pension Plan: (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 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, 2018, 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, 2018 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.

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, 2015	\$	22,024,176	\$_	19,063,954	\$	2,960,222
Changes for the year:						
Service cost	\$	583,283	\$	-	\$	583,283
Interest		1,509,879		-		1,509,879
Differences between expected						
and actual experience		(1,025,111)		-		(1,025,111)
Contributions - employer		-		555,222		(555,222)
Contributions - employee		-		241,585		(241,585)
Net investment income		-		333,781		(333,781)
Benefit payments, including refunds						
of employee contributions		(908,946)		(908,946)		-
Administrative expenses		-		(11,833)		11,833
Other changes		-		(141)		141
Net changes	\$	159,105	\$	209,668	\$	(50,563)
Balances at June 30, 2016	\$	22,183,281	\$	19,273,622	\$	2,909,659

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5—Pension Plan: (Continued)

Changes in Net Pension Liability

Component School Board (nonprofessional) Increase (Decrease) Total Plan Net Pension **Fiduciary** Pension Liability **Net Position** Liability (Asset) (a) - (b) (a) (b) Balances at June 30, 2015 3,601,133 \$ 3,907,185 \$ 306,052 Changes for the year: Service cost \$ 53,998 \$ \$ 53,998 266,348 Interest 266,348 Differences between expected and actual experience 74,389 74,389 Contributions - employer 55,387 (55,387)Contributions - employee 30,165 (30, 165)Net investment income 60,144 (60, 144)Benefit payments, including refunds of employee contributions (204,429)(204,429)Administrative expenses (2,277)2,277 Other changes (26)26 190,306 \$ (61,036) \$ 251,342 Net changes Balances at June 30, 2016 4,097,491 \$ 3,540,097 \$ 557,394

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

The following presents the net pension liability of the County and Component Unit School Board (nonprofessional) using the discount rate of 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		Current Discount		1% Increase	
	_	(6.00%)		(7.00%)		(8.00%)	
County Net Pension Liability	\$	5,716,153	\$	2,909,659	\$	568,856	
Component Unit School Board (nonprofessional) Net Pension Liability	\$	1,005,323	\$	557,394	\$	178,112	

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5-Pension Plan: (Continued)

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

For the year ended June 30, 2017, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$91,581 and (\$20,696), respectively. At June 30, 2017, 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:

					Component Unit School			
	_	Primary Government			Board (nonprofessional)			
		Deferred	Deferred Deferred		Deferred	Deferred		
		Outflows of		Inflows of	Outflows of	Inflows of		
	_	Resources		Resources	Resources	Resources		
Differences between expected and actual experience	\$	-	\$	889,933 \$	38,452 \$	595		
Net difference between projected and actual earnings on pension plan investments		500,784		-	91,378	-		
Employer contributions subsequent to the measurement date	-	448,244		-	55,128			
Total	\$	949,028	\$	889,933 \$	184,958 \$	595		

\$448,244 and \$55,128 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government		Component Unit School Board (nonprofessional)
		_	_
2018	\$ (441,837)	\$	34,990
2019	(359,982)		2,164
2020	213,398		54,543
2021	199,272		37,538
2022	-		-
Thereafter	-		-

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5—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 <u>Code of Virginia</u>, as amended, but may be impacted as a result of funding options provided to school divisions 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.

Each School Division's contractually required contribution rate for the year ended June 30, 2017 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 actuarial rate for the Teacher Retirement Plan was 16.32%. 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. Based on the provisions of §51.1-145 of the Code of Virginia, as amended, the contributions were funded at 89.84% of the actuarial rate for the year ended June 30, 2017. Contributions to the pension plan from the School Board were \$1,657,572 and \$1,728,178 for the years ended June 30, 2017 and June 30, 2016, respectively.

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

At June 30, 2017, the school division reported a liability of \$21,669,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 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, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the school division's proportion was .16% as compared to .17% at June 30, 2015.

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5—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, 2017, the school division recognized pension expense of \$1,287,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2017, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	_	Deferred Outflows of Resources	 Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	\$ 703,000
Net difference between projected and actual earnings on pension plan investments		1,238,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions		-	2,045,000
Employer contributions subsequent to the measurement date	_	1,585,521	 <u>-</u>
Total	\$	2,823,521	\$ 2,748,000

\$1,585,521 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 ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2018	\$ (721,000)
2019	(721,000)
2020	18,000
2021	36,000
2022	(122,000)
Thereafter	-

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5—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, 2015, 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, 2016.

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*

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

^{*} 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.

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5-Pension Plan: (Continued)

Component Unit School Board (professional) (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:

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Asset Class (Strategy)	Target _Allocation_	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
	*Expected arithme	tic nominal return	8.33%

^{*} Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 5—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, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 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	\$ 30,889,000	\$	21,669,000	\$	14,074,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at http://www.retire.org/Pdf/Publications/2016-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 6—Compensated Absences:

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

County employees earn vacation and sick leave at various rates. The County had outstanding compensated absences as follows:

Primary Government \$\frac{708,409}{}

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 7—Long-Term Obligations:

Primary Government:

Governmental Activities:

The following is a summary of long-term obligations transactions of the County for the year ended June 30, 2017:

Covernmental Activities		Balance at July 1, 2016	Issuances/ Additions	Retirements/ Deletions	Balance at June 30, 2017	Payable Due Within One Year
Governmental Activities:	_		_	o= t		
Revenue bond	\$	2,033,397 \$	- \$	87,180 \$	1,946,217 \$	87,180
General obligation bonds (VPSA)		1,004,297	-	292,007	712,290	312,192
General obligation bonds		3,316,816	-	408,079	2,908,737	408,079
General lease purchase		5,123,382	-	20,185	5,103,197	-
Premium on bond issuance		796,685	-	51,206	745,479	50,988
Qualified zone academy bonds		2,116,857	-	-	2,116,857	-
Notes payable		648,000	-	112,000	536,000	112,000
Landfill closure and postclosure						
care liability		4,728,261	61,467	-	4,789,728	-
Landfill corrective action plan		361,140	4,695	-	365,835	-
Net pension liability		2,960,222	2,105,136	2,155,699	2,909,659	-
Net OPEB obligation		195,000	44,600	14,500	225,100	-
Compensated absences		612,339	96,070		708,409	70,841
Total Governmental Activities	\$	23,896,396 \$	2,311,968 \$	3,140,856 \$	23,067,508 \$	1,041,280

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

		Bonds & Notes Payable (1)						
Year	_	Principal		Interest				
2018	\$	958,857	\$	391,882				
2019		801,908		357,932				
2020		828,474		328,460				
2021		844,882		286,707				
2022		875,321		264,294				
2023-2027		3,727,338		886,187				
2028-2032	_	3,169,661		275,513				
	\$ _	11,206,441	\$	2,790,975				

⁽¹⁾ Excludes annual payment to debt service sinking fund for the Qualified Zone Academy Bonds.

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 7—Long-Term Obligations: (Continued)	
Primary Government: (Continued)	
Governmental Activities: (Continued)	
Details of long-term obligations:	
General obligation bonds:	
\$4,211,116 Virginia Public School Authority Bonds 1997 I, issued November 20, 1997, maturing annually through July 15, 2017 with interest payable semi-annually at rates from 4.35% to 5.35%.	\$ 247,290
\$1,000,000 Virginia Public School Authority Bonds issued May 11, 2006, maturing annually through July 15, 2026 with interest payable semi-annually at rates from 4.1% to 5.1%.	465,000
\$5,123,382 Series 2015 Lease purchase issued June 17, 2015, maturing annually through June 17, 2030 with interest payable annually at a rate of 2.35%	5,103,197
Plus: Premium on issuance	9,238
\$2,080,820 general obligation bond issued June 13, 2012, maturing annually through June 30, 2024 with interest payable semi-annually at varying interest rates of 2.125 to 5.125%.	1,343,737
Plus: Premium on issuance	246,354
\$2,780,000 general obligation bond issued November 16, 2011, maturing annually through June 30, 2031 with interest payable semi-annually at a rate of 3.37%. Plus: Premium on issuance	1,565,000 253,910
Total general obligation bonds	\$ 9,233,726
Revenue bond (payable from General Fund property rentals):	 <u> </u>
\$2,342,978 lease revenue bond dated November 16, 2011, maturing annually through June 30, 2032 with interest payable semi-annually at a rate of 3.67%.	\$ 1,946,217
Plus: Premium on issuance	 235,977
Total revenue bond (payable from General Fund property rentals)	\$ 2,182,194

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 7—Long-Term Obligations: (Continued)	
Primary Government: (Continued)	
Governmental Activities: (Continued)	
Details of long-term obligations: (Continued)	
Qualified zone academy bonds:	
\$1,116,857 Qualified Zone Academy Bond, issued December 29, 2005, maturing December 29, 2020. Annual payments of \$60,425 are required to be placed in a	
sinking fund that will be used to pay the debt in 2020.	\$ 1,116,857
\$1,000,000 Qualified Zone Academy Bonds, issued December 13, 2006, maturing	
December 13, 2022. Annual payments of \$49,728 are required to be placed in a sinking fund that will be used to pay the debt in 2022.	1 000 000
Total qualified zone academy bonds	\$ 1,000,000 2,116,857
Notes Payable:	
\$1,500,000 note payable issued May 29, 2007, due in annual principal installments	
of \$100,000 and semi-annual interest payments at 4.61%, maturing July 31, 2021	\$ 500,000
\$120,000 note payable issued March 2010, due in annual principal installments of	
\$12,000 bearing no interest, maturing March 2020.	36,000
Total notes payable	\$ 536,000
Other long-term obligations:	
Landfill closure and postclosure care liability	\$ 4,789,728
Landfill corrective action plan liability	365,835
Compensated absences	708,409
Net pension liability	2,909,659
Net OPEB obligation	 225,100
Total other long-term obligations	\$ 8,998,731
Total Governmental Activities long-term obligations	\$ 23,067,508

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities:

The following is a summary of long-term obligations transactions of the Business-type Activities for the year ended June 30, 2017:

	 Balance luly 1, 2016	 Issuances	 Retirements	Balance June 30, 2017	Due Within One Year
Business-type Activities:					
Lease revenue bond Premium on bond issuance	\$ 3,561,635 443,826	\$ - -	\$ 152,604 \$ 27,739	3,409,031 \$ 416,087	159,175 27,739
Total Business-type Activities	\$ 4,005,461	\$ -	\$ 180,343 \$	3,825,118 \$	186,914

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

	_	Lease Revenue Bond						
Year		Principal	Interest					
2018	\$	159,175 \$	162,096					
2019		168,725	155,094					
2020		175,092	148,067					
2021		181,459	140,172					
2022		191,010	131,264					
2023-2027		1,107,858	495,611					
2028-2032	_	1,425,712	179,337					
		_						
	\$_	3,409,031 \$	1,411,641					

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities: (Continued)

Revenue bond (payable from Enterprise Fund):

\$2,342,978 lease revenue bond dated November 16, 2011, maturing annually through June 30, 2032 with interest payable semi-annually at a rate of 3.67%. \$3,409,031 Plus: Premium on issuance 416,087

Total business-type activities long-term obligations \$ 3,825,118

Component Unit - School Board:

The following is a summary of long-term obligations transactions of the Component Unit- School Board for the year ended June 30, 2017:

	Balance July 1, 2016	Addition	 Deletions	_	Balance June 30, 2017	Payable Due Within One Year
Net OPEB obligation	\$ 278,700 \$	197,100	\$ 129,900	\$,	-
Net pension liability	20,617,052	6,145,038	 4,535,696	-	22,226,394	
Total	\$ 20,895,752 \$	6,342,138	\$ 4,665,596	\$	22,572,294 \$	-

Note 8—Litigation:

At June 30, 2017, 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—Contingent Liabilities:

Federal programs in which the County and its component unit participate were audited in accordance with the provisions of U.S. Office of Management and Uniform Guidance. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 10—Surety Bonds:

	 Amount
Fidelity and Deposit Company of Maryland - Surety Machelle J. Eppes, Clerk of the Circuit Court Donna B. Nunnally, Treasurer Beverly M. Booth, Commissioner of the Revenue Wesley W. Reed, Sheriff	\$ 360,000 400,000 3,000 30,000
United State Fidelity and Guaranty Company - Surety Clerk and Deputy Clerk of the School Board	50,000
Aetna Casualty and Surety Company - Surety Roma R. Morris, Director of Social Services	100,000
Fidelity and Deposit Company of Maryland - Surety County Administrator	2,000

Note 11—Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County records a portion of this closure and postclosure care liability in each period based on landfill capacity as of each balance sheet date. The County opened a new cell in 2008. The amounts reported as closure and postclosure care liabilities at June 30, 2017 were \$2,534,412 and \$2,255,316, respectively. Furthermore, the County reports \$365,835 as corrective action liability. These amounts are based on what it would cost to perform all closure and postclosure care in 2017. Actual cost may be higher due to inflation, changes in technology or changes in regulation. During fiscal year 2017 the County started construction on a new cell.

The County has demonstrated financial assurance requirements for closure, postclosure 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. The County intends to fund these costs from accumulated funds held in the general fund.

Note 12—Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and natural disasters. 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.

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 12—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 losses. Settled claims from these risks have not exceeded commercial coverage.

Note 13—Other Postemployment Benefits - Health Insurance:

County:

Background

Beginning in fiscal year 2009, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) offered to retirees. This standard addresses how local governments should account for and report their costs related to postemployment health-care and non-pension benefits, such as the County's retiree health benefit subsidy. Historically, the County's subsidy was funded on a pay-as-you go basis, but GASB Statement No. 45 requires that the County accrue the cost of the retiree health subsidy and other postemployment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the County. This funding methodology mirrors the funding approach used for pension benefits.

A. Plan Description:

In addition to the pension benefits described in Note 5, the County provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from County service at age 60 or older and have 30 years of service with the County, may elect one of two health insurance options through the County's plan. On one plan the County pays 100% of the premium, up to age 65, at which time coverage ceases. The other plan requires the retiree to pay 100% of the premium; however, the retiree may remain on the plan indefinitely. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

B. Funding Policy:

The County establishes employer contribution rates for plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. For participating retirees the County pays 100% of the health insurance premium for retirees up to Medicare eligibility. Retirees may opt to choose an Advantage 65 plan, which they are required to cover 100% of the premium for. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65, with the exception of the Advantage 65 plan which can continue indefinitely.

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 13—Other Postemployment Benefits - Health Insurance: (Continued)

County: (Continued)

Background (Continued)

C. Annual OPEB Cost and Net OPEB Obligation:

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the County's amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$	44,900
Interest on net OPEB obligation		7,800
Adjustment to annual required contribution		(8,100)
Annual OPEB cost (expense)	\$	44,600
Contributions made	_	(14,500)
Increase in net OPEB obligation	\$	30,100
Net OPEB obligation - beginning of year	_	195,000
Net OPEB obligation - end of year	\$_	225,100

For 2017, the County's expected cash payment of \$14,500 was \$30,100 less than the OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years are as follows:

		Percentage							
	Annual of Annual		of Annual	Net					
Fiscal	OPEB OPEB Cost		OPEB						
Year Ended	_	Cost Contributed		Obligation					
		_							
June 30, 2015	\$	34,000	42.65% \$	178,400					
June 30, 2016		35,000	52.57%	195,000					
June 30, 2017		44,600	32.51%	225,100					

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 13—Other Postemployment Benefits - Health Insurance: (Continued)

County: (Continued)

D. Funded Status and Funding Progress:

The funded status of the plan as of July 1, 2016, the date of the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	\$ 588,700
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	588,700
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	3,173,497
UAAL as a percentage of covered payroll	18.55%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2016 most recent actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return and an annual healthcare cost trend rate of 7.50 percent initially, reduced by decrements to an ultimate rate of 5 percent after 5 years. Both rates included a 2.50 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2016 was 30 years.

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 13—Other Postemployment Benefits - Health Insurance: (Continued)

County: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

Cost Method

The entry age normal cost method is used to determine the plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Under these methods, inactive participants have no normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The plan's total annual normal cost and actuarial liability are the sum of the individual participant amounts.

An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method.

Interest Assumptions

	Unfunded
Discount rate	4.0%
Health cost trend assumption	7.5%
Payroll growth	2.5%

School Board:

A. Plan Description:

In addition to the pension benefits described in Note 5, the School Board provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from the School Board at age 60 with 30 years of service or age 65 with 5 years of service receive a \$1.50 credit per year of service (capped at \$45 per month) toward the retiree's health insurance premium. The retiree is responsible for the remaining premium. Coverage ceases at age 65 unless a Medicare Complementary plan is chosen. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 13—Other Postemployment Benefits - Health Insurance: (Continued)

School Board: (Continued)

B. Funding Policy:

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. Retirees receive a credit for each year of service (capped at \$45 per month) which offsets the cost of their premium. Retirees are responsible for the remaining premium and the premium of their spouse. Coverage ceases when retirees reach the age of 65 unless Medicare Complementary coverage is selected.

C. Annual OPEB Cost and Net OPEB Obligation:

The School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the School Board's amount actually contributed to the plan, and changes in the School Board's net OPEB obligation:

Annual required contribution	\$	197,600
Interest on net OPEB obligation		11,100
Adjustment to annual required contribution	_	(11,600)
Annual OPEB cost (expense)	\$	197,100
Contributions made	_	(129,900)
Increase in net OPEB obligation	\$	67,200
Net OPEB obligation - beginning of year	_	278,700
Net OPEB obligation - end of year	\$ _	345,900

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 13—Other Postemployment Benefits - Health Insurance: (Continued)

School Board: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation: (Continued)

For 2017, the School Board's expected cash payment of \$129,900 was \$67,200 less than the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years are as follows:

	Percentage							
	Annual	of Annual	Net					
Fiscal	OPEB OPEB Cost		OPEB					
Year Ended	Cost	Contributed	Obligation					
June 30, 2015	\$ 148,400	83.89% \$	271,100					
June 30, 2016	151,000	94.97%	278,700					
June 30, 2017	197,100	65.91%	345,900					

D. Funded Status and Funding Progress:

The funded status of the plan as of July 1, 2016 the date of the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	\$ 2,282,300
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	2,282,300
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	12,037,003
UAAL as a percentage of covered payroll	18.96%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 13—Other Postemployment Benefits - Health Insurance: (Continued)

School Board: (Continued)

E. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and then plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2016 most recent actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return and an annual healthcare cost trend rate of 7.50 percent initially, reduced by decrements to an ultimate rate of 5 percent after 3 years. Both rates included a 2.50 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2016 was 30 years.

Cost Method

The entry age normal cost method is used to determine the plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Under these methods, inactive participants have no normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The plan's total annual normal cost and actuarial liability are the sum of the individual participant amounts.

An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method.

Interest Assumptions

	Unfunded
Discount rate	4.0%
Health cost trend assumption	7.5%
Payroll growth	2.5%

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 14-Interfund Transfers:

Interfund transfers for the year ended June 30, 2017 consisted of the following:

Fund		Transfers In	Transfers Out		
General Fund School Debt Service Fund	\$	- \$ 110,153	110,153 -		
Total	\$	110,153 \$	110,153		

Transfers were made for operational expenditures.

Note 15-Notes Receivable:

The County refinanced a building loan to Paris Ceramics. America, LLC for economic development in August 2010 in the amount of \$840,000. The loan bears no interest and is to be paid over 20 years in monthly installments of \$3,500 commencing January 1, 2011 with final payment due December 1, 2030. At June 30, 2017, this note had an outstanding balance of \$566,500.

The County provided an equipment loan to Paris Ceramics America, LLC in May 2012 in the amount of \$170,000. The loan bears simple interest at 5% and is payable over 7 years. At June 30, 2017, this note had an outstanding balance of \$45,693.

The County provided an equipment loan to Prospect Volunteer Fire Department in March 2016 in the amount of \$187,500. The loan bears simple interest at 3% and is payable over 5 years. At June 30, 2017, this note had an outstanding balance of \$150,000.

The County provided an equipment Ioan to Prince Edward County Rescue Squad in March 2017 in the amount of \$120,000. The Ioan bears simple interest at 3% and is payable over 5 years. At June 30, 2017, this note had an outstanding balance of \$120,000.

The County received an energy conservation block grant from the Department of Mines, Minerals and Energy on behalf of STEPS, Inc. in the amount of \$668,002. The grant was paid to STEPS, Inc. to fund an energy efficiency contract in the amount of \$719,268. The difference between the grant award and the contract was loaned to STEPS, Inc. in the amount of \$51,266. Payment is expected during 2017. The loan bears no interest. The outstanding balance on the note receivable at June 30, 2017 was \$51,266.

Notes to Financial Statements As of June 30, 2017 (Continued)

Note 16—Unavailable/Deferred Revenue:

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

<u>Unavailable Property Tax Revenue</u> - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$14,694,180 (including 2nd half billings of \$13,056,674 not due until December 5) at June 30, 2017.

<u>Prepaid Property Taxes</u> - Property taxes due subsequent to June 30, 2017 but paid in advance by the taxpayers totaled \$53,987 at June 30, 2017.

Note 17—Upcoming Pronouncements:

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017.

Statement No. 81, *Irrevocable Split-Interest Agreements*, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

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.

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

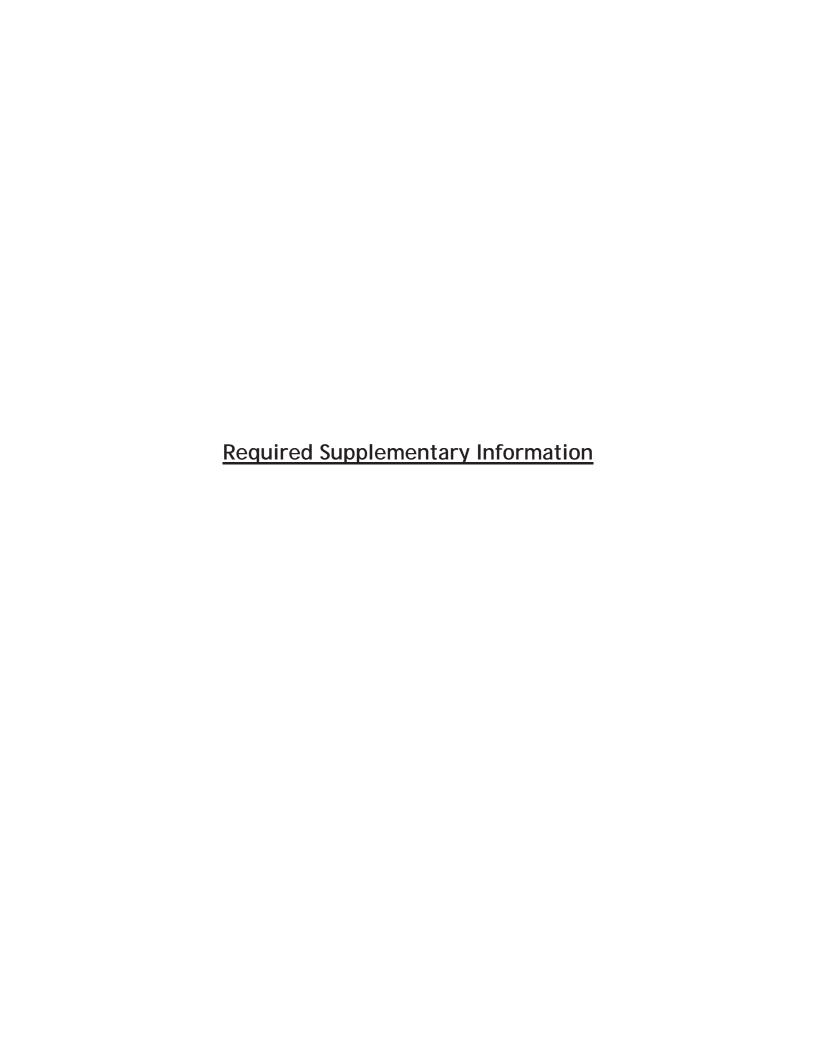
Notes to Financial Statements As of June 30, 2017 (Continued)

Note 18—Net Position Restatement:

Net position amounts were restated as of July 1, 2016 as follows:

		Primary Government		Component Unit
	•	Governmental	-	School
		Activities		Board
Net Position as reported at July 1, 2016	\$	1,848,682	\$	(12,303,960)
Note receivable from Prospect Volunteer Fire Department		187,500		-
Transfer of capital projects to Component Unit School Board		1,011,903		(1,011,903)
Net Position as restated at July 1, 2016	\$	3,048,085	\$	(13,315,863)







General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2017

		Budgeted	Am	nounts		0 about	Variance with Final Budget -
		Original		Final		Actual Amounts	Positive (Negative)
REVENUES							
General property taxes	\$	12,432,187	\$	12,607,647	\$	12,659,333 \$	51,686
Other local taxes		3,697,000		3,697,000		3,877,548	180,548
Permits, privilege fees, and regulatory licenses		69,980		69,980		73,445	3,465
Fines and forfeitures		112,500		112,500		192,680	80,180
Revenue from the use of money and property		346,399		346,399		334,241	(12,158)
Charges for services		355,321		355,321		550,774	195,453
Miscellaneous		76,534		76,534		142,112	65,578
Recovered costs Intergovernmental:		85,500		85,500		79,193	(6,307)
Commonwealth		5,520,253		5,778,675		5,675,913	(102,762)
Federal		1,333,673	_	1,333,673		1,617,169	283,496
Total revenues	\$	24,029,347	\$	24,463,229	\$	25,202,408 \$	739,179
EXPENDITURES							
Current:							
General government administration	\$	1,589,901	\$	1,589,901	\$	1,626,463 \$	(36,562)
Judicial administration		1,600,787		1,611,589		1,607,932	3,657
Public safety		4,075,589		4,469,175		3,972,295	496,880
Public works		1,856,753		1,856,753		1,763,373	93,380
Health and welfare		4,233,952		4,461,289		4,487,585	(26,296)
Education		8,323,932		8,328,932		7,393,077	935,855
Parks, recreation, and cultural		276,663		276,663		276,804	(141)
Community development		681,704		681,704		478,395	203,309
Nondepartmental		168,026		96,026		32,560	63,466
Capital projects Debt service:		30,000		30,000		142,819	(112,819)
Principal retirement		579,529		579,529		607,248	(27,719)
Interest and other fiscal charges	_	297,116	_	297,116	_	271,774	25,342
Total expenditures	\$	23,713,952	\$	24,278,677	\$	22,660,325 \$	1,618,352
Excess (deficiency) of revenues over (under)							
expenditures	\$	315,395	\$	184,552	\$	2,542,083 \$	2,357,531
OTHER FINANCING SOURCES (USES)							
Transfers in	\$	675,937	\$	975,189	\$	- \$	(975,189)
Transfers out		(991,332)		(991,332)	_	(110,153)	881,179
Total other financing sources (uses)	\$	(315,395)	\$	(16,143)	\$	(110,153)	(94,010)
Net change in fund balances	\$	- !	\$	168,409	\$	2,431,930 \$	2,263,521
Fund balances - beginning		-		(168,409)		9,767,814	9,936,223
Fund balances - ending	\$	-	\$		\$	12,199,744 \$	
~	_		_				

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Primary Government

For the Years Ended June 30, 2015 through June 30, 2017

	_	2016	_	2015	_	2014
Total pension liability						
Service cost	\$	583,283	\$	545,827	\$	555,966
Interest		1,509,879		1,462,131		1,383,489
Changes of benefit terms		-		-		-
Differences between expected and actual experience		(1,025,111)		(446,242)		-
Changes in assumptions		-		-		-
Benefit payments, including refunds of employee contributions	_	(908,946)	_	(850,241)	_	(781,769)
Net change in total pension liability	\$	159,105	\$	711,475	\$	1,157,686
Total pension liability - beginning	_	22,024,176	_	21,312,701	_	20,155,015
Total pension liability - ending (a)	\$	22,183,281	\$	22,024,176	\$	21,312,701
Plan fiduciary net position						
Contributions - employer	\$	555,222	\$	567,774	\$	604,584
Contributions - employee		241,585		248,130		246,898
Net investment income		333,781		841,567		2,496,224
Benefit payments, including refunds of employee contributions		(908,946)		(850,241)		(781,769)
Administrative expense		(11,833)		(11,394)		(13,259)
Other	_	(141)	_	(176)	_	132
Net change in plan fiduciary net position	\$	209,668	\$	795,660	\$	2,552,810
Plan fiduciary net position - beginning		19,063,954		18,268,294		15,715,484
Plan fiduciary net position - ending (b)	\$	19,273,622	\$	19,063,954	\$	18,268,294
County's net pension liability (asset) - ending (a) - (b)	\$	2,909,659	\$	2,960,222	\$	3,044,407
Plan fiduciary net position as a percentage of the total pension liability		86.88%		86.56%		85.72%
Covered payroll	\$	5,034,064	\$	4,994,453	\$	4,941,586
County's net pension liability (asset) as a percentage of covered payroll		57.80%		59.27%		61.61%

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, 2015 through June 30, 2017

		2016	2015	2014
Total pension liability				
Service cost	\$	53,998 \$	50,122 \$	74,756
Interest		266,348	266,930	257,300
Changes of benefit terms		-	-	-
Differences between expected and actual experience		74,389	(119,719)	-
Changes in assumptions		-	-	-
Benefit payments, including refunds of employee contributions		(204,429)	(206,875)	(182,074)
Net change in total pension liability	\$	190,306 \$	(9,542) \$	149,982
Total pension liability - beginning		3,907,185	3,916,727	3,766,745
Total pension liability - ending (a)	\$	4,097,491 \$	3,907,185 \$	3,916,727
Plan fiduciary net position Contributions - employer	\$	55,387 \$	56,512 \$	50,281
Contributions - employee	Ф	30,165	30,842	29,439
Net investment income		60,144	160,116	493,037
Benefit payments, including refunds of employee contributions		(204,429)	(206,875)	(182,074)
Administrative expense		(2,277)	(2,280)	(2,719)
Other		(26)	(33)	26
Net change in plan fiduciary net position	\$	(61,036) \$	38,282 \$	387,990
Plan fiduciary net position - beginning	Ψ	3,601,133	3,562,851	3,174,861
Plan fiduciary net position - ending (b)	\$	3,540,097 \$	3,601,133 \$	3,562,851
the state of the s		,	*	2/222/223
School Division's net pension liability (asset) - ending (a) - (b)	\$	557,394 \$	306,052 \$	353,876
Plan fiduciary net position as a percentage of the total pension liability		86.40%	92.17%	90.97%
pension nability		00.40%	7Z. I / /0	70.77/0
Covered payroll	\$	607,723 \$	602,454 \$	599,266
School Division's net pension liability (asset) as a percentage of covered payroll		91.72%	50.80%	59.05%

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, 2015 through June 30, 2017

	-	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)		0.15%	0.16%	0.17%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$	21,669,000 \$	20,311,000 \$	20,970,000
Employer's Covered Payroll		11,760,526	11,745,639	12,499,030
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll		184.25%	172.92%	167.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		70.68%	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.

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 Go							_	F 000 700	0.01%
2017	\$	448,244	\$	448,244	\$	-	\$	5,030,792	8.91%
2016		573,883		573,883		-		5,034,064	11.40%
2015		569,368		569,368		-		4,994,453	11.40%
2014		605,344		605,344		-		4,941,586	12.25%
2013		603,669		603,669		-		4,927,907	12.25%
2012		459,960		459,960		-		4,549,559	10.11%
2011		465,177		465,177		-		4,601,161	10.11%
2010		430,761		430,761		-		4,651,842	9.26%
2009		427,997		427,997		-		4,622,000	9.26%
2008		303,273		303,273		-		4,440,314	6.83%
Component	Uni	t School Board (ัทดเ	anrofessional)					
2017	\$	55,128	,1101 \$	55,128	\$	_	\$	582,130	9.47%
2016	Ψ	55,607	Ψ	55,607	Ψ	_	Ψ	607,723	9.15%
2015		55,143		55,143		_		602,654	9.15%
2014		51,178		51,178		_		599,266	8.54%
2014		68,018		68,018				796,467	8.54%
2012		49,452		49,452		_		831,125	5.95%
2012		49,421		49,421		_		830,612	5.95%
2010		50,279		50,279		_		805,757	6.24%
2009		52,248		52,248		_		837,304	6.24%
2008		38,406		38,406		_		827,705	4.64%
2000		00,100		00,100				027,700	1.0170
Component	Uni	t School Board ((pro	ofessional)					
2017	\$	1,657,572	\$	1,657,572	\$	-	\$	11,604,550	14.28%
2016		1,728,178		1,728,178		-		11,760,526	14.69%
2015		1,660,376		1,660,376		-		11,745,639	14.14%
2014		1,444,425		1,444,425		-		12,499,030	11.56%
2013		1,498,019		1,498,019		-		12,847,504	11.66%
2012		1,488,380		1,488,380		-		13,136,626	11.33%
2011		1,167,485		1,167,485		-		13,073,738	8.93%
2010		1,562,792		1,562,792		-		13,452,785	11.62%
2009		1,932,103		1,932,103		-		13,990,607	13.81%
2008		2,059,394		2,059,394		-		13,460,092	15.30%

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 For the Year Ended June 30, 2017

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, 2016 are not material.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Component Unit School Board - Professional Employees

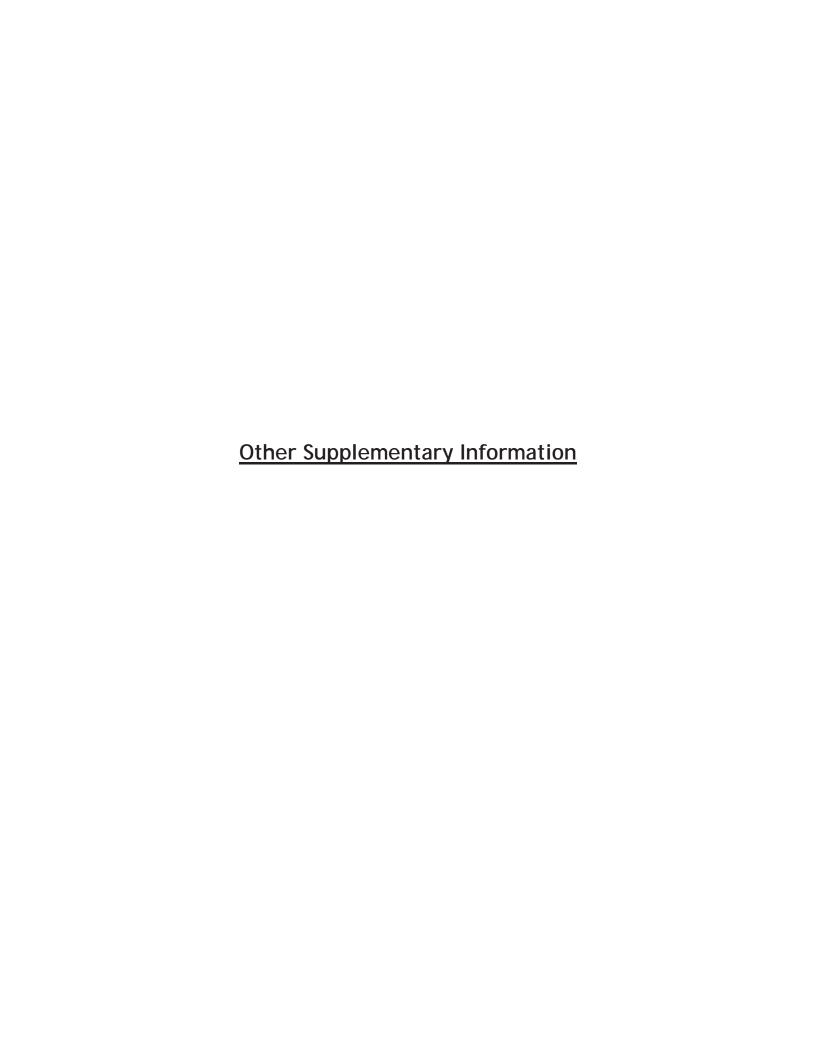
- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Schedule of OPEB Funding Progress Last Three Fiscal Years

Co	un	ity	

Actuarial Valuation as of (1)	Actuarial Value of Assets (AVA)	 Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio (2)/(3) (5)	Covered Payroll (6)	UAAL as % of Covered Payroll (4)/(6)
7/1/2012 \$	-	\$ 517,400 \$	517,400	0.00% \$	4,947,603	10.46%
7/1/2014	-	496,700	496,700	0.00%	2,879,543	17.25%
7/1/2016	-	588,700	588,700	0.00%	3,173,497	18.55%
School Board:						
Actuarial Valuation	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	Covered	UAAL as % of Covered Payroll
as of	(AVA)	 (AAL)	(3) - (2)	(2)/(3)	Payroll	(4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2012 \$	-	\$ 2,044,900 \$	2,044,900	0.00% \$	12,307,397	16.62%
7/1/2014	-	1,837,000	1,837,000	0.00%	12,568,357	14.62%









Capital Projects Fund - Landfill Construction Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2017

	Budgeted Amounts							Variance with Final Budget -	
		Original		Final	_	Actual Amounts		Positive (Negative)	
REVENUES									
Revenue from the use of money and property	\$	4,000	\$	4,000	\$	9,968	\$	5,968	
Charges for services	_	300,000		300,000		258,495		(41,505)	
Total revenues	\$_	304,000	\$	304,000	\$	268,463	\$_	(35,537)	
EXPENDITURES									
Current:									
Capital projects	\$_	304,000	\$_	304,000	\$_	343,335	\$	(39,335)	
Total expenditures	\$_	304,000	\$	304,000	\$	343,335	\$_	(39,335)	
Excess (deficiency) of revenues over (under)									
expenditures	\$_	-	\$	-	\$	(74,872)	\$	(74,872)	
Net change in fund balances	\$	-	\$	-	\$	(74,872)	\$	(74,872)	
Fund balances - beginning	_	-		-		1,278,266		1,278,266	
Fund balances - ending	\$_	-	\$	-	\$	1,203,394	\$	1,203,394	

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2017

	Special Revenue Funds Piedmont Court Services		Capital Projects	_	Total
			Recreation Fund		Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	316,616	\$	8,085	\$	324,701
Total assets	316,616	\$	8,085	\$	324,701
LIABILITIES					
Accounts payable	5,440	\$	-	\$	5,440
Due to other funds	4,564		-	_	4,564
Total liabilities	10,004	\$	-	\$	10,004
FUND BALANCES Assigned:					
Recreation capital projects	-	\$	8,085	\$	8,085
Special revenue	306,612	<u>.</u> .	-	_	306,612
Total fund balances	306,612	\$	8,085	\$	314,697
Total liabilities and fund balances	316,616	\$	8,085	\$	324,701

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

For the Year Ended June 30, 2017

	_	Special Revenue Funds	 Capital Projects Funds	 Total
		Piedmont Court Services	Recreation Fund	Nonmajor Governmental Funds
REVENUES	-	oci vices	 Recreation Fund	 Turius
Revenue from the use of money and property	\$	849	\$ 47	\$ 896
Charges for services		56,063	-	56,063
Miscellaneous		1,404	-	1,404
Intergovernmental:				
Commonwealth	_	455,163	 -	 455,163
Total revenues	\$_	513,479	\$ 47	\$ 513,526
EXPENDITURES				
Public Safety	\$	497,817	\$ -	\$ 497,817
Parks and Recreation	_	-	 6,000	 6,000
Total expenditures	\$_	497,817	\$ 6,000	\$ 503,817
Excess (deficiency) of revenues over (under)				
expenditures	\$_	15,662	\$ (5,953)	\$ 9,709
Net change in fund balances	\$	15,662	\$ (5,953)	\$ 9,709
Fund balances - beginning	_	290,950	 14,038	 304,988
Fund balances - ending	\$_	306,612	\$ 8,085	\$ 314,697

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Nonmajor Governmental Funds For the Year Ended June 30, 2017

		Nonn	najor Capita	I Projects F	unds	9	Special Revenue Funds					
			Recreati	on Fund		P	iedmont Cou	ırt Services				
					Variance with Final Budget				Variance with Final Budget			
		Budgeted			Positive	Budgeted A			Positive			
		Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)			
REVENUES Revenue from the use of money												
and property	\$	- \$	- \$	47 \$	47 \$	900 \$	900 \$	849 \$	(51)			
Charges for services		-	-	-	-	67,000	67,000	56,063	-10,937			
Miscellaneous		-	-	-	-	1,100	1,100	1,404	304			
Intergovernmental:												
Commonwealth						453,957	453,957	455,163	1,206			
Total revenues	\$	\$_	\$	47_\$	47 \$	522,957 \$	522,957 \$	513,479 \$	-9,478			
EXPENDITURES												
Public safety	\$	- \$	- \$	- \$	- \$	564,086 \$	564,086 \$	497,817 \$	66,269			
Parks and recreation		6,000	6,000	6,000		<u> </u>						
Total expenditures	\$	6,000 \$	6,000 \$	6,000 \$	- \$	564,086 \$	564,086 \$	497,817 \$	66,269			
Excess (deficiency) of revenues over (under) expenditures	\$	(6,000) \$	(6,000) \$	(5,953) \$	47 \$	(41,129) \$	(41,129) \$	15,662 \$	56,791			
over (under) expenditures	ф	(0,000) \$	(0,000) \$	(3,933) \$	47 Þ	(41,129)	(41,129) \$	15,002 \$	50,791			
Net change in fund balances	\$	(6,000) \$	(6,000) \$	(5,953) \$	47 \$	(41,129) \$	(41,129) \$	15,662 \$	56,791			
Fund balances - beginning		6,000	6,000	14,038	8,038	41,129	41,129	290,950	249,821			
Fund balances - ending	\$	<u> </u>	- \$	8,085 \$	8,085 \$	\$	- \$	306,612 \$	306,612			

Combining Statement of Fiduciary Net Position Fiduciary Funds June 30, 2017

			Piedmont Alcohol			
		Special Welfare	 Safety Action Program	 Sales Tax Fund	-	Total
ASSETS						
Cash and cash equivalents	\$	825	\$ 324,782	\$ 30	\$_	325,637
Total assets	\$	825	\$ 324,782	\$ 30	\$	325,637
LIABILITIES						
Amounts held for social services clients	\$	825	\$ -	\$ -	\$	825
Amounts held as sales tax to towns Amounts held for Piedmont Alcohol Safety Action		-	-	30		30
Program	_	-	 324,782	 -	_	324,782
Total liabilities	\$	825	\$ 324,782	\$ 30	\$	325,637

Combining Statement of Changes in Assets and Liabilities Agency Funds June 30, 2017

Special Welfare:	825
	825
Assets:	825
Cash and cash equivalents \$ 3,086 \$ 4,958 \$ 7,219 \$	
Liabilities:	
Amounts held for social service clients \$ 3,086 \$ 4,958 \$ 7,219 \$	825
Sales Tax:	
Assets:	
Cash and cash equivalents \$ 30 \$ 357,371 \$ \$ \$	30
Liabilities:	
Sales tax payable to towns \$ 30 \$ 357,371 \$ 357,371 \$	30
Piedmont Alcohol Safety Action Program: Assets:	
	4,782
Liabilities:	
	4,782
···········_	
Totals All agency funds	
Assets:	
Cash and cash equivalents \$ 360,882 \$ 692,740 \$ 727,985 \$ 32	5,637
Total assets \$360,882 \$692,740 \$727,985 \$32	5,637
Liabilities:	
Amounts held for social service clients \$ 3,086 \$ 4,958 \$ 7,219 \$	825
Amounts held as sales tax payable to towns 30 357,371 357,371	30
	4,782
Total liabilities \$ 360,882 \$ 692,740 \$ 727,985 \$ 32	5,637

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2017

Cash and cash equivalents		_	School Operating Fund	School Cafeteria Fund	_	School Capital Projects Fund	Underground Storage Tank Fund	Total Governmental Funds
Receivables (net of allowance For uncollectibles): Due from other governmental units 900.593 17,247 0 0 917,840 154,135 154,135 0 0 154,135	ASSETS							
Pulsa Propint of the governmental units 900,593 17,247	Receivables (net of allowance	\$	1,154,202 \$	465,657	\$	- \$	20,000 \$	1,639,859
Name	Due from other governmental units	_		17,247 -	_	- -	- 	
Accounts payable \$35,622 \$ - \$ - \$ - \$ \$ 35,622 Accound liabilities 1,104,846 31,517 -	Total assets	\$	2,208,930 \$	482,904	\$_	- \$	20,000 \$	2,711,834
Accounts payable \$35,622 \$ - \$ - \$ - \$ \$ 35,622 Accound liabilities 1,104,846 31,517 -	LIABILITIES	-						
Total liabilities	Accounts payable Accrued liabilities	\$			\$	-	- \$	1,136,363
Total liabilities			1,068,462	-		-	-	
Nonspendable: Prepaid Items \$ 154,135 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ 154,135 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ 154,135 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$. , , ,	\$		31.517	\$	50.900 \$	- \$	
Prepaid items \$ 154,135 \$. \$. \$. \$. \$. \$. \$ 154,135 \$ Assigned: Cafeterla		Ť-	2/200/700 4	0.70.7	*-			2/27.70.77
Cafeteria - 451,387 - - 451,387 Underground storage - - - 20,000 20,000 Unassigned (154,135) - (50,900) - (205,035) Total fund balances \$ - \$ 451,387 (50,900) \$ 20,000 \$ 420,487 Total liabilities and fund balances \$ 2,208,930 482,904 - \$ 20,000 \$ 2,711,834 Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	Prepaid items	\$	154,135 \$	-	\$	- \$	- \$	154,135
Underground storage Unassigned Un	•		_	451,387		-	-	451,387
Total fund balances \$ \$ _ 451,387 \$ _ (50,900) \$ _ 20,000 \$ _ 420,487 Total liabilities and fund balances \$ _ 2,208,930 \$ _ 482,904 \$ \$ _ 20,000 \$ _ 2,711,834 Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because: Total fund balances per above \$ _ 420,487 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets _ \$ _ 29,956,557	Underground storage		-	-		-	20,000	20,000
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because: Total fund balances per above \$ 420,487 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets Accumulated depreciation \$ 29,956,557 Accumulated depreciation \$ 29,956,557 Accumulated depreciation \$ 10,103,559 Long term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. Deferred inflows related to the measurement of the net pension liability \$ (2,748,595) Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds Deferred outflows related to the measurement of net pension liability \$ 1,367,830 Net OPEB obligation \$ 1,367,830 (345,900)	Unassigned	_	(154,135)		_	(50,900)	-	(205,035)
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because: Total fund balances per above \$ 420,487 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets \$ 29,956,557	Total fund balances	\$_	- \$	451,387	\$_	(50,900) \$	20,000 \$	420,487
because: Total fund balances per above \$ 420,487 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets \$ 29,956,557 (19,852,998) 10,103,559 Long term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. Deferred inflows related to the measurement of the net pension liability (2,748,595) Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds Deferred outflows related to the measurement of net pension liability \$ 1,367,830 Net pension liability (22,226,394) Net OPEB obligation (345,900)	Total liabilities and fund balances	\$	2,208,930 \$	482,904	\$_	- \$	20,000 \$	2,711,834
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets Accumulated depreciation Long term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. Deferred inflows related to the measurement of the net pension liability Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Deferred outflows related to the measurement of net pension liability \$ 1,367,830 Net OPEB obligation \$ (22,226,394) (345,900)		/ities	in the stateme	ent of net p	osi	ition (Exhibit 1	1) are different	
are not reported in the funds. Capital assets Accumulated depreciation Long term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. Deferred inflows related to the measurement of the net pension liability Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Deferred outflows related to the measurement of net pension liability \$ 1,367,830 Net pension liability \$ 22,226,394) Net OPEB obligation \$ 345,900)	Total fund balances per above						\$	420,487
Accumulated depreciation (19,852,998) 10,103,559 Long term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. Deferred inflows related to the measurement of the net pension liability (2,748,595) Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds 1,694,855 Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Deferred outflows related to the measurement of net pension liability \$ 1,367,830 (22,226,394) Net OPEB obligation (345,900)		ies a	re not financial	resources an	d,	therefore,		
therefore, are deferred in the funds. Deferred inflows related to the measurement of the net pension liability (2,748,595) Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds 1,694,855 Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Deferred outflows related to the measurement of net pension liability \$ 1,367,830 (22,226,394) Net OPEB obligation (345,900)						\$		10,103,559
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Deferred outflows related to the measurement of net pension liability Net pension liability Net OPEB obligation 1,694,855 1,367,830 (22,226,394) (345,900)	therefore, are deferred in the funds.							(2.740.505)
the net pension liability in the next fiscal year and, therefore, are not reported in the funds Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Deferred outflows related to the measurement of net pension liability Net pension liability Net OPEB obligation 1,694,855 1,367,830 (22,226,394) (345,900)			•					(2,748,595)
funds. Deferred outflows related to the measurement of net pension liability Net pension liability Net OPEB obligation \$ 1,367,830 (22,226,394) (22,226,394) (345,900)	•						5	1,694,855
Net pension liability(22,226,394)Net OPEB obligation(345,900)		ole in	the current per	iod and, the	ref	ore, are not re	ported in the	
Net position of governmental activities \$\(\(\frac{11,734,158}{}\)	Net pension liability	reme	nt of net pension	n liability			\$	(22,226,394)
	Net position of governmental activities						\$	(11,734,158)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds - Discretely Presented Component Unit - School Board For the Year Ended June 30, 2017

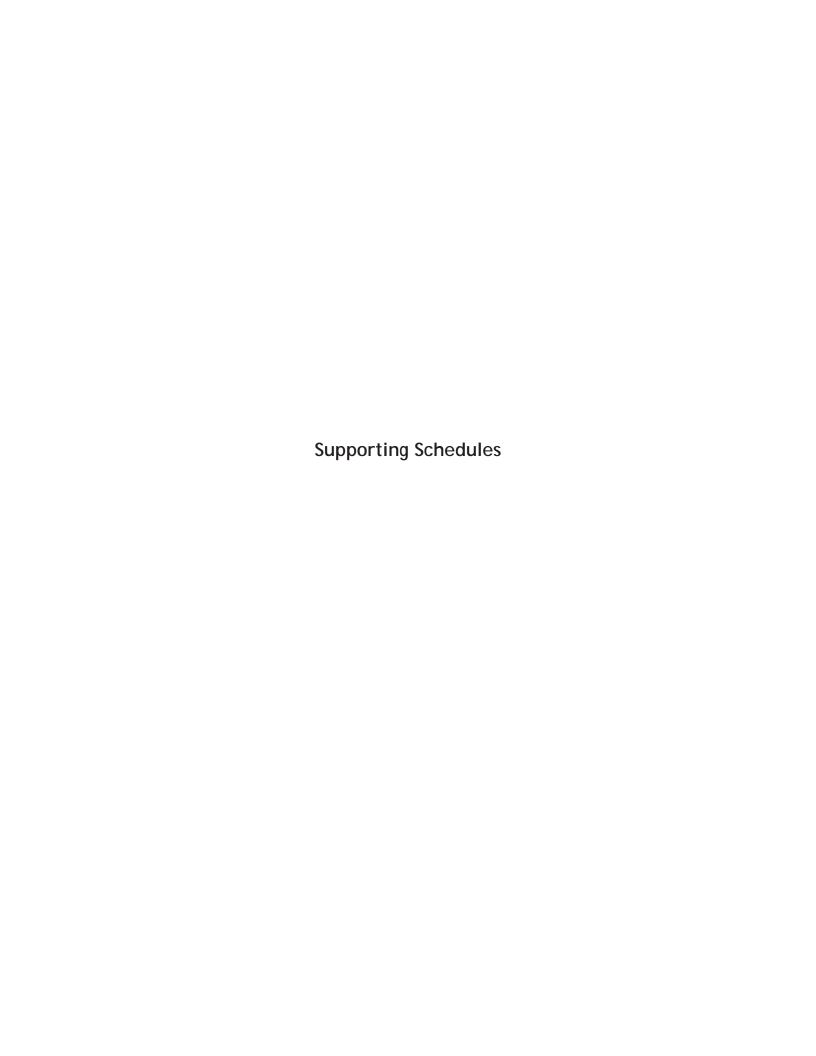
DEL/ENVIES	_	School Operating Fund	School Cafeteria Fund		School Capital Projects Fund	Underground Storage Tank Fund	Total Governmental Funds
REVENUES Revenue from the use of money and property	\$	15,788 \$	121	¢	659 \$	- \$	16,568
Charges for services	Ф	327,361	255,623	Ф	039 p	- 1	582,984
Miscellaneous		70,005	233,023		_	_	70,005
Recovered costs		6,945	_		_	_	6,945
Intergovernmental:		271.12					2,1.12
Local government		7,381,327	-		-	-	7,381,327
Commonwealth		14,451,587	18,634		-	-	14,470,221
Federal		1,438,505	1,017,887		-	-	2,456,392
Total revenues	\$	23,691,518 \$	1,292,265	\$	659 \$	- \$	24,984,442
EXPENDITURES							
Current:							
Education	\$	23,204,116 \$	1,209,259	\$	- \$	- \$	24,413,375
Capital projects		-	-		313,171	-	313,171
Debt service:							
Principal retirement		312,192	-		-	-	312,192
Interest and other fiscal charges	_	175,210	-			-	175,210
Total expenditures	\$_	23,691,518 \$	1,209,259	\$	313,171 \$	\$	25,213,948
Excess (deficiency) of revenues over (under) expenditures	\$	- \$	83,006	\$	(312,512) \$	- \$	(229,506)
Net change in fund balances	\$	- \$	83,006	\$	(312,512) \$	- \$	(229,506)
Fund balances - beginning	_	-	368,381		261,612	20,000	649,993
Fund balances - ending	\$ <u></u>	- \$	451,387	\$	(50,900) \$	20,000 \$	420,487
Annual de la contraction de la			-!+ 0)!!66				
Amounts reported for governmental activities in the st			oit 2) are diffe	eren	it because:	.	(220 50/)
Net change in fund balances - total governmental fund	s - per abov	<i>i</i> e				\$	(229,506)
Governmental funds report capital outlays as expend of those assets is allocated over their estimated usefu amount by which the depreciation exceeded capital or	I lives and	reported as dep	reciation expe				
Capital asset additions					\$	2,081,615	
Net transfer of joint tenancy assets						230,220	
Depreciation expense						(734,211)	1,577,624
Revenues in the statement of activities that do not pro not reported as revenues in the funds.	ovide currer	nt financial reso	urces are				
Deferred inflows of resources related to the net pe	nsion liabili	ty					631,230
Some expenses reported in the statement of activities	-		urrent financi	ial r	esources		
and, therefore are not reported as expenditures in gov					Φ.	1,224,694	
	the measur	rement of the n	ension liability	V	•		
(Increase) decrease in deferred outflows related to		-	_	-	\$ date		
(Increase) decrease in deferred outflows pension co		-	_	-		54,205	
(Increase) decrease in deferred outflows related to (Increase) decrease in deferred outflows pension of (Increase) decrease in net pension liability		-	_	-		54,205 (1,609,342)	(397,643)
(Increase) decrease in deferred outflows related to (Increase) decrease in deferred outflows pension co		-	_	-		54,205	(397,643) 5 1,581,705

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Discretely Presented Component Unit - School Board For the Year Ended June 30, 2017

	_	School Operating Fund										
		Budgeted Ar	mounts			Variance Final Bu Positi	dget					
	_	Original	Final		Actual	(Negati	ive)					
PE//E1//E0	_											
REVENUES Revenue from the use of												
money and property	\$	20,000 \$	20,000	¢	15,788	((4,212)					
Charges for services	Φ	72,919	72,919	Φ	327,361		54,442					
Miscellaneous		128,000	128,000		70,005		7,995)					
Recovered costs		194,371	194,371		6,945		7,426)					
Intergovernmental:		174,571	174,371		0,743	(10	7,420)					
Local government		8,317,182	8,317,182		7,381,327	(93	5,855)					
Commonwealth		14,125,297	14,480,242		14,451,587		8,655)					
Federal	_	2,029,416	2,029,416		1,438,505		0,911)					
Total revenues	\$ _	24,887,185 \$	25,242,130	\$	23,691,518	(1,55	0,612)					
EXPENDITURES												
Current:												
Education	\$	24,287,855 \$	24,584,611	\$	23,204,116	1,3	80,495					
Capital projects		-	-		-		-					
Debt service:												
Principal retirement		424,120	424,120		312,192	1	11,928					
Interest and other fiscal charges		175,210	175,210	_	175,210		-					
Total expenditures	\$	24,887,185 \$	25,183,941	\$	23,691,518	1,49	92,423					
Excess (deficiency) of revenues												
over (under) expenditures	\$ _	\$	58,189	\$		(5	8,189)					
Net change in fund balances	\$	- \$	58,189	\$	- ((5	8,189)					
Fund balances - beginning		<u> </u>	(58,189)	_	-	!	58,189					
Fund balances - ending	\$ _	\$		\$	_ (

_		School Cafe	eteria Fund		School Capital Projects Fund										
	Budgeted	Amounts		Variance with Final Budget Positive	Budgeted Ar	mounts		Variance with Final Budget Positive							
_	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)							
\$	- \$ 236,324	- \$ 236,324	121 \$ 255,623	121 \$ 19,299	- \$ -	- \$ -	659 \$ -	659 -							
	-	-	-	-	-	-	-	-							
	5,000	5,000	-	(5,000)	-	-	-	-							
	-	-	-	-	-	-	-	-							
	12,605	12,605	18,634	6,029	-	-	-	-							
-	834,498	892,554	1,017,887	125,333	-			-							
\$	1,088,427 \$	1,146,483 \$	1,292,265 \$	145,782 \$	- \$	- \$	659 \$	659							
\$	1,088,427 \$ -	1,146,483 \$	1,209,259 \$ -	(62,776) \$ -	- \$ -	- \$ -	- \$ 313,171	- (313,171)							
	-	-	-	-	-	-	-	-							
_			-	- -											
\$_	1,088,427 \$	1,146,483 \$	1,209,259 \$	(62,776) \$	<u> </u>	- \$	313,171 \$	(313,171)							
\$_	\$	\$	83,006 \$	83,006 \$	\$	\$	(312,512) \$	(312,512)							
\$	- \$	- \$ -	83,006 \$ 368,381	83,006 \$ 368,381	- \$	- \$	(312,512) \$ 261,612	(312,512) 261,612							
-															
\$_	\$	\$	451,387 \$	451,387 \$	<u> </u>	<u> </u>	(50,900) \$	(50,900)							







Schedule of Revenues - Budget and Actual Governmental Funds

For the Year Ended June 30, 2017

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 Real and personal public service corporation taxes	\$	7,600,239 480,000	\$	7,600,239 556,000	\$	7,506,165 556,178	\$	(94,074) 178
Personal property taxes		3,595,948		3,695,408		3,835,939		140,531
Mobile home taxes		32,000		32,000		36,350		4,350
Machinery and tools taxes		40,000		40,000		20,977		(19,023)
Merchants' capital taxes		406,000		406,000		408,140		2,140
Penalties Interest		158,000 120,000		158,000 120,000		168,334 127,250		10,334 7,250
Total general property taxes	\$	12,432,187	\$	12,607,647	\$	12,659,333	\$	51,686
Other local taxes:								
Local sales and use taxes	\$	2,750,000	\$	2,750,000	\$	2,807,361	\$	57,361
Consumers' utility taxes		300,000		300,000		309,779		9,779
Gross receipts tax Motor vehicle licenses		65,000 460,000		65,000 460,000		64,473 492,489		(527) 32,489
Taxes on recordation and wills		122,000		122,000		203,446		81,446
Total other local taxes	\$	3,697,000	\$	3,697,000	\$	3,877,548	\$	180,548
Permits, privilege fees, and regulatory licenses:								
Animal licenses	\$	10,000	\$	10,000	\$	11,252	\$	1,252
Permits and other licenses	_	59,980		59,980		62,193		2,213
Total permits, privilege fees, and regulatory licenses	\$_	69,980	\$_	69,980	\$_	73,445	\$	3,465
Fines and forfeitures:								
Court fines and forfeitures	\$_	112,500	_\$_	112,500	\$_	192,680	\$_	80,180
Revenue from use of money and property:								
Revenue from use of money	\$	81,051	\$	81,051	\$	65,193	\$	(15,858)
Revenue from use of property	_	265,348		265,348		269,048		3,700
Total revenue from use of money and property	\$_	346,399	\$_	346,399	\$_	334,241	\$_	(12,158)
Charges for services:	_						_	
Court costs	\$	1,921	\$	1,921	\$	4,529	\$	2,608
Charges for law library Charges for courthouse maintenance		6,500 11,000		6,500 11,000		7,046 10,871		546 (129)
Charges for Commonwealth's Attorney		2,500		2,500		1,024		(1,476)
Miscellaneous fees		5,400		5,400		6,115		715
Charges for cannery		13,000		13,000		11,280		(1,720)
Charges for other protection		57,000		57,000		66,656		9,656
Charges for sanitation and waste removal		258,000		258,000		443,253		185,253
Total charges for services	\$_	355,321	\$_	355,321	\$_	550,774	\$_	195,453

Schedule of Revenues - Budget and Actual Governmental Funds

For the Year Ended June 30, 2017 (Continued)

Fund, Major and Minor Revenue Source		Original Budget		Final Budget	_	Actual		Variance with Final Budget - Positive (Negative)
General Fund: (Continued)								
Miscellaneous:								
Expenditure refunds	\$	48,434	\$	48,434	\$	32,812	\$	(15,622)
Insurance recoveries		-		-		75		75
Miscellaneous	_	28,100		28,100		109,225		81,125
Total miscellaneous	\$_	76,534	\$_	76,534	\$_	142,112	\$_	65,578
Recovered costs:								
Other recovered costs	\$	65,500	\$	65,500	\$	65,047	\$	(453)
Circuit court judge		20,000		20,000		14,146		(5,854)
Total recovered costs	\$	85,500	\$	85,500	\$	79,193	\$	(6,307)
Total revenue from local sources	<u>-</u>				_			
Total revenue from local sources	\$_	17,175,421	_	17,350,881	-	17,909,326	-	558,445
Intergovernmental: Revenue from the Commonwealth: Noncategorical aid: Motor vehicle carriers' tax Mobile home titling tax Motor vehicle rental tax State recordation tax Communications tax Personal property tax relief funds	\$	70,000 30,000 300 40,000 300,000 1,305,350	\$	70,000 30,000 300 40,000 300,000 1,305,350	\$	64,017 18,669 2,563 52,653 293,843 1,305,350	\$	(5,983) (11,331) 2,263 12,653 (6,157)
Total noncategorical aid	\$_	1,745,650	\$_	1,745,650	\$_	1,737,095	\$	(8,555)
Categorical aid: Shared expenses: Commonwealth's attorney Sheriff Commissioner of revenue Treasurer Registrar/electoral board Clerk of the Circuit Court	\$	425,739 1,076,193 94,311 93,755 36,231 304,770	\$	418,787 1,063,177 92,771 91,353 36,231 310,595	\$	414,684 1,037,457 90,515 89,573 37,029 309,721	\$	(4,103) (25,720) (2,256) (1,780) 798 (874)
Total shared expenses	\$	2,030,999	- - - \$	2,012,914	\$	1,978,979	- \$	(33,935)
Other categorical aid: Emergency medical services Welfare administration and assistance Litter control grant	\$	27,436 853,813 7,528	-	27,436 853,813 7,528	_	16,649 945,358 7,187		(10,787) 91,545 (341)

Schedule of Revenues - Budget and Actual Governmental Funds

For the Year Ended June 30, 2017 (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 Commonwealth: (Continued) Categorical aid: (Continued) Other Categorical aid: (Continued)								
Sheriff - jails Comprehensive services act Victim-witness grant Fire program funds Other categorical	\$	797,500 55,327 - 2,000	\$	1,024,837 55,327 49,170 2,000	\$	24,247 896,011 17,500 49,170 3,717	\$	24,247 (128,826) (37,827) - 1,717
Total other categorical aid	\$	1,743,604	\$	2,020,111	\$	1,959,839	\$	(60,272)
Total categorical aid	\$_	3,774,603	\$	4,033,025	\$	3,938,818	\$	(94,207)
Total revenue from the Commonwealth	\$_	5,520,253	\$	5,778,675	\$	5,675,913	\$	(102,762)
Revenue from the federal government: Payments in lieu of taxes	\$_	-	_\$_	-	\$_	19,826	\$_	19,826
Categorical aid: Welfare administration and assistance Emergency management performance grant Bulletproof vest partnership program Other federal revenue	\$	1,333,673 - - -	\$	1,333,673 - - -	\$	1,519,062 9,436 1,978 66,867	\$	185,389 9,436 1,978 66,867
Total categorical aid	\$	1,333,673	\$	1,333,673	\$	1,597,343	\$	263,670
Total revenue from the federal government	\$	1,333,673	\$	1,333,673	\$	1,617,169	\$	283,496
Total General Fund	\$	24,029,347	\$_	24,463,229	\$	25,202,408	\$	739,179
Capital Projects Funds: Landfill Construction Fund: Revenue from local sources: Revenue from use of money and property: Revenue from the use of money	\$	4,000	\$	4,000	\$	9,968	\$	5,968
Charges for services:	Ψ_	4,000	_Ψ_	4,000		7,700	- Ψ-	3,700
Tipping fees - non-county users	\$_	300,000	\$	300,000	\$	258,495	\$_	(41,505)
Total revenue from local sources	\$_	304,000	\$	304,000	\$	268,463	\$_	(35,537)
Total Landfill Construction Fund	\$_	304,000	\$	304,000	\$	268,463	\$	(35,537)

Schedule of Revenues - Budget and Actual Governmental Funds For the Year Ended June 30, 2017 (Continued)

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual	_	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (Continued)								
Recreation Fund: Revenue from local sources:								
Revenue from use of money and property:								
Revenue from the use of money	\$_	-	\$_	-	\$_	47	\$_	47
Total revenue from local sources	\$_	-	\$	-	\$	47	\$_	47
Total Recreation Fund	\$_	-	\$	-	\$	47	\$_	47
Special Revenue Funds: Piedmont Court Services Fund: Revenue from local sources: Revenue from use of money and property:	_						_	(5.)
Revenue from the use of money	\$_	900	\$_	900	\$_	849	\$_	(51)
Total revenue from use of money and property	\$_	900	\$_	900	\$_	849	\$_	(51)
Charges for services:								
Other charges for services	\$_	67,000	\$_	67,000	\$_	56,063	\$_	(10,937)
Total charges for services	\$_	67,000	\$	67,000	\$_	56,063	\$	(10,937)
Miscellaneous:	¢	1 100	ф	1 100	¢	1 404	ф	204
Other miscellaneous	\$_	1,100		1,100	_	1,404	_	304
Total miscellaneous	\$_	1,100	\$	1,100	\$_	1,404	\$_	304
Total revenue from local sources	\$_	69,000	\$	69,000	\$	58,316	\$_	(10,684)
Intergovernmental: Revenue from the Commonwealth: Categorical aid								
DCJS - community corrections	\$	453,957	\$	453,957	\$	455,163	\$	1,206
Total categorical aid	\$	453,957	\$	453,957	\$	455,163	\$	1,206
Total revenue from the Commonwealth	\$	453,957	\$	453,957	\$	455,163	\$	1,206
Total Piedmont Court Services Fund	\$	522,957	\$	522,957	\$	513,479	\$	(9,478)
Debt Service Fund: School Debt Service Revenue from local sources: Revenue from use of money and property:	=							
Revenue from the use of money	\$_	-	\$	-	\$	29,348	\$_	29,348
Total revenue from local sources	\$_	-	\$	-	\$_	29,348	\$_	29,348
Total School Debt Service Fund	\$_	-	\$	-	\$	29,348	\$	29,348
Total Primary Government	\$	24,856,304	\$	25,290,186	\$	26,013,745	\$	723,559

Schedule of Revenues - Budget and Actual Governmental Funds

For the Year Ended June 30, 2017 (Continued)

Fund, Major and Minor Revenue Source		Original Budget		Final Budget	- -	Actual		Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: School Operating Fund: Revenue from local sources: Revenue from use of money and property:								
Revenue from the use of property	\$_	20,000	\$_	20,000	\$	15,788	\$	(4,212)
Total revenue from use of money and property	\$_	20,000	\$	20,000	\$	15,788	\$	(4,212)
Charges for services: Charges for education	\$_	72,919	_\$_	72,919	\$_	327,361	\$_	254,442
Miscellaneous: Other miscellaneous	\$_	128,000	\$_	128,000	\$_	70,005	\$_	(57,995)
Recovered costs: Other recovered costs	\$_	194,371	_\$_	194,371	\$	6,945	\$	(187,426)
Total revenue from local sources	\$_	415,290	\$	415,290	\$	420,099	\$	4,809
Intergovernmental: Revenues from local governments: Contribution from County of Prince Edward, Virginia	\$_	8,317,182	\$_	8,317,182	\$_	7,381,327	\$_	(935,855)
Total revenues from local governments	\$	8,317,182	\$	8,317,182	\$	7,381,327	\$	(935,855)
Revenue from the Commonwealth: Categorical aid: Share of state sales tax Basic school aid Other state funds	\$	2,966,126 6,042,245 5,116,926	\$	2,889,923 6,205,331 5,384,988	\$	2,907,236 6,205,087 5,339,264	\$	17,313 (244) (45,724)
Total categorical aid	\$	14,125,297	\$	14,480,242	\$	14,451,587	\$	(28,655)
Total revenue from the Commonwealth	\$	14,125,297	\$	14,480,242	\$	14,451,587	\$	(28,655)
Revenue from the federal government: Categorical aid: Title I	\$	874,863		874,863	-	703,996		(170,867)
Title I, neglected and delinquent children Title II	Ψ	171,660	Ψ	171,660	Ψ	2,000 38,540	Ψ	2,000 (133,120)
Title VI-B, special education flow-through		615,543		615,543		458,981		(156,562)
Title VI-B, pre-school		18,637		18,637		19,496		859
Title V-A 21st Century		47,716 174,891		47,716 174,891		33,942 125,082		(13,774) (49,809)
Vocational education		56,260		56,260		55,571		(689)
Other federal funds	_	69,846		69,846	-	897		(68,949)
Total categorical aid	\$	2,029,416	\$	2,029,416	\$	1,438,505	\$	(590,911)
Total School Operating Fund	\$	24,887,185	\$	25,242,130	\$	23,691,518	\$	(1,550,612)

Schedule of Revenues - Budget and Actual Governmental Funds

For the Year Ended June 30, 2017 (Continued)

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual		Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Boar Special Revenue Fund: School Cafeteria Fund:	d: (Cor	ntinued)						
Revenue from local sources:								
Revenue from use of money and property:								
Revenue from the use of money	\$	-	\$	-	\$_	121	\$_	121
Charges for services: Cafeteria sales	\$	236,324	\$_	236,324	\$	255,623	\$	19,299
Recovered costs: Other recovered costs	\$	5,000	\$	5,000	\$	-	\$	(5,000)
Total revenue from local sources	\$	241,324	\$	241,324	\$	255,744	\$	14,420
Intergovernmental revenues: Revenue from the Commonwealth: Categorical aid: School food program grant	\$	12,605	\$	12,605	\$	18,634	\$	6,029
Total categorical aid	\$	12,605	- \$	12,605	- \$	18,634	\$	6,029
Total revenue from the Commonwealth	\$ \$	12,605		12,605		18,634	_	6,029
Revenue from the federal government: Categorical aid:	Ť-	,	_ ` -		_ ` _	.0,00.	· Ť -	5,627
School nutrition program	\$_	834,498	\$	892,554	\$_	1,017,887	\$	125,333
Total categorical aid	\$_	834,498	\$_	892,554	\$_	1,017,887	\$_	125,333
Total School Cafeteria Fund	\$_	1,088,427	\$	1,146,483	\$	1,292,265	\$	145,782
Capital Projects Fund: School Capital Projects Fund: Revenue from local sources: Revenue from use of money and property:								
Revenue from the use of money	\$_	-	\$_	-	\$_	659	\$	659
Total School Capital Projects Fund	\$_	-	\$_		\$	659	\$	659
Total Discretely Presented Component Unit - School Board	\$_	25,975,612	\$_	26,388,613	\$_	24,984,442	\$	(1,404,171)

Schedule of Expenditures - Budget and Actual Governmental Funds For the Year Ended June 30, 2017

Fund, Function, Activity, and Elements		Original Budget		Final Budget		Actual	Variance with Final Budget - Positive (Negative)
General Fund: General government administration:							
Legislative:							
Board of supervisors	\$	125,225	\$	125,225	\$	114,133 \$	11,092
General and financial administration: County administrator Legal services	\$	516,518 47,035	\$	516,518 47,035	\$	545,307 \$ 94,292	(47,257)
Commissioner of revenue		289,947		289,947		277,671	12,276
Treasurer		333,652		333,652		328,691	4,961 8,488
Independent Auditor Assessor		42,988 14,000		42,988 14,000		34,500 6,050	7,950
Other general and financial administration		87,253		87,253		86,859	394
Total general and financial administration	\$	1,331,393	\$	1,331,393	\$	1,373,370 \$	(41,977)
Board of elections:							
Electoral board and officials	\$	40,520	\$	40,520	\$	45,755 \$	(5,235)
Registrar	_	92,763		92,763	_	93,205	(442)
Total board of elections	\$	133,283	\$	133,283	\$	138,960 \$	(5,677)
Total general government administration	\$	1,589,901	\$	1,589,901	\$	1,626,463 \$	(36,562)
Judicial administration: Courts:							
Circuit court	\$	54,916	\$	54,916	\$	48,763 \$	
General district court		7,450		7,450		11,041	(3,591)
Office of the magistrates Clerk of the circuit court		3,525		3,525		2,042 511,008	1,483 8,482
Law library		508,688 6,000		519,490 6,000		7,351	(1,351)
Sheriff - courts		383,912		383,912		389,839	(5,927)
Victim and witness assistance		67,913		67,913		69,909	(1,996)
Total courts	\$	1,032,404		1,043,206	\$	1,039,953 \$	3,253
Commonwealth's attorney	_				_	·	·
Commonwealth's attorney: Commonwealth's attorney	\$	568,383	\$	568,383	\$	567,979 \$	404
Total judicial administration	\$	1,600,787	\$	1,611,589	\$	1,607,932 \$	3,657
Public safety:							
Law enforcement and traffic control: Sheriff	\$	1,937,662	\$	1,954,088	\$	2,015,770 \$	(61,682)
Emergency services	Ψ	18,115	Ψ	18,115	Ψ	13,676	4,439
Line of Duty Act payments		20,000	_	20,000		19,530	470
Total law enforcement and traffic control	\$	1,975,777	\$	1,992,203	\$	2,048,976 \$	(56,773)
Fire and rescue services:							
Fire department	\$	536,600	\$	793,760	\$	546,443 \$	247,317
Ambulance and rescue services		84,000		204,000		204,000	-
Forestry service	_	12,000		12,000	_	11,687	313
Total fire and rescue services	\$	632,600	\$_	1,009,760	\$	762,130 \$	247,630

Schedule of Expenditures - Budget and Actual Governmental Funds For the Year Ended June 30, 2017 (Continued)

Fund, Function, Activity, and Elements	 Original Budget		Final Budget		Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued) Public safety: (Continued) Correction and detention: Regional jail and juvenile detention	\$ 1,285,000	\$	1,285,000	\$	975,517 \$	309,483
Inspections: Building	\$ 55,360	\$_	55,360	\$	54,892 \$	468
Other protection: Animal control Other protection Medical examiner (coroner)	\$ 119,052 7,300 500	\$	119,052 7,300 500	\$	123,340 \$ 7,300 140	(4,288)
Total other protection	\$ 126,852	\$	126,852	\$	130,780 \$	(3,928)
Total public safety	\$ 4,075,589	\$	4,469,175	\$	3,972,295 \$	496,880
Public works: Sanitation and waste removal: Refuse collection and disposal Litter control	\$ 1,200,382 7,452	\$	1,200,382 7,452	\$	1,135,426 \$	64,956 7,452
Total sanitation and waste removal	\$ 1,207,834	\$	1,207,834	\$	1,135,426 \$	72,408
Maintenance of general buildings and grounds: General properties	\$ 648,919	\$	648,919	\$	627,947 \$	20,972
Total public works	\$ 1,856,753	\$	1,856,753	\$	1,763,373 \$	93,380
Health and welfare: Health: Supplement of local health department	\$ 162,734	\$_	162,734	\$	162,728_\$	6
Mental health and mental retardation: Chapter X board	\$ 60,000	\$	60,000	\$	60,000 \$	<u>-</u>
Welfare: Welfare administration and assistance Comprehensive services act Other welfare programs	\$ 2,838,685 1,103,000 69,533	\$	2,838,685 1,330,337 69,533	\$	2,996,393 \$ 1,198,931 69,533	(157,708) 131,406
Total welfare	\$ 4,011,218	\$	4,238,555	\$	4,264,857 \$	(26,302)
Total health and welfare	\$ 4,233,952	\$_	4,461,289	\$	4,487,585 \$	(26,296)
Education: Other instructional costs: Contributions to community college Contribution to County School Board	\$ 6,750 8,317,182		11,750 8,317,182	_	11,750 \$ 7,381,327	935,855
Total education	\$ 8,323,932	\$_	8,328,932	\$_	7,393,077 \$	935,855

Schedule of Expenditures - Budget and Actual Governmental Funds For the Year Ended June 30, 2017 (Continued)

Fund, Function, Activity, and Elements		Original Budget		Final Budget		Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued) Parks, recreation, and cultural: Parks and recreation:							
Supervision of parks and recreation	\$_	63,000	\$_	63,000	\$_	63,000 \$	-
Cultural enrichment: Museums	\$_	9,000	\$_	9,000	\$_	9,141_\$	(141)
Contribution to regional library	\$_	204,663	\$_	204,663	\$_	204,663 \$	
Total parks, recreation, and cultural	\$_	276,663	\$	276,663	\$_	276,804 \$	(141)
Community development: Planning and community development: Planning Community development Contribution to Industrial Development Auth. Economic development Tourism Other community development	\$	181,502 48,850 - 177,549 84,189 23,368	\$	181,502 48,850 - 177,549 84,189 23,368	\$	123,779 \$ 48,850 41,997 23,931 76,974 23,368	57,723 - (41,997) 153,618 7,215
Total planning and community development	\$	515,458	\$	515,458	\$	338,899 \$	176,559
Environmental management: Soil and water conservation	\$_	17,840		17,840	_	14,523 \$	3,317
Cooperative extension program: Cooperative extension program Cannery	\$	67,420 80,986	\$	67,420 80,986	\$	55,725 \$ 69,248	11,695 11,738
Total cooperative extension program	\$	148,406	\$	148,406	\$	124,973 \$	23,433
Total community development	\$_	681,704	\$	681,704	\$	478,395 \$	203,309
Nondepartmental: Other nondepartmental	\$	168,026	\$	96,026	\$	32,560 \$	63,466
Total nondepartmental	\$	168,026	\$	96,026	-	32,560 \$	63,466
Capital projects:	· <u>-</u>	· · · · · · · · · · · · · · · · · · ·		·	-		
Sandy River reservoir project Other capital projects	\$	8,000 22,000	\$	8,000 22,000	\$	2,400 \$ 140,419	5,600 (118,419)
Total capital projects	\$	30,000	\$	30,000	\$	142,819 \$	(112,819)
Debt service: Principal retirement Interest and other fiscal charges	\$	579,529 297,116	\$	579,529 297,116	\$	607,248 \$ 271,774	(27,719) 25,342
Total debt service	\$	876,645	\$	876,645	\$	879,022 \$	(2,377)
Total General Fund	\$_	23,713,952	\$_	24,278,677	\$	22,660,325 \$	1,618,352
Special Revenue Fund: Piedmont Court Services Fund: Public safety: Correction and detention: Piedmont Court Services Total other protection	\$_ \$_ \$	564,086 564,086		564,086 564,086		497,817 497,817 \$	66,269 66,269
Total public safety	\$	564,086		564,086	-	497,817 \$	66,269
Total Piedmont Court Services Fund	*_ \$	564,086		564,086	_	497,817 \$	66,269
Total Fleumont Court 3et VICES Fund	Φ=	504,000	- ^ψ =	504,000	Ψ_	471,011 Þ	00,209

Schedule of Expenditures - Budget and Actual Governmental Funds For the Year Ended June 30, 2017 (Continued)

Fund, Function, Activity, and Elements		Original Budget		Final Budget		Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Fund:							
Landfill Construction Fund Capital projects expenditures:							
Landfill construction	\$	304,000	\$	304,000	\$	343,335 \$	(39,335)
Total Landfill Construction Fund	\$	304,000		304,000		343,335 \$	(39,335)
Total Capital Projects Fund	\$	304,000	\$	304,000		343,335 \$	(39,335)
Nonmajor Capital Projects Fund: Recreation Fund: Capital projects expenditures:	-	/ 000		/ 000	φ.	/ 000 ¢	
Virso recreation center	\$_	6,000		6,000		6,000 \$	-
Total Recreation Fund	\$_	6,000	_ \$ _	6,000	_\$_	6,000 \$	
Total Primary Government	\$ _	24,588,038	\$_	25,152,763	\$_	23,507,477 \$	1,645,286
Discretely Presented Component Unit - School Board School Operating Fund: Education: Instruction Administration, attendance, and health Pupil transportation services Operation and maintenance services Technology Facilities	\$	17,982,676 1,517,144 1,882,742 1,669,023 1,086,270 150,000		17,993,994 1,521,034 1,882,742 1,669,023 1,086,270 431,548		17,017,668 \$ 1,413,801 1,671,371 1,526,390 1,100,425 474,461	976,326 107,233 211,371 142,633 (14,155) (42,913)
Total education	\$_	24,287,855	_ \$ _	24,584,611	- \$ _	23,204,116 \$	1,380,495
Debt service: Principal retirement Interest and other fiscal charges	\$	424,120 175,210	\$	424,120 175,210	\$	312,192 \$ 175,210	111,928 -
Total debt service	\$_	599,330	\$	599,330	\$_	487,402 \$	111,928
Total School Operating Fund	\$_	24,887,185	\$	25,183,941	\$_	23,691,518 \$	1,492,423
Special Revenue Funds: School Cafeteria Fund: Education: School food services: Administration of school food program	\$_	1,088,427	\$_			1,209,259 \$	
Total School Cafeteria Fund	\$ _	1,088,427	\$ =	1,146,483	\$_	1,209,259 \$	(62,776)
School Capital Projects Fund: Capital projects expenditures: Capital projects expenditures	\$_		_\$_		_\$_	313,171 \$	(313,171)
Total School Capital Projects Fund	\$ <u></u>	-	\$ =	-	\$_	313,171 \$	(313,171)
Total Discretely Presented Component Unit - School Board	\$ =	25,975,612	= \$ =	26,330,424	\$_	25,213,948 \$	1,116,476

Statistical Section

Contents	<u>Tables</u>
Financial Trends These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.	1 - 6
Revenue Capacity These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	7 - 10
Debt Capacity These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	11 - 12
Demographic and Economic Information This table offers demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	13
Operating Information These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	14-15

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

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

	_	2008	2009	2010	2011	2012
Governmental activities Net investment in capital assets Restricted	\$	2,912,203 \$	2,459,199 \$	2,534,819 \$	2,584,694 \$	1,520,646
Unrestricted	_	3,215,901	1,428,178	1,538,199	4,090,425	6,750,994
Total governmental activities net position	\$_	6,128,104 \$	3,887,377 \$	4,073,018 \$	6,675,119 \$	8,271,640
Business-type activities						
Net investment in capital assets Unrestricted	\$	- \$ -	(31,482) \$ 821	851,144 \$ (149,653)	480,268 \$ 52,852	(499,787) 755,314
	_					
Total business-type activities net position	\$_	- \$	(30,661) \$	701,491 \$	533,120 \$	255,527
Primary government						
Net investment in capital assets Restricted	\$	2,912,203 \$	2,427,717 \$	3,385,963 \$	3,064,962 \$	1,020,859
Unrestricted	_	3,215,901	1,428,999	1,388,546	4,143,277	7,506,308
Total primary government net position	\$_	6,128,104 \$	3,856,716 \$	4,774,509 \$	7,208,239 \$	8,527,167

	2013		2014		2015		2016		2017
\$	2,079,106	\$	2,080,125	\$	2,289,146	\$	1,858,573	\$	228,916
	- 9,844,776		- 6,126,366		95,258 (476,746)		95,258 (105,149)		87,685 4,521,689
\$	11,923,882	\$	8,206,491	\$	1,907,658	\$	1,848,682	\$	4,838,290
-		•				-		=	
\$	(428,489) 319,991	\$	(353,000) (4,056)	\$	(275,337) (324,456)	\$	(191,305) (642,461)	\$	(97,927) (963,915)
-				•		· -			
\$	(108,498)	\$	(357,056)	\$	(599,793)	\$	(833,766)	\$	(1,061,842)
\$	1,650,617	\$	1,727,125	\$	2,013,809	\$	1,667,268	\$	130,989
	- 10,164,767		- 6,122,310		95,258 (801,202)		95,258 (747,610)		87,685 3,557,774
\$	11,815,384	\$	7,849,435	\$	1,307,865	\$	1,014,916	\$	3,776,448

(deer dat basis of decodiffing)								
Evnoncos	_	2008	_	2009	_	2010	_	2011
Expenses Governmental activities:								
Governmental activities: General government administration	\$	1,888,328	\$	1,878,951	\$	1,795,153	\$	1,869,443
Judicial administration	φ	1,247,739	Ψ	1,557,012	Ψ	1,175,955	Ψ	1,147,492
Public safety		2,920,779		2,718,405		2,910,454		3,118,622
Public works		4,498,020		2,641,623		2,105,782		2,228,299
Health and welfare		4,009,487		3,948,690		3,894,723		4,382,927
Education		7,558,263		7,039,437		7,082,604		7,695,814
Parks, recreation and cultural		1,842,051		3,274,724		293,485		94,271
Community development		1,201,635		1,618,525		721,676		658,469
Interest on long-term debt		521,152	_	701,954	_	676,992	_	514,419
Total governmental activities expenses	\$ _	25,687,454	\$	25,379,321	\$	20,656,824	\$	21,709,756
Business-type activities:								
Water	\$	-	\$	31,512	\$	69,875	\$	127,189
Sewer	_			29,800	_	83,078	_	62,885
Total business-type activities expenses	\$ _	-	\$		\$_	152,953	\$_	190,074
Total primary government expenses	\$ <u></u>	25,687,454	\$ _	25,440,633	\$ _	20,809,777	\$ _	21,899,830
Program Revenues								
Governmental activities:								
Charges for services:	¢	100	¢.	100	¢.	100	ф	
General government administration Judicial administration	\$	100 62,306	\$	100 79,865	\$	100 77,250	Þ	64,241
Public safety		207,114		161,311		135,014		122,036
Public works		888,006		758,965		749,031		717,441
Community development		12,044		19,396		12,456		12,518
Operating grants and contributions		5,567,251		5,662,902		5,272,050		5,217,595
Capital grants and contributions		180,000		-		-		668,002
Total governmental activities program revenues	\$	6,916,821	\$	6,682,539	\$	6,245,901	\$	6,801,833
Business-type activities:	· —	-,,-		.,,	· –	-,,	· –	.,,
Charges for services:								
Water	\$	_	\$	_	\$	1,289	\$	1,386
Sewer	*	_	*	_	*	7,713	*	2,317
Capital grants and contributions		_		6,000		21,750		18,000
Total business-type activities program revenues	\$	_	- \$	·	\$	30,752	¢ —	21,703
Total primary government program revenues	\$ — \$	6,916,821		6,688,539	* – \$	6,276,653	* — \$	6,823,536
Net (expense) / revenue	· -	<u> </u>		<u> </u>	_	· · ·	_	
Governmental activities	\$	(18,770,633)	\$	(18,696,782)	\$	(14,410,923)	\$	(14,907,923)
Total primary government net expense	\$	(18,770,633)	\$	(18,752,094)	\$	(14,533,124)	\$	(15,076,294)
General Revenues and Other Changes in Net Position Governmental activities: Taxes								
Property taxes	\$	9,898,122	\$	10,338,674	\$	9,925,117	\$	10,796,720
Local sales and use taxes		2,890,586		2,683,336		2,526,302		2,558,209
Taxes on recordation and wills		201,608		159,537		121,912		109,777
Motor vehicle licenses taxes		201,203		276,176		313,778		475,995
Consumer utility taxes		344,009		371,824		387,557		375,945
Other local taxes		357,262		324,603		12		-
Unrestricted grants and contributions		1,467,887		1,325,103		1,619,326		1,664,644
Unrestricted revenues from use of money and property		639,211		450,348		329,506		374,912
Miscellaneous		130,554		451,992		126,880		169,346
Gain (loss) on disposal of capital assets Transfers		-		99,113 (24,651)		100,277 (854,103)		-
Total governmental activities	\$	16,130,442	- \$	16,456,055	<u> </u>	14,596,564	\$	16,525,548
Business-type activities:	* _	.5,105,772	· * _	.5, 100,000	Ť —	,0,0,004	Ť –	.5,525,540
Miscellaneous	\$		\$		\$	250	¢	
Transfers	Φ	-	Φ	24,651	φ	250 854,103	φ	-
Total business-type activities	\$	-	\$	24,651	\$	854,353	\$	
Total primary government	\$	16,130,442	\$	16,480,706	\$		\$	16,525,548
Change in Net Position	_		-		_		_	
Governmental activities	\$	(2,640,191)	\$	(2,240,727)	\$	185,641	\$	1,617,625
Business-type activities			_	(30,661)		732,152		(168,371)
Total primary government	\$	(2,640,191)	\$	(2,271,388)	\$	917,793	\$	1,449,254
. , ,		, , , ,	: =		_		=	

_	2012	-	2013	_	2014	_	2015	_	2016	_	2017
\$	1,960,555	\$	1,940,807	\$	4,967,094	\$	1,836,885	\$	1,978,261	\$	1,879,121
	1,137,299		1,215,821		1,320,809		1,228,338		2,183,197		1,230,677
	3,270,479		4,159,935		5,243,483		4,988,167		4,988,608		4,676,477
	2,058,022		2,065,013		2,032,088		1,991,833		1,783,830		1,900,935
	4,094,036		3,741,349		3,810,158		3,873,482		4,200,104		4,488,190
	7,440,879		7,728,685		8,126,108		11,968,460		8,197,715		9,217,509
	290,155		302,000		365,365		284,325		315,351		278,804
	647,868		722,579		906,637		572,714		660,282		450,083
_	500,719	_	385,095	_	344,386	_	315,615	_	380,944	_	236,844
\$	21,400,012	\$_	22,261,284	\$	27,116,128	\$	27,059,819	\$	24,688,292	\$	24,358,640
\$	200,571	\$	188,411	\$	181,343	\$	178,144	\$	170,631	\$	167,039
_	78,869	_	70,901	_	69,773	_	67,707	_	65,993	_	63,639
<u> </u>	279,440	\$_	259,312	_	251,116	\$_	245,851	\$	236,624	\$_	230,678
^{\$} —	21,679,452	\$_	22,520,596	\$ _	27,367,244	\$ _	27,305,670	\$ _	24,924,916	\$ _	24,589,318
\$	-	\$	-	\$	-	\$	-	\$	-	\$	77,574
	63,456		127,690		182,240		200,947		148,791		220,831
	112,457		186,172		202,472		194,988		187,308		179,619
	747,804		792,492		603,518		575,946		583,490		717,693
	14,311		10,660		11,600		14,308		13,985		13,096
	4,781,772		5,416,084		5,616,484		5,595,435		5,813,572		5,991,324
_	390,000	_	2,093,667	_	2,337	_	-	_		_	
\$	6,109,800	\$_	8,626,765	\$_	6,618,651	\$_	6,581,624	\$_	6,747,146	\$_	7,200,137
\$	628	\$	4,332	\$	778	\$	1,134	\$	1,063	\$	862
,	1,219	Ψ	1,790	Ψ	1,780	Ψ	1,980	Ψ	1,588	Ψ	1,740
\$	1,847	\$	6,122	\$	2,558	\$	3,114	\$	2,651	\$	2,602
=	6,111,647	\$ _	8,632,887	\$ _	6,621,209	\$_	6,584,738	\$_	6,749,797	\$ _	7,202,739
\$	(15,290,212)	\$	(13,634,519)	\$_	(20,497,477)	\$_	(20,478,195)	\$	(17,941,146)	\$_	(17,158,503
\$	(15,567,805)	\$ _	(13,887,709)	\$ _	(20,746,035)	\$ _	(20,720,932)	\$ _	(18,175,119)	\$ _	(17,386,579
\$	10,919,152	\$	11,103,740	\$	11,076,090	\$	11,877,989	\$	11,867,596	\$	12,934,371
	2,614,512		2,691,630		2,585,962		2,722,713		2,714,379		2,807,361
	95,354		165,224		140,040		157,890		205,362		203,446
	445,920		464,581		460,643		548,133		417,138		492,489
	289,770		324,910		306,197		307,372		307,536		309,779
	57,122		69,784		71,768		60,260		65,589		64,690
	1,564,362		1,707,699		1,693,827		1,850,727		1,774,380		1,756,92
	379,221		356,455		341,618		360,957		331,892		336,95
	125,734		165,620		103,941		128,268		198,298		42,69
_	14 401 147	<u>-</u>	17 040 442	_	16,780,086	_	10 014 200	_	- 17,882,170	_	10 040 70
\$	16,491,147	-	17,049,643	Φ_	10,760,066	_	18,014,309	Ф —	17,002,170	Φ_	18,948,708
\$	-	\$	-	\$	-	\$	-	\$	-	\$	
\$	-	\$	-	\$	-	\$	-	\$	-	\$	
\$	16,491,147	\$	17,049,643	\$_	16,780,086	\$ _	18,014,309	\$_	17,882,170	\$	18,948,708
\$		\$	3,415,124	\$	(3,717,391)	\$	(2,463,886)	\$	(58,976)	\$	1,790,205
	(277,593)		(253,190)	_	(248,558)		(242,737)		(233,973)	_	(228,076
<u> </u>	923,342	\$	3,161,934	\$	(3,965,949)	\$	(2,706,623)		(292,949)		1,562,129



Governmental Activities Tax Revenues by Source Last Ten Fiscal Years (accrual basis of accounting)

Fiscal Year	 Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Recordation and Wills Tax	Total
2017	\$ 12,934,371 \$	2,807,361 \$	309,779 \$	492,489 \$	203,446 \$	16,747,446
2016	11,867,596	2,714,379	307,536	417,138	205,362	15,512,011
2015	11,877,989	2,722,713	307,372	548,133	157,890	15,614,097
2014	11,076,090	2,585,962	306,197	460,643	140,040	14,568,932
2013	11,103,740	2,691,630	324,910	464,581	165,224	14,750,085
2012	10,919,152	2,614,512	289,770	445,920	95,354	14,364,708
2011	10,796,720	2,558,209	375,945	475,995	109,777	14,316,646
2010	9,925,117	2,526,302	387,557	313,778	121,912	13,274,666
2009	10,338,674	2,683,336	371,824	276,176	159,537	13,829,547
2008	9,898,122	2,890,586	344,009	201,203	201,608	13,535,528

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

		2008	_	2009	_	2010	_	2011 (1)	_	2012 (1)
General fund										
Nonspendable:	ф		\$	_	¢	_	¢	13,899	¢	
Prepaid items Restricted for:	\$	-	Þ	-	\$	-	\$	13,899	Э	-
Retiree benefits								399		5,479
Unassigned		_		_		-		9,603,023		9,998,619
Unassigned		_		_		_		7,003,023		7,770,017
Reserved		11,486		12,078		1,106		-		-
Unreserved		8,788,927	_	9,207,233		8,774,360		-	_	
Total general fund	\$	8,800,413	\$	9,219,311	\$	8,775,466	\$_	9,617,321	\$	10,004,098
All other governmental funds										
Restricted:										
Debt service	\$	-	\$	-	\$	-	\$	529,233	\$	653,285
Assigned:										
Landfill construction		-		-		-		898,059		1,225,075
Recreation capital projects		-		-		-		27,002		27,116
Special revenue		-		-		-		-		-
Reserved		174,097		289,712		408,069		-		-
Unreserved, reported in:										
Capital projects funds		77,047	_	377,012		639,629		-	_	
Total all other governmental funds	\$	251,144	\$	666,724	\$	1,047,698	\$	1,454,294	\$	1,905,476

⁽¹⁾ The County implemented GASB 54 in fiscal year 2011.

_	2013 (1)		2014 (1)		2015 (1)		2016 (1)		2017 (1)
\$	-	\$	-	\$	-	\$	-	\$	-
	1,974 10,720,302		- 9,038,328		-		-		-
	-		-		95,258 9,811,281		95,258 9,672,556		87,685 12,112,059
\$_	10,722,276	\$_	9,038,328	\$	9,906,539	\$ _	9,767,814	\$	12,199,744
\$	780,277	¢	910,353	¢	1,043,470	¢	1,179,675	¢	1,319,176
Ψ	1,482,743	Ψ	1,784,386	Ψ	2,092,086	Φ	1,278,266	φ	1,203,394
	28,414 330,858		20,468 337,125		20,492 301,945		14,038 290,950		8,085 306,612
	-		-		-		-		-
\$	2,622,292	\$	3,052,332	\$	3,457,993	- ₋ \$	2,762,929	\$	2,837,267

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

Revenues General property taxes \$ 9,869,179 \$ 10,097,051 \$ 9,911,626 \$ 10,548 Other local taxes 3,994,668 3,815,476 3,349,561 3,519 Permits, privilege fees and regulatory licenses 100,805 106,200 86,207 67 Fines and forfeitures 29,824 44,006 47,822 38 Revenue from use of money and property 639,211 450,348 329,506 374 Charges for services 985,037 869,431 839,822 809 Miscellaneous 201,265 1,041,105 231,167 216 Recovered costs 236,973 99,018 45,111 266
Other local taxes 3,994,668 3,815,476 3,349,561 3,519 Permits, privilege fees and regulatory licenses 100,805 106,200 86,207 67 Fines and forfeitures 29,824 44,006 47,822 38 Revenue from use of money and property 639,211 450,348 329,506 374 Charges for services 985,037 869,431 839,822 809 Miscellaneous 201,265 1,041,105 231,167 216
Permits, privilege fees and regulatory licenses 100,805 106,200 86,207 67 Fines and forfeitures 29,824 44,006 47,822 38 Revenue from use of money and property 639,211 450,348 329,506 374 Charges for services 985,037 869,431 839,822 809 Miscellaneous 201,265 1,041,105 231,167 216
Fines and forfeitures 29,824 44,006 47,822 38, Revenue from use of money and property 639,211 450,348 329,506 374, Charges for services 985,037 869,431 839,822 809, Miscellaneous 201,265 1,041,105 231,167 216,
Revenue from use of money and property 639,211 450,348 329,506 374 Charges for services 985,037 869,431 839,822 809 Miscellaneous 201,265 1,041,105 231,167 216
Charges for services 985,037 869,431 839,822 809 Miscellaneous 201,265 1,041,105 231,167 216
Miscellaneous 201,265 1,041,105 231,167 216
Recovered costs 236,973 99,018 45,111 266
Intergovernmental:
Commonwealth 5,744,492 5,674,148 5,432,928 5,594
Federal 1,290,645 1,313,858 1,458,448 1,956
Total revenues \$ 23,092,099 \$ 23,510,641 \$ 21,732,198 \$ 23,392
Expenditures
General government administration \$ 1,626,034 \$ 1,620,699 \$ 1,453,038 \$ 1,443
Judicial administration 1,178,889 1,382,779 1,482,540 1,494
Public safety 3,020,666 2,846,153 2,516,411 2,672
Public works 2,033,140 1,864,186 1,786,034 1,776
Health and welfare 4,061,932 3,915,282 3,890,975 4,398
Education 7,749,894 7,446,574 7,451,833 7,955
Parks, recreation and cultural 230,159 307,159 293,159 274
Community development 1,018,825 1,409,598 478,134 526
Capital projects 1,675,064 3,911,158 592,857 533
Nondepartmental 1,517 - 136,046 126
Debt service
Principal 431,078 438,613 589,253 552
Interest and other fiscal charges 274,186 309,311 390,686 390
Total expenditures \$ 23,301,384 \$ 25,451,512 \$ 21,060,966 \$ 22,143
Excess (deficiency) of revenues over (under) expenditures \$ (209,285) \$ (1,940,871) \$ 671,232 \$ 1,248
Other financing sources (uses)
Transfers in \$ 310,153 \$ 332,153 \$ 110,153 \$ 110
Transfers out (310,153) (356,804) (964,256) (110,
Refunding bonds issued
Premium on bonds issued
Payments to refunded bond escrow agent
Issuance of debt - 2,800,000 120,000
Total other financing sources (uses) \$ \$\$\$ (734,103) \$
Net change in fund balances \$ (209,285) \$ 834,478 \$ (62,871) \$ 1,248
Debt service as a percentage of
noncapital expenditures 3.17% 3.06% 4.89% 4

Note: Does not include discretely presented component unit.

_	2012		2013		2014		2015		2016	. <u>-</u>	2017
\$	10,561,257	\$	10,949,252	\$	10,868,709	\$	12,164,324	\$	11,988,352	\$	12,659,333
	3,502,678		3,716,129		3,564,610		3,796,368		3,710,005		3,877,548
	62,437		70,344		69,529		79,339		98,002		73,445
	41,216		106,409		156,204		171,827		120,200		192,680
	379,217		356,455		341,618		360,957		331,891		374,453
	834,375		940,261		774,097		735,023		715,374		865,332
	200,465		268,908		236,145		283,391		198,298		143,516
	130,380		122,337		119,153		101,411		124,292		79,193
	5,019,333		7,917,815		5,899,638		6,027,849		6,087,230		6,131,076
_	1,716,801		1,299,635	_	1,413,010		1,418,313	_	1,500,721	_	1,617,169
\$_	22,448,159	\$_	25,747,545	\$_	23,442,713	\$	25,138,802	\$_	24,874,365	\$	26,013,745
\$	1,525,092	\$	1,577,327	\$	1,788,018	\$	1,556,430	\$	1,564,514	\$	1,626,463
,	1,480,002	,	1,581,018	•	1,712,847	•	1,640,931	Ť	1,645,993	•	1,607,932
	2,914,040		3,675,254		4,720,230		4,680,697		4,780,666		4,470,112
	1,665,056		1,909,601		1,926,912		2,074,408		1,875,840		1,763,373
	4,103,322		3,732,134		3,806,903		3,970,706		4,304,800		4,487,585
	7,696,610		7,899,254		8,301,411		8,031,503		8,303,927		7,393,077
	295,383		299,506		362,013		288,890		319,851		282,804
	754,145		687,859		844,138		579,448		650,874		478,395
	1,925,793		2,288,200		247,877		80,702		1,308,827		486,154
	155,200		73,454		74,015		65,554		67,188		32,560
	296,615		571,714		565,424		573,861		587,247		607,248
_	456,027		356,331	_	346,833		321,800		298,427	_	271,774
\$_	23,267,285	\$	24,651,652	\$_	24,696,621	\$	23,864,930	\$_	25,708,154	\$_	23,507,477
\$_	(819,126)	\$_	1,095,893	\$_	(1,253,908)	\$	1,273,872	\$_	(833,789)	\$	2,506,268
\$	110,153	\$	110,153	\$	110,153	\$	110,153	\$	110,153	\$	110,153
	(110,153)		(110,153)		(110,153)		(110,153)		(110,153)		(110,153)
	7,203,798		-		-		-		-		-
	983,512		-		-		-		-		-
	(6,530,225)		-		-		-		-		-
_	-		-	_	-		-	_	-	_	<u>-</u>
\$_	1,657,085	\$_	-	\$_	-	\$	-	\$_	-	\$	
\$_	837,959	\$	1,095,893	\$_	(1,253,908)	\$	1,273,872	\$_	(833,789)	\$	2,506,268
	3.53%)	4.15%		3.73%		3.77%		3.63%		3.82%



General Governmental Tax Revenues by Source Last Ten Fiscal Years (modified accrual basis of accounting)

						Motor				
			Local sales		Consumer	Vehicle	Recordation		Gross	
Fiscal		Property	and use	Communication	Utility	License	and	E911	Receipts	
Year	_	Tax	Tax	Taxes (1)(2)	Tax (1)	Tax	Wills Tax	Tax (1)	Tax	Total
2017	\$	12,659,333 \$	2,807,361 \$	- \$	309,779 \$	492,489 \$	203,446	\$ - \$	64,473 \$	16,536,881
2016		11,988,352	2,714,379	-	307,536	417,138	205,362	-	65,590	15,698,357
2015		12,164,324	2,722,713	-	307,372	541,664	157,890	-	66,729	15,960,692
2014		10,868,709	2,585,962	-	306,197	460,643	140,040	-	71,768	14,433,319
2013		10,949,252	2,691,630	-	324,910	464,581	165,224	-	69,784	14,665,381
2012		10,561,257	2,614,512	-	289,770	445,920	95,354	-	57,122	14,063,935
2011		10,548,439	2,558,209	-	300,823	475,995	109,777	-	75,122	14,068,365
2010		9,911,626	2,526,302	-	297,025	313,778	121,912	12	90,532	13,261,187
2009		10,097,051	2,683,336	324,603	306,766	276,176	159,537	-	65,058	13,912,527
2008		9,869,179	2,890,586	357,262	281,464	201,203	201,608	-	-	13,801,302

⁽¹⁾ Commencing in 2007 all consumer utility taxes including E-911 taxes, as they relates to communication companies were remitted to the Commonwealth. The County receives a payment from the Commonwealth representing the respective share of the communication taxes.

⁽²⁾ Effective for the FY 2010 audit report, communications tax is reported as non-categorical state aid.

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

Fiscal Year	 Real Estate (1)	Personal Property (1)	Mobile Homes	Machinery and Tools
2017	\$ 1,501,993,440 \$	119,922,383 \$	7,460,730 \$	1,067,695
2016	1,476,787,676	109,881,928	7,201,680	909,060
2015	1,593,856,675	105,257,875	9,292,235	737,600
2014	1,584,918,225	105,312,817	9,283,568	910,900
2013	1,576,717,255	104,873,820	9,574,543	623,875
2012	1,566,410,640	101,614,604	9,646,985	706,975
2011	1,554,835,140	99,133,100	9,618,210	791,825
2010	1,528,365,240	94,930,963	10,293,720	770,925
2009	1,042,385,745	104,258,239	12,209,314	879,950
2008	1,068,933,045	94,814,825	12,224,444	1,058,750

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

Source: Commissioner of Revenue

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

Merchants' Capital	Public Service (2)	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$ 58,950,650 \$	103,798,120 \$	1,793,193,018 \$	1,793,193,018	100.00%
55,491,150	94,692,680	1,744,964,174	1,744,964,174	100.00%
57,499,650	94,140,180	1,860,784,215	1,860,784,215	100.00%
56,631,950	89,731,651	1,846,789,111	1,846,789,111	100.00%
54,574,800	83,433,739	1,829,798,032	1,829,798,032	100.00%
59,275,350	66,704,405	1,804,358,959	1,804,358,959	100.00%
60,034,150	67,442,018	1,791,854,443	1,791,854,443	100.00%
65,748,650	67,095,810	1,767,205,308	1,767,205,308	100.00%
50,551,200	43,708,760	1,253,993,208	1,253,993,208	100.00%
64,869,815	46,056,568	1,287,957,447	1,287,957,447	100.00%

Property Tax Rates (1)
Direct Governments
Last Ten Fiscal Years

Direct Rates

Fiscal Years	 Real Estate	 Personal Property	 Mobile Homes	 Machinery and Tools	 Merchants' Capital
2017	\$ 0.51	\$ 4.50	\$ 0.51	\$ 4.20	\$ 0.70
2016	0.49	4.50	0.49	4.20	0.70
2015	0.47	4.50	0.47	4.20	0.70
2014	0.42	4.50	0.42	4.20	0.70
2013	0.42	4.50	0.42	4.20	0.70
2012	0.42	4.50	0.42	4.20	0.70
2011	0.42	4.50	0.42	4.20	0.70
2010	0.40	4.50	0.40	4.20	0.70
2009	0.57	4.50	0.57	4.20	0.70
2008	0.57	4.50	0.57	4.20	0.70

⁽¹⁾ Per \$100 of assessed value

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2017 \$	14,091,430 \$	12,061,789	85.60% \$	597,544	\$ 12,659,333	89.84% \$	2,610,641	18.53%
2016	13,088,275	12,372,851	94.53%	612,200	12,985,051	99.21%	2,333,711	17.83%
2015	13,263,062	12,351,793	93.13%	797,023	13,148,816	99.14%	2,283,998	17.22%
2014	12,959,216	11,764,506	90.78%	409,553	12,174,059	93.94%	2,361,048	18.22%
2013	12,257,922	11,704,121	95.48%	550,481	12,254,602	99.97%	2,094,321	17.09%
2012	12,039,405	11,166,716	92.75%	422,421	11,589,137	96.26%	1,895,311	15.74%
2011	11,893,196	11,192,840	94.11%	725,383	11,918,223	100.21%	1,605,344	13.50%
2010	11,443,731	10,682,795	93.35%	379,748	11,062,543	96.67%	1,364,269	11.92%
2009	11,332,401	10,896,001	96.15%	279,186	11,175,187	98.61%	1,208,244	10.66%
2008	11,278,872	10,651,203	94.44%	277,008	10,928,211	96.89%	730,041	6.47%

⁽¹⁾ Exclusive of penalties and interest. Includes personal property tax relief funds.

⁽²⁾ Includes twenty years real estate and four years personal property taxes.

Principal Property Taxpayers Current Year and the Period Nine Years Prior

		Fiscal Year 2017			Fiscal Year 2008	
		2016	% of Total		2007	% of Total
		Assessed	Assessed		Assessed	Assessed
Taxpayer		Valuation	Valuation	_	Valuation	Valuation
Southside Holding	\$	4,926,800	0.27%	\$	2,921,700	0.16%
Southside Community Nursing	Ψ	20,705,400	1.13%	Ψ	9,636,700	0.52%
Statewide Realty Co.		1,282,200	0.07%		2,386,300	0.13%
Southgate Associates II		2,222,500	0.12%		4,505,100	0.24%
Wright, Shelton		3,524,500	0.19%		1,534,400	0.08%
Davis Real Properties LLC		3,313,000	0.18%		4,463,500	0.24%
Garnett, James		871,600	0.05%		1,546,000	0.08%
Landon G. Atkins Revocable Trust		-	0.00%		1,329,000	0.07%
Andrews, Larget & Whidden, Inc.		1,447,000	0.08%		535,800	0.03%
Longwood Village Shopping Center		7,333,700	0.40%		6,832,300	0.37%
Farmville Partners, LLC	_	8,390,300	0.46%	_		0.00%
	\$	54,017,000	2.95%	\$	35,690,800	1.93%

Source: Commissioner of Revenue

Ratios of Outstanding Debt by Types Last Ten Fiscal Years

						Business- Type			
	_		Governmental	Activities		Activities			
		General		Other		Other	Total	Percentage	
Fiscal		Obligation	Literary	Notes/	Capital	Notes/	Primary	of Personal	Per
Years		Bonds	Fund Loans	Bonds	Leases	Bonds	Government	Income (1)	Capita (1)
2017	\$	4,366,506	\$ - \$	4,599,074 \$	5,103,197 \$	3,825,118 \$	17,893,895	2.56%	773
2016		5,117,798	-	4,798,254	5,123,382	4,005,461	19,044,895	2.73%	815
2015		5,852,125	-	4,991,985	5,123,382	4,176,457	20,143,949	2.99%	873
2014		6,569,847	-	5,182,084	-	4,341,086	16,093,017	2.53%	706
2013		7,297,699	-	5,427,677	-	4,503,541	17,228,917	2.79%	741
2012		8,028,021	-	5,668,629	-	4,661,803	18,358,453	2.97%	781
2011		5,157,837	-	7,696,025	-	3,750,000	16,603,862	3.33%	711
2010		5,778,724	-	8,181,343	-	2,500,000	16,460,067	4.06%	736
2009		6,426,063	-	8,552,832	-	1,281,482	16,260,377	4.01%	745
2008		7,890,333	52,500	5,296,677	-	-	13,239,510	3.49%	623

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ See the Schedule of Demographic and Economic Statistics - Table 13

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2017 \$	6,312,723 \$	858,439 \$	5,454,284	0.30%	236
2016	7,151,195	858,657	6,292,538	0.36%	269
2015	7,968,982	734,327	7,234,655	0.39%	314
2014	8,686,704	717,722	7,968,982	0.43%	349
2013	9,414,556	780,277	8,634,279	0.47%	372
2012	10,144,878	653,285	9,491,593	0.53%	404
2011	10,316,777	529,233	9,787,544	0.55%	419
2010	11,170,767	406,089	10,764,678	0.61%	481
2009	12,049,678	301,790	11,747,888	0.94%	538
2008	10,059,690	174,097	9,885,593	0.77%	465

⁽¹⁾ Population data can be found in the Schedule of Demographic and Economic Statistics - Table 13

⁽²⁾ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7

⁽³⁾ Includes all long-term general obligation bonded debt, and Literary Fund Loans; excludes revenue bonds, capital leases, OPEB liability, landfill closure liabilities, early retirement obligation, notes payable, and compensated absences.

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (1)	Per Capita Personal Income (1)	Median Age	School Enrollment (2)	Unemploy- ment Rate
2017	23,142 \$	697,704,000 \$	30,149	30.0	2,005	6.00%
2016	23,368	697,704,000	29,857	30.0	2,086	6.30%
2015	23,074	672,890,000	29,162	30.0	2,016	6.10%
2014	22,802	636,603,000	27,919	30.0	2,129	9.80%
2013	23,238	618,387,000	26,611	30.9	2,282	10.60%
2012	23,518	617,666,000	26,264	31.5	2,369	9.30%
2011	23,368	498,422,000	21,329	31.5	2,494	9.50%
2010	22,370	405,000,000	18,105	31.4	2,607	10.90%
2009	21,823	405,000,000	19,228	31.9	2,482	10.30%
2008	21,254	379,316,000	18,557	31.9	2,548	6.20%

Souce: Virginia Employment Commission, Annual school report - prepared by the School Board, www.fedstats.gov

⁽¹⁾ Information is not updated annually

⁽²⁾ School enrollment includes pre-K

Full-time Equivalent Government Employees by Function Last Ten Fiscal Years

Function	2008	2009	2010	2011	2012
General government administration	17.0	17.0	17.0	17.0	18.0
Judicial administration	25.0	25.0	22.5	22.5	22.5
Public safety					
Sheriffs department	30.5	30.5	31.0	31.0	32.0
Animal control	2.0	2.0	2.0	2.0	1.5
Building official	2.0	2.0	2.0	2.0	2.0
Public works					
General maintenance	7.5	7.5	6.5	6.5	6.5
Refuse Collection & Disposal	15.5	15.5	13.0	13.0	13.0
Biosolids	1.0	1.0	1.0	1.0	1.0
Health and welfare					
Department of social services	31.0	31.0	32.0	32.0	32.0
Culture and recreation					
Parks and recreation	-	-	-	-	-
Community development					
Planning	2.0	2.0	2.0	2.0	2.0
Economic Development	2.0	2.0	2.0	2.0	2.0
Cannery	1.5	1.5	1.5	1.5	1.5
Extension	1.0	1.0	1.0	1.0	1.0
Totals	138.0	138.0	133.5	133.5	135.0

Source: Individual County departments

Table 14

2013	2014	2015	2016	2017
18.0	17.0	17.0	17.0	16.5
22.5	23.0	23.0	23.0	24.0
32.0	32.0	32.0	32.0	32.0
1.5	2.0	2.0	2.0	2.0
2.0	1.0	1.0	1.0	1.0
6.5	6.0	6.0	6.0	6.0
13.0	13.0	13.0	13.0	13.0
1.0	1.0	-	-	-
32.0	32.0	32.0	32.0	34.0
-	-	-	-	-
2.0	-	1.0	1.0	1.0
2.0	2.0	2.0	2.0	1.0
1.5	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
135.0	131.0	131.0	131.0	132.5

Operating Indicators by Function Last Ten Fiscal Years (1)

Function	2008	2009	2010	2011	2012
Public safety					
Sheriffs department:					
Physical arrests	1,629.0	2,164.0	1,396.0	1,325.0	335.0
Civil papers	7,718.0	9,890.0	9,124.0	8,812.0	8,994.0
Building inspections:					
Permits issued (2)	558.0	784.0	642.0	438.0	434.0
Public works					
Landfill:					
Refuse collected (tons/day)	89.0	80.0	78.0	71.0	85.0
Recycling (tons/day)	9.0	13.0	13.0	39.0	9.0
Health and welfare					
Department of Social Services:					
Caseload	7,065.0	8,100.0	8,817.0	8,058.0	7,548.0
Community development					
Planning:					
Zoning permits issued	194.0	119.0	112.0	93.0	75.0
Component Unit - School Board					
Education:					
Number of teachers	235.7	228.0	224.0	224.0	214.0
Local expenditures per pupil	2,840.0	2,718.0	2,858.0	2,927.0	3,359.0

Source: Individual County departments

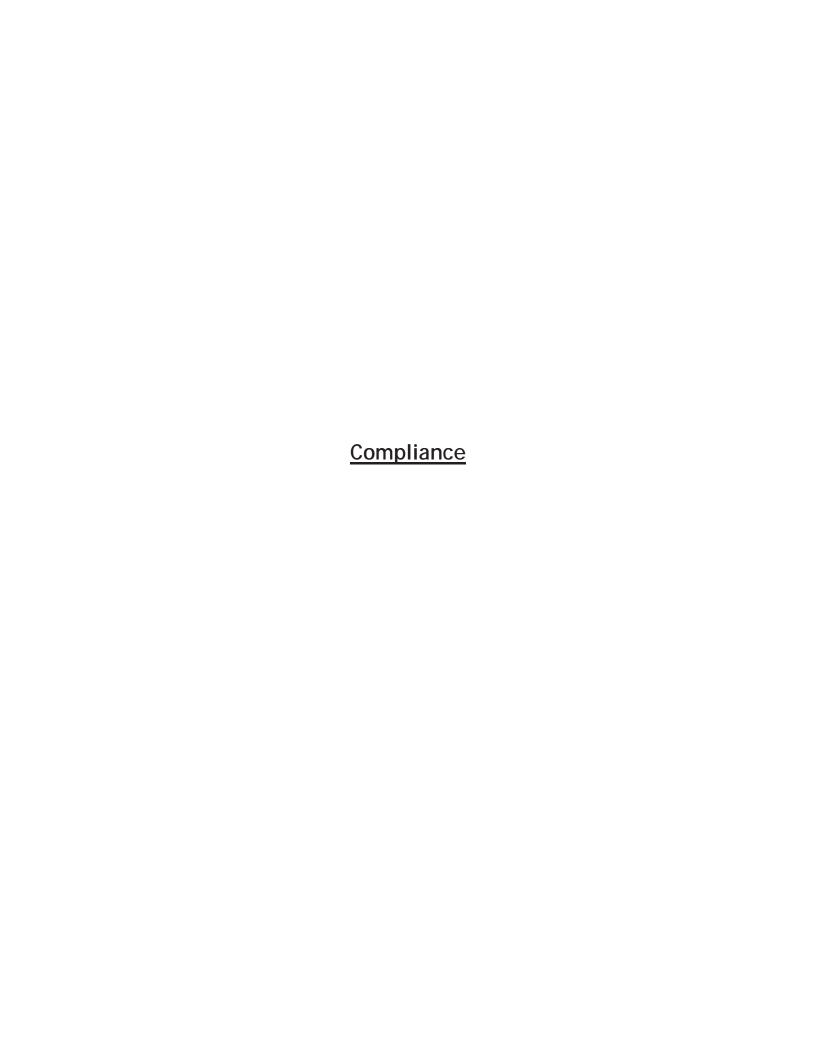
⁽¹⁾ Information has been reported where available.

⁽²⁾ The County implemented the issuance of trade permits in the fiscal year 2009.

Table 15

2013	2014	2015	2016	2017
353.0	393.0	377.0	483.0	113.0
8,664.0	8,820.0	8,637.0	8,298.0	7,910.0
453.0	535.0	485.0	596.0	457.0
77.0	54.6	43.7	41.7	77.7
4.3	4.4	8.2	6.5	8.5
8,162.0	8,503.0	9,127.0	11,097.0	10,206.0
6,102.0	6,503.0	9,127.0	11,097.0	10,200.0
67.0	81.0	74.0	79.0	63.0
214.0	211.0	207.0	206.4	202.5
3,707.0	3,789.0	3,774.0	4,030.0	3,284.0







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 Board of Supervisors County of Prince Edward, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Prince Edward, Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise County of Prince Edward, Virginia's basic financial statements, and have issued our report thereon dated February 16, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Prince Edward, 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 Prince Edward, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Prince Edward, 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 Prince Edward, 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 one instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as item 2017-001.

County's Response to Findings

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

Purpose of this Report

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

Mobinson, farmy, Cox fasociates
Charlottesville, Virginia

February 16, 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 Board of Supervisors County of Prince Edward, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Prince Edward, 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 Prince Edward, Virginia's major federal programs for the year ended June 30, 2017. County of Prince Edward, 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 Prince Edward, 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 Prince Edward, 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 Prince Edward, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, the County of Prince Edward, 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, 2017.

Report on Internal Control over Compliance

Management of the County of Prince Edward, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Prince Edward, 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 Prince Edward, Virginia's internal control over compliance.

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

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

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

Mobinson, farmer, Cox fasociates Charlottesville, Virginia February 16, 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	0950116/0950117	\$ 13,726
Temporary Assistance to Needy Families (TANF)	93.558	0400116/0400117	263,268
Refugee and Entrant Assistance - State Administered Programs	93.566	0500116/0500117	733
Low-income Home Energy Assistance	93.568	0600416/0600417	27,002
Child Care Mandatory and Matching Funds of the Child Care and			
Development Fund	93.596	0760116/0760117	36,643
Stephanie Tubbs Jones Child Welfare Services Programs	93.645	0900116/0900117	313
Foster Care - Title IV-E	93.658	1100116/1100117	166,947
Adoption Assistance	93.659	1120116/1120117	189,189
Social Services Block Grant	93.667	1000116/1000117	140,123
Chafee Foster Care Independence Program	93.674	9150116/9150117	1,124
Children's Health Insurance Program	93.767	0540116/0540117	11,251
Medical Assistance Program	93.778	1200116/1200117	358,980
Total Department of Health and Human Services			\$ 1,209,299
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Child Nutrition Discretionary Grants Limited Availability	10.579	Unknown	\$ 54,872
Fresh Fruit and Vegetable Program	10.582	2015IL160341/2016IL160341	55,954
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution - Child Nutrition Cluster	10.555	Unknown	72,193
Summer Food Service Program for Children - Child Nutrition Cluster	10.559	Unknown	466
Department of Education:			
School Breakfast Program - Child Nutrition Cluster	10.553	2015IN109941/2016IN109941	217,629
National School Lunch Program - Child Nutrition Cluster	10.555	2015IN109941/2016IN109941	616,772
Total Child Nutrition Cluster			\$ 907,060
Department of Social Services:			
State Administrative Matching Grants for the Supplemental			
Nutrition Assistance Program	10.561	0010115/0010116/0040115/0040116	283,565
Pilot Projects to Reduce Dependency and Increase Work	10.001	0010110, 0010110, 0010110, 0010110	200,000
Requirements and Work Effort under SNAP	10.596	0060115	26,197
•	10.370	3333.13	
Total Department of Agriculture			\$ 1,327,648
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Crime Victims Assistance	16.575	Unknown	\$ 52,398
Bulletproof Vest Partnership Program	16.607	Unknown	1,978
Total Department of Justice			\$ 54,376

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2017 (continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	
Department of Transportation:				
Pass through payments:				
Department of Motor Vehicles:				
Highway Safety Cluster: State and Community Highway Safety	20.600	Unknown	\$	4,832
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.600	Unknown	Þ	4,832 2,167
Alcohor impaired briving countermeasures incentive drants i	20.001	Olikilowii	_	2,107
Total Highway Safety Cluster			\$	6,999
Alcohol Open Container Requirements	20.607	Unknown		7,470
Total Department of Transportation			\$	14,469
Department of Homeland Security				
Pass Through Payments: Department of Homeland Security:				
Emergency Management Performance Grants	97.042	7750100	\$	9,436
Emorgonoy management renormance orante	77.012	7700100		7,100
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I - Grants to Local Educational Agencies	84.010	S101A150046/S010A160046	\$	703,996
Special Education Cluster:				
Special Education-Grants to States	84.027	H027A150107/H027A160107		458,981
Special Education-Preschool Grants	84.173	H173A150112/H173A160112		19,496
Total Special Education Cluster			\$	478,477
Career and Technical Education Basic Grants to States	84.048	V048A160046		55,571
Twenty-First Century Community Learning Centers	84.287	S287C160047		125,082
Rural Education	84.358	\$358B160046		33,942
Advanced Placement Program	84.330	S330B16002		399
Supporting Effective Instruction State Grant	84.367	S367A150044/S367A160044		38,540
Title I State Agency Program for Neglected and Delinquent	04.307	330771300447330771100044		30,540
Children and Youth	84.013	S013A150046/S013A160046		2,500
Total Department of Education			\$	1,438,507
Total Expenditures of Federal Awards			\$	4,053,735

See accompanying notes to Schedule of Expenditures of Federal Awards.

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2017

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Prince Edward, Virginia under programs of the federal government for the year ended June 30, 2017. 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 Prince Edward, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Prince Edward, 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 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 - Subrecipients

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	\$	1,617,169
Less: Amounts not recorded on Schedule of Expenditures of Federal Awards Payment in Lieu of Taxes	_	(19,826)
Total primary government	\$	1,597,343
Component Unit School Board:		
School Operating Fund	\$	1,438,505
School Cafeteria Fund	_	1,017,887
Total Component Unit School Board	\$	2,456,392
Total federal expenditures per basic financial statements	\$	4,053,735
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$_	4,053,735

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Significant deficiency(ies) identified?

None reported

Noncompliance material to financial statements noted?

Yes

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

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)?

Identification of major programs:

CFDA # Name of Federal Program or Cluster

Child Nutrition Cluster

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

\$ 750,000

Auditee qualified as low-risk auditee?

10.553/10.555/10.559

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 Audit Findings

There are no prior year audit findings.

Section V - Commonwealth of Virginia Findings and Questioned Costs

2017-001

Condition:

The County's Department of Social Services did not remove computer access to terminated employees in a timely manner.

Criteria:

The Auditor of Public Accounts Specifications for Audits of Counties, Cities, and Towns requires immediate removal of all computer access for terminated users.

Cause of Condition:

The County did not remove access to terminated employees within three business days.

Effect of Condition:

Noncompliance with the Auditor of Public Accounts specifications.

Recommendation:

The County should establish procedures for the removal of access for all terminated employees.

Management's response:

The change of management in the County's Department of Social Services has implemented processes to remove access for all terminated employees.