

COUNTY OF APPOMATTOX, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2019

COUNTY OF APPOMATTOX, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

COUNTY OF APPOMATTOX, VIRGINIA

Board of Supervisors

Samuel E. Carter, Chairperson

William H. Hogan
Watkins M. Abbitt

Bryan A. Moody
Chad E. Millner

School Board

Bobby K. Waddell, Chairperson

Rev. Al L. Jones III
Gregory A. Smith

Dr. Wendy Hageman Smith
Cynthia L. Hall

Board of Social Services

Rowena F. Robinson, Chairperson

Sammy Carter

Ronald Spiggle

Other Officials

Judge of the Circuit Court S. Anderson Nelson
Clerk of the Circuit Court Janet A. Hix
Judge of the General District Court Calvin S. Spencer
Judge of the Juvenile and Domestic Relations Court Marvin Dunkam
Commonwealth's Attorney Leslie M. "Les" Fleet
Commissioner of the Revenue Sara R. Henderson
Treasurer Alice F. Gillette
Sheriff Barry E. Letterman
Superintendent of Schools Annette A. Bennett
Director of Social Services Brad Burdette
County Administrator Susan M. Adams

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

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-10
<u>Basic Financial Statements</u>	
Government-wide Financial Statements	
Exhibit 1 Statement of Net Position	11
Exhibit 2 Statement of Activities	12
Fund Financial Statements	
Exhibit 3 Balance Sheet—Governmental Funds	13
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	14
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	15
Exhibit 6 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	16
Exhibit 7 Statement of Net Position — Proprietary Fund	17
Exhibit 8 Statement of Revenues, Expenses, and Changes in Net Position— Proprietary Fund	18
Exhibit 9 Statement of Cash Flows—Proprietary Fund	19
Exhibit 10 Statement of Fiduciary Net Position—Fiduciary Fund	20
Notes to Financial Statements	21-91

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

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
<u>Required Supplementary Information:</u>	
Exhibit 11 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—General Fund	92
Exhibit 12 Schedule of Changes in Net Pension Liability and Related Ratios—Primary Government	93
Exhibit 13 Schedule of Changes in Net Pension Liability and Related Ratios—Component Unit School Board (nonprofessional)	94
Exhibit 14 Schedule of Employer's Share of Net Pension Liability VRS Teacher Component Unit School Board (nonprofessional)—Pension Plan	95
Exhibit 15 Schedule of Employer Contributions—Pension Plan	96
Exhibit 16 Notes to Required Supplementary Information—Pension Plan	97
Exhibit 17 Schedule of County's Share of Net OPEB Liability—Group Life Insurance Program	98
Exhibit 18 Schedule of Employer Contributions—Group Life Insurance Program	99
Exhibit 19 Notes to Required Supplementary Information—Group Life Insurance Program	100
Exhibit 20 Schedule of Changes in Component Unit School Board (nonprofessional's) Net OPEB Liability and Related Ratios—Health Insurance Credit (HIC) Program	101
Exhibit 21 Schedule of Employer Contributions—Health Insurance Credit (HIC) Program	102
Exhibit 22 Notes to Required Supplementary Information—Health Insurance Credit (HIC) Program	103
Exhibit 23 Schedule of School Board's Share of Net OPEB Liability and Related Ratios—Teacher Employee Health Insurance Credit (HIC) Program	104
Exhibit 24 Schedule of Employer Contributions—Teacher Employee Health Insurance Credit (HIC) Program	105
Exhibit 25 Notes to Required Supplementary Information—Teacher Employee Health Insurance Credit (HIC) Program	106

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

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
<u>Required Supplementary Information: (Continued)</u>	
Exhibit 26 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios— Primary Government	107
Exhibit 27 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios— Component Unit School Board	108
Exhibit 28 Notes to Required Supplementary Information—County OPEB	109
Exhibit 29 Notes to Required Supplementary Information—Component Unit School Board	110
<u>Other Supplementary Information:</u>	
Combining and Individual Fund Statements and Schedules:	
Exhibit 30 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—County Capital Projects Fund	111
Exhibit 31 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—Nonmajor Special Revenue Funds	112
Exhibit 32 Combining Statement of Fiduciary Net Position-Fiduciary Funds	113
Exhibit 33 Combining Statement of Changes in Assets and Liabilities—Agency Funds	114
Discretely Presented Component Unit—School Board:	
Exhibit 34 Combining Balance Sheet—Governmental Funds	115
Exhibit 35 Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	116
Exhibit 36 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—School Operating Fund	117
Exhibit 37 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—Special Revenue Fund	118
Discretely Presented Component Unit—Economic Development Authority:	
Exhibit 38 Statement of Net Position	119
Exhibit 39 Statement of Revenues, Expenses and Changes in Net Position	120
Exhibit 40 Statement of Cash Flows	121

COUNTY OF APPOMATTOX, VIRGINIA

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
<u>Supporting Schedules:</u>	
Schedule 1 Schedule of Revenues—Budget and Actual—Governmental Funds	122-128
Schedule 2 Schedule of Expenditures—Budget and Actual— Governmental Funds	129-133
<u>Other Statistical Information:</u>	
Table 1 Government-Wide Expenses by Function—Last Ten Fiscal Years	134
Table 2 Government-Wide Revenues—Last Ten Fiscal Years	135
Table 3 General Governmental Expenditures by Function—Last Ten Fiscal Years	136
Table 4 General Governmental Revenues by Source—Last Ten Fiscal Years	137
Table 5 Property Tax Levies and Collections—Last Ten Fiscal Years	138
Table 6 Assessed Value of Taxable Property—Last Ten Fiscal Years	139
Table 7 Property Tax Rates—Last Ten Fiscal Years	140
Table 8 Ratio of Net General Obligation Bonded Debt to Assessed Value and Net	141
<u>Compliance:</u>	
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	142-143
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	144-145
Schedule of Expenditures of Federal Awards	146-147
Notes to Schedule of Expenditures of Federal Awards	148
Schedule of Findings and Questioned Costs	149-150
Summary Schedule of Prior Year Findings	151



Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Change in Accounting Principle

As described in Note 23 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-10, 92, and 93-110 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

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

Supplementary and Other Information (Continued)

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2019, on our consideration of County of Appomattox, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Appomattox, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Appomattox, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 21, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

**To the Honorable Members of the Board of Supervisors
To the Citizens of Appomattox County
County of Appomattox, Virginia**

As management of the County of Appomattox, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

- < The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$15,013,219 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other financing uses of \$1,537,938 (Exhibit 5) after making contributions totaling \$5,449,986 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$18,532,166, an increase of \$1,537,938 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$13,696,550 or 62% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased by \$2,492,505 during the current fiscal year.

The remainder of this page left blank intentionally

Overview of the Financial Statements

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

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

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

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

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

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

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

The Government-wide financial statements include not only the County of Appomattox, Virginia itself (known as the primary government), but also a legally separate school district and industrial development authority for which the County of Appomattox, Virginia is financially accountable. Financial information for the component units are reported separately from the financial information presented for the primary government itself.

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

Overview of the Financial Statements (Continued)

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

Proprietary funds – Proprietary funds consist of enterprise funds. Enterprise funds are established to account for the delivery of goods and services to the general public and use the accrual basis of accounting similar to private sector business.

The Utility Fund provides a centralized source for water services to County residents.

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

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

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit - School Board and the component unit – Economic Development Authority. Neither the School Board nor the Economic Development Authority issues separate financial statements.

The remainder of this page left blank intentionally

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$15,013,219 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

County of Appomattox, Virginia's Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 26,860,384	\$ 24,987,200	\$ 30,422	\$ 61,407	\$ 26,890,806	\$ 25,048,607
Capital assets	16,264,539	17,850,742	4,912,561	5,026,807	21,177,100	22,877,549
Total assets	\$ 43,124,923	\$ 42,837,942	\$ 4,942,983	\$ 5,088,214	\$ 48,067,906	\$ 47,926,156
Deferred outflows of resources	\$ 1,067,445	\$ 1,112,641	\$ -	\$ -	\$ 1,067,445	\$ 1,112,641
Current liabilities	\$ 509,248	\$ 653,008	\$ 28,044	\$ 29,347	\$ 537,292	\$ 682,355
Long-term liabilities outstanding	24,599,187	26,959,105	1,999,580	2,132,167	26,598,767	29,091,272
Total liabilities	\$ 25,108,435	\$ 27,612,113	\$ 2,027,624	\$ 2,161,514	\$ 27,136,059	\$ 29,773,627
Deferred inflows of resources	\$ 6,986,073	\$ 6,885,195	\$ -	\$ -	\$ 6,986,073	\$ 6,885,195
Net investment in capital assets	\$ (978,941)	\$ (1,556,639)	\$ 2,912,981	\$ 2,894,640	\$ 1,934,040	\$ 1,338,001
Restricted for:						
Veterans wall of honor	3,038	3,038	-	-	3,038	3,038
Carver Price - HVAC	25,000	-	-	-	25,000	-
Asset forfeiture	229,725	245,040	-	-	229,725	245,040
Courthouse maintenance	33,034	29,861	-	-	33,034	29,861
Courthouse security fund	138,405	163,885	-	-	138,405	163,885
Law library	15,825	19,345	-	-	15,825	19,345
Unrestricted	12,631,774	10,548,745	2,378	32,060	12,634,152	10,580,805
Total net position	\$ 12,097,860	\$ 9,453,275	\$ 2,915,359	\$ 2,926,700	\$ 15,013,219	\$ 12,379,975

Government-wide Financial Analysis (Continued)

The County's net position increased by \$2,633,244 during the current fiscal year. The following table summarizes the County's Statement of Activities

County of Appomattox, Virginia's Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Charges for services	\$ 312,977	\$ 273,358	\$ 154,650	\$ 148,221	\$ 467,627	\$ 421,579
Operating grants and contributions	5,526,655	5,331,394	-	-	5,526,655	5,331,394
General property taxes	13,740,014	15,449,720	-	-	13,740,014	15,449,720
Other local taxes	2,357,270	2,241,679	-	-	2,357,270	2,241,679
Grants and other contributions not restricted	1,668,759	1,695,627	-	-	1,668,759	1,695,627
Other general revenues	212,970	279,593	-	-	212,970	279,593
Transfers	(205,033)	(252,041)	205,033	252,041	-	-
Total revenues	\$ 23,613,612	\$ 25,019,330	\$ 359,683	\$ 400,262	\$ 23,973,295	\$ 25,419,592
General government administration	\$ 1,746,065	\$ 1,561,527	\$ -	\$ -	\$ 1,746,065	\$ 1,561,527
Judicial administration	1,174,927	1,249,392	-	-	1,174,927	1,249,392
Public safety	4,240,656	4,272,389	-	-	4,240,656	4,272,389
Public works	1,544,004	1,590,182	371,024	379,293	1,915,028	1,969,475
Health and welfare	3,637,243	3,649,618	-	-	3,637,243	3,649,618
Education	6,727,833	6,887,265	-	-	6,727,833	6,887,265
Parks, recreation, and cultural	496,720	219,381	-	-	496,720	219,381
Community development	506,892	612,387	-	-	506,892	612,387
Interest and other fiscal charges	894,687	952,652	-	-	894,687	952,652
Total expenses	\$ 20,969,027	\$ 20,994,793	\$ 371,024	\$ 379,293	\$ 21,340,051	\$ 21,374,086
Change in net position	\$ 2,644,585	\$ 4,024,537	\$ (11,341)	\$ 20,969	\$ 2,633,244	\$ 4,045,506
Net position, beginning of year	9,453,275	5,428,738	2,926,700	2,905,731	12,379,975	8,334,469
Net position, end of year	\$ 12,097,860	\$ 9,453,275	\$ 2,915,359	\$ 2,926,700	\$ 15,013,219	\$ 12,379,975

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$18,532,166, an increase of \$1,537,938 in comparison with the prior year. Approximately 74% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

The County Capital Projects Fund accounts for all major general public improvements. At the end of the fiscal year, the fund balance was \$3,258,978, all of which was committed for current or future capital projects.

Proprietary Funds – The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the end of the year amounted to \$2,378. The total decrease in net position was \$11,341. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities

General Fund Budgetary Highlights

During the year, revenues and other sources exceeded budgetary estimates by \$930,130. Budgetary estimates exceeded expenditures and other uses by \$2,731,078 resulting in a positive variance of \$3,661,208.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2019 amounts to \$16,264,538 (net of accumulated depreciation). The County's investment in capital assets for its proprietary fund as of June 30, 2019 amounted to \$4,912,561. This investment in capital assets includes land, buildings and system, and machinery and equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$19,639,588. Of this amount, \$8,106,952 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease/revenue bonds and capital leases).

The County's total debt decreased by \$2,355,453 during the current fiscal year.

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

Economic Factors and Next Year's Budgets and Rates

< Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2020 fiscal year.

The fiscal year 2020 budget increased approximately 1.42%. Property tax rates remained the same as the 2019 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the County of Appomattox, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 863, Appomattox, Virginia 24522.

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

	Primary Government			Component Units	
	Governmental	Business-type		School Board	EDA
	Activities	Activities	Total		
ASSETS					
Cash and cash equivalents	\$ 17,244,600	\$ 18,722	\$ 17,263,322	\$ 2,880,658	\$ 173,107
Cash in custody of others	-	-	-	4,000	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	7,836,712	-	7,836,712	-	-
Accounts receivable	146,092	11,700	157,792	4,960	-
Due from other governmental units	1,632,980	-	1,632,980	626,819	-
Net pension asset	-	-	-	221,441	-
Capital assets (net of accumulated depreciation):					
Land	1,316,010	-	1,316,010	211,370	1,381,873
Buildings and improvements	13,734,251	-	13,734,251	10,647,594	-
Utility plant in service	-	4,912,561	4,912,561	-	-
Equipment	1,085,931	-	1,085,931	1,266,110	-
Infrastructure	56,412	-	56,412	-	1,048,826
Construction in progress	71,935	-	71,935	-	-
Total assets	\$ 43,124,923	\$ 4,942,983	\$ 48,067,906	\$ 15,862,952	\$ 2,603,806
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	\$ 469,569	\$ -	\$ 469,569	\$ -	\$ -
Pension related items	554,047	-	554,047	2,397,049	-
OPEB related items	43,829	-	43,829	351,068	-
Total deferred outflows of resources	\$ 1,067,445	\$ -	\$ 1,067,445	\$ 2,748,117	\$ -
Total assets and deferred inflows of resources	\$ 44,192,368	\$ 4,942,983	\$ 49,135,351	\$ 18,611,069	\$ 2,603,806
LIABILITIES					
Accounts payable	\$ 430,188	\$ 18,722	\$ 448,910	\$ 36,069	\$ 3,221
Accrued liabilities	-	-	-	1,917,566	-
Accrued interest payable	79,060	9,322	88,382	-	-
Due to other governmental units	-	-	-	655,606	-
Long-term liabilities:					
Due within one year	2,321,288	136,164	2,457,452	-	-
Due in more than one year	22,277,899	1,863,416	24,141,315	20,250,542	-
Total liabilities	\$ 25,108,435	\$ 2,027,624	\$ 27,136,059	\$ 22,859,783	\$ 3,221
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 6,328,365	\$ -	\$ 6,328,365	\$ -	\$ -
Pension related items	600,849	-	600,849	2,082,447	-
OPEB related items	56,859	-	56,859	135,250	-
Total deferred inflows of resources	\$ 6,986,073	\$ -	\$ 6,986,073	\$ 2,217,697	\$ -
NET POSITON					
Net investment in capital assets	\$ (978,941)	\$ 2,912,981	\$ 1,934,040	\$ 12,125,074	\$ 2,430,699
Restricted:					
Veterans wall of honor	3,038	-	3,038	-	-
Carver Price - HVAC	25,000	-	25,000	-	-
Asset forfeiture	229,725	-	229,725	-	-
Courthouse maintenance	33,034	-	33,034	-	-
Courthouse security fund	138,405	-	138,405	-	-
Law library	15,825	-	15,825	-	-
Unrestricted	12,631,774	2,378	12,634,152	(18,591,485)	169,886
Total net position	\$ 12,097,860	\$ 2,915,359	\$ 15,013,219	\$ (6,466,411)	\$ 2,600,585
Total liabilities, deferred inflows of resources and net position	\$ 44,192,368	\$ 4,942,983	\$ 49,135,351	\$ 18,611,069	\$ 2,603,806

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	School Board	EDA	Component Units	
					Governmental Activities	Business-type Activities				School Board	EDA
PRIMARY GOVERNMENT:											
Governmental activities:											
General government administration	\$ 1,746,065	\$ -	\$ 235,047	\$ -	\$ (1,511,018)	\$ -	\$ (1,511,018)	\$ -	\$ -		
Judicial administration	1,174,927	103,155	529,427	-	(542,345)	-	(542,345)	-	-		
Public safety	4,240,656	98,040	1,227,664	-	(2,914,952)	-	(2,914,952)	-	-		
Public works	1,544,004	82,340	13,270	-	(1,448,394)	-	(1,448,394)	-	-		
Health and welfare	3,637,243	-	2,801,713	-	(835,530)	-	(835,530)	-	-		
Education	6,727,833	-	-	-	(6,727,833)	-	(6,727,833)	-	-		
Parks, recreation, and cultural	496,720	29,442	70,791	-	(396,487)	-	(396,487)	-	-		
Community development	506,892	-	225,076	-	(281,816)	-	(281,816)	-	-		
Interest on long-term debt	894,687	-	423,667	-	(471,020)	-	(471,020)	-	-		
Total governmental activities	\$ 20,969,027	\$ 312,977	\$ 5,526,655	\$ -	\$ (15,129,395)	\$ -	\$ (15,129,395)	\$ -	\$ -		
Business-type activities:											
Sanitary District	\$ 371,024	\$ 154,650	\$ -	\$ -	\$ -	(216,374)	(216,374)	\$ -	\$ -		
Total business-type activities	\$ 371,024	\$ 154,650	\$ -	\$ -	\$ -	(216,374)	(216,374)	\$ -	\$ -		
Total primary government	\$ 21,340,051	\$ 467,627	\$ 5,526,655	\$ -	\$ (15,129,395)	\$ (216,374)	(15,345,769)	\$ -	\$ -		
COMPONENT UNITS:											
School Board	\$ 22,979,338	\$ 327,909	\$ 17,404,491	\$ -	\$ -	\$ -	\$ (5,246,938)	\$ -	\$ -		
Economic Development Authority	84,385	1,260	-	-	-	-	-	-	(83,125)		
Total component units	\$ 23,063,723	\$ 329,169	\$ 17,404,491	\$ -	\$ -	\$ -	\$ (5,246,938)	\$ (83,125)	\$ (83,125)		
General revenues:											
General property taxes				\$ 13,740,014	\$ -	\$ 13,740,014	\$ -	\$ -	\$ -		
Local sales and use taxes				1,301,430	-	1,301,430	-	-	-		
Consumer utility taxes				405,540	-	405,540	-	-	-		
Motor vehicle licenses				493,935	-	493,935	-	-	-		
Other local taxes				156,365	-	156,365	-	-	-		
Unrestricted revenues from use of money and property				77,003	-	77,003	7,078	435	435		
Miscellaneous				135,967	-	135,967	45,047	6,076	6,076		
Grants and contributions not restricted to specific programs				1,668,759	-	1,668,759	-	-	-		
Payment from Appomattox County				-	-	-	6,133,526	25,000	25,000		
Transfers				(205,033)	205,033	-	-	-	-		
Total general revenues and transfers				\$ 17,773,980	\$ 205,033	\$ 17,979,013	\$ 6,185,651	\$ 31,511	\$ 31,511		
Change in net position				\$ 2,644,585	\$ (11,341)	\$ 2,633,244	\$ 938,713	\$ (51,614)	\$ (51,614)		
Net position - beginning				9,453,275	2,926,700	12,379,975	(7,405,124)	2,652,199	2,652,199		
Net position - ending				\$ 12,097,860	\$ 2,915,359	\$ 15,013,219	\$ (6,466,411)	\$ 2,600,585	\$ 2,600,585		

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

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

	General Fund	County Capital Projects Fund	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 13,223,583	\$ 3,258,978	\$ 762,039	\$ 17,244,600
Receivables (net of allowance for uncollectibles):				
Taxes receivable	7,836,712	-	-	7,836,712
Accounts receivable	144,108	-	1,984	146,092
Due from other governmental units	1,623,128	-	9,852	1,632,980
Total assets	<u>\$ 22,827,531</u>	<u>\$ 3,258,978</u>	<u>\$ 773,875</u>	<u>\$ 26,860,384</u>
LIABILITIES				
Accounts payable	\$ 430,188	\$ -	\$ -	\$ 430,188
Total liabilities	<u>\$ 430,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 430,188</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 7,898,030	\$ -	\$ -	\$ 7,898,030
Total deferred inflows of resources	<u>\$ 7,898,030</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,898,030</u>
FUND BALANCES				
Restricted	\$ 28,038	\$ -	\$ 366,989	\$ 395,027
Committed	55,165	3,258,978	406,886	3,721,029
Assigned	719,560	-	-	719,560
Unassigned	13,696,550	-	-	13,696,550
Total fund balances	<u>\$ 14,499,313</u>	<u>\$ 3,258,978</u>	<u>\$ 773,875</u>	<u>\$ 18,532,166</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,827,531</u>	<u>\$ 3,258,978</u>	<u>\$ 773,875</u>	<u>\$ 26,860,384</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	18,532,166
--	----	------------

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

Capital assets, cost	\$ 40,266,593	
Accumulated depreciation	<u>(24,002,054)</u>	16,264,539

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

Unavailable revenue - property taxes		1,569,665
--------------------------------------	--	-----------

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Deferred charge on refunding	\$ 469,569	
Pension related items	554,047	
OPEB related items	<u>43,829</u>	1,067,445

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Bonds payable	\$ (17,601,952)	
Issuance premium	(73,041)	
Capital lease	(38,056)	
Compensated absences	(346,910)	
Net OPEB liabilities	(701,282)	
Net pension liability	(3,972,166)	
Landfill postclosure care liability	(1,865,780)	
Accrued interest payable	<u>(79,060)</u>	(24,678,247)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$ (600,849)	
OPEB related items	<u>(56,859)</u>	(657,708)

Net position of governmental activities	\$	<u><u>12,097,860</u></u>
---	----	--------------------------

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

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

	General <u>Fund</u>	County Capital Projects <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 13,482,875	\$ -	\$ -	\$ 13,482,875
Other local taxes	2,357,270	-	-	2,357,270
Permits, privilege fees, and regulatory licenses	95,023	-	-	95,023
Fines and forfeitures	66,993	-	-	66,993
Revenue from the use of money and property	77,003	-	-	77,003
Charges for services	116,467	-	34,494	150,961
Miscellaneous	135,768	199	-	135,967
Recovered costs	123,600	-	-	123,600
Intergovernmental:				
Commonwealth	5,345,589	-	110,767	5,456,356
Federal	1,735,832	-	3,226	1,739,058
Total revenues	<u>\$ 23,536,420</u>	<u>\$ 199</u>	<u>\$ 148,487</u>	<u>\$ 23,685,106</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,759,442	\$ -	\$ -	\$ 1,759,442
Judicial administration	1,101,115	-	-	1,101,115
Public safety	4,454,669	-	22,231	4,476,900
Public works	1,288,985	-	-	1,288,985
Health and welfare	3,742,361	-	-	3,742,361
Education	5,438,003	12,359	-	5,450,362
Parks, recreation, and cultural	468,302	-	-	468,302
Community development	455,730	-	-	455,730
Capital projects	121,363	-	-	121,363
Debt service:				
Principal retirement	2,222,866	-	-	2,222,866
Interest and other fiscal charges	854,709	-	-	854,709
Total expenditures	<u>\$ 21,907,545</u>	<u>\$ 12,359</u>	<u>\$ 22,231</u>	<u>\$ 21,942,135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,628,875</u>	<u>\$ (12,160)</u>	<u>\$ 126,256</u>	<u>\$ 1,742,971</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 211,072	\$ -	\$ -	\$ 211,072
Transfers out	(205,033)	-	(211,072)	(416,105)
Total other financing sources (uses)	<u>\$ 6,039</u>	<u>\$ -</u>	<u>\$ (211,072)</u>	<u>\$ (205,033)</u>
Net change in fund balances	\$ 1,634,914	\$ (12,160)	\$ (84,816)	\$ 1,537,938
Fund balances - beginning	12,864,399	3,271,138	858,691	16,994,228
Fund balances - ending	<u>\$ 14,499,313</u>	<u>\$ 3,258,978</u>	<u>\$ 773,875</u>	<u>\$ 18,532,166</u>

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

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

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

Net change in fund balances - total governmental funds	\$	1,537,938
--	----	-----------

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

Capital asset additions	\$ 461,315	
Jointly owned asset allocation	(683,540)	
Depreciation expense	<u>(1,363,978)</u>	(1,586,203)

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

Property taxes		257,139
----------------	--	---------

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

Principal payments	\$ 2,222,866	
Change in landfill closure liability	<u>(55,359)</u>	2,167,507

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.

Amortization of bond premium	\$ 8,116	
Amortization of deferred charges on refunding	(67,081)	
Change in compensated absences	(104,599)	
Pension expense	387,351	
OPEB expense	25,430	
Change in accrued interest payable	<u>18,987</u>	268,204

Change in net position of governmental activities	\$	<u><u>2,644,585</u></u>
---	----	-------------------------

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

County of Appomattox, Virginia
Statement of Net Position
Proprietary Fund
June 30, 2019

	Enterprise Fund Sanitary District
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 18,722
Accounts receivable, net of allowances for uncollectibles	11,700
Total current assets	<u>\$ 30,422</u>
Noncurrent assets:	
Capital assets:	
Utility plant in service	\$ 5,712,281
Accumulated depreciation	(799,720)
Total capital assets	<u>\$ 4,912,561</u>
Total noncurrent assets	<u>\$ 4,912,561</u>
Total assets	<u>\$ 4,942,983</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 18,722
Accrued interest payable	9,322
Bonds payable - current portion	136,164
Total current liabilities	<u>\$ 164,208</u>
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 1,863,416
Total noncurrent liabilities	<u>\$ 1,863,416</u>
Total liabilities	<u>\$ 2,027,624</u>
NET POSITION	
Net investment in capital assets	\$ 2,912,981
Unrestricted	<u>2,378</u>
Total net position	<u><u>\$ 2,915,359</u></u>

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

County of Appomattox, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2019

	Enterprise Fund <u>Sanitary District</u>
OPERATING REVENUES	
Miscellaneous	\$ 154,650
Total operating revenues	<u>\$ 154,650</u>
OPERATING EXPENSES	
Other supplies and expenses	\$ 198,767
Depreciation	114,246
Total operating expenses	<u>\$ 313,013</u>
Operating income (loss)	<u>\$ (158,363)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest expense	<u>\$ (58,011)</u>
Total nonoperating revenues (expenses)	\$ (58,011)
Income (loss) before transfers	<u>\$ (216,374)</u>
Transfers in	<u>205,033</u>
Change in net position	\$ (11,341)
Total net position - beginning	2,926,700
Total net position - ending	<u><u>\$ 2,915,359</u></u>

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

County of Appomattox, Virginia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2019

	Enterprise Fund <u>Sanitary District</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Other receipts (payments)	\$ 184,924
Receipts for materials and supplies	(199,478)
Net cash provided by (used for) operating activities	<u>\$ (14,554)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 205,033
Net cash provided by (used for) noncapital financing activities	<u>\$ 205,033</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on bonds	\$ (132,587)
Interest expense	(58,603)
Net cash provided by (used for) capital and related financing activities	<u>\$ (191,190)</u>
Net increase (decrease) in cash and cash equivalents	\$ (711)
Cash and cash equivalents - beginning	19,433
Cash and cash equivalents - ending	<u><u>\$ 18,722</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ (158,363)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 114,246
(Increase) decrease in accounts receivable	30,274
Increase (decrease) in accounts payable	(711)
Total adjustments	<u>\$ 143,809</u>
Net cash provided by (used for) operating activities	<u><u>\$ (14,554)</u></u>

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

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

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 22,318
	<u>22,318</u>
LIABILITIES	
Amounts held for social services clients	\$ 14,657
Amounts held for others	7,661
Total liabilities	<u>\$ 22,318</u>

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements

As of June 30, 2019

Note 1—Summary of Significant Accounting Policies:

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

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Appomattox, 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 Unit. The County has no blended component units at June 30, 2019.

Discretely Presented Component Units.

The School Board members are elected by the citizens of Appomattox County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2019.

The Economic Development Authority of Appomattox County is responsible for industrial and commercial development in the County. The Authority consists of members that are appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2019. The Economic Development Authority does not issue a separate financial report.

C. Other Related Organizations Included in the County's Financial Report

None

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

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

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

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

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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

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

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

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

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the General Fund as a major governmental fund.

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

Capital Projects Funds - The County 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 County also reports the County Capital Projects Fund as a major fund.

The County reports the following nonmajor governmental funds:

Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The County Special Revenue Fund reports the following activities: Asset Forfeiture, E-911, Courthouse Security, Courthouse Maintenance, Jail Keep, Law Library and CSA.

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

Enterprise Funds - Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The County's Enterprise Fund consists of the Sanitary District Fund.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

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

3. Fiduciary Funds - (Trust and Agency Funds) - account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include the Special Welfare Fund, and Sheriff Drug Fund. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation, but have no measurement focus. Fiduciary funds are not included in the government-wide financial statements.

E. Cash and Cash Equivalents

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

F. Investments

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

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

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 “due to/from other funds” (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds” (i.e. the noncurrent 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 \$155,666 at June 30, 2019 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	June 5/December 5	June 5/December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

Note 1—Summary of Significant Accounting Policies: (Continued)**H. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There is no capitalized interest for the year ended June 30, 2019.

Property, plant, equipment, and infrastructure 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
Buildings	40
Building Improvements	40
Utility plant	50
Furniture, Vehicles, Office and Computer Equipment	5-20
Buses	10
Infrastructure	5-10
Intangibles	5-20

I. Compensated Absences

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

J. Use of Estimates

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

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

K. Net Position

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

L. Net Position Flow Assumption

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

M. Pensions

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

N. Other Postemployment Benefits (OPEB)

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

O. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds are reported net of the applicable bond premium or discount.

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

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

P. Deferred Outflows/Inflows of Resources

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

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

Q. Fund Balance

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

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

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

Q. Fund Balance (Continued)

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

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

The remainder of this page left blank intentionally.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Q. Fund Balance (Continued)

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

	General Fund	Major Capital Projects Fund County Capital Projects Fund	Nonmajor Special Revenue Fund Other Governmental Funds	Total
Fund Balances:				
Restricted:				
Veterans wall of honor	\$ 3,038	\$ -	\$ -	\$ 3,038
Carver Price - HVAC	25,000	-	-	25,000
Asset forfeiture	-	-	229,725	229,725
Courthouse maintenance	-	-	33,034	33,034
Courthouse security fund	-	-	88,405	88,405
Law library	-	-	15,825	15,825
Total Restricted Fund Balance	\$ 28,038	\$ -	\$ 366,989	\$ 395,027
Committed:				
Sports complex	\$ 50,526	\$ -	\$ -	\$ 50,526
Rev max	4,605	-	-	4,605
Ballpark fund	34	-	-	34
Capital improvements	-	3,258,978	-	3,258,978
Jail keep fund	-	-	10	10
E-911	-	-	406,876	406,876
Total Committed Fund Balance	\$ 55,165	\$ 3,258,978	\$ 406,886	\$ 3,721,029
Assigned to:				
Social services	\$ 47,750	\$ -	\$ -	\$ 47,750
DMV traffic control	15,761	-	-	15,761
Sheriff	13,836	-	-	13,836
D.A.R.E.	1,235	-	-	1,235
Animal control	2,349	-	-	2,349
E-911	1,099	-	-	1,099
CDBG	433,862	-	-	433,862
Sports complex	3,668	-	-	3,668
Capital projects	200,000	-	-	200,000
Total Assigned Fund Balance	\$ 719,560	\$ -	\$ -	\$ 719,560
Unassigned	\$ 13,696,550	\$ -	\$ -	\$ 13,696,550
Total Fund Balances	\$ 14,499,313	\$ 3,258,978	\$ 773,875	\$ 18,532,166

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements As of June 30, 2019 (Continued)

Note 2—Stewardship, Compliance, and Accounting:

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

1. On or before March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each fund can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

Expenditures and Appropriations

Expenditures exceeded appropriations in the County Special Revenue Fund at June 30, 2019.

Note 3—Deposits and Investments:

Deposits

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

Investments

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 3—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2019 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale. The County will minimize credit risk by limiting investments to the safest type of securities.

		Fair Quality Ratings
		AAAm
Local Government Investment Pool	\$	105,141
Total	\$	105,141

Interest Rate Risk

	Investment Maturities (in years)	
Investment Type	Fair Value	Less Than 1 Year
Local Government Investment Pool	\$ 105,141	\$ 105,141
Total	\$ 105,141	\$ 105,141

External Investment Pools

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

The remainder of this page left blank intentionally.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 4—Due to/from Other Governments:

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

	Primary Government	Component Unit School Board
Other Local Governments:		
Appomattox County School Board	\$ 655,606	\$ -
Commonwealth of Virginia:		
Local sales tax	217,390	-
Welfare	50,402	-
Rolling stock tax	39,591	-
Comprehensive services	234,481	-
State sales tax	-	314,958
Wireless grant	9,852	-
Auto rental tax	463	-
Constitutional officer reimbursements	151,878	-
Recordation tax	6,610	-
Mobile home titling tax	9,879	-
Department of Forestry	28,236	-
Victim witness	4,467	-
Fire programs	11,250	-
Communications tax	76,271	-
Road side clean up	1,326	-
Federal Government:		
School fund grants	-	311,861
Victim witness	13,401	-
CDBG grant funds	44,731	-
Welfare	77,146	-
Total due from other governments	\$ <u>1,632,980</u>	\$ <u>626,819</u>

At June 30, 2019, amounts due to other local governments are as follows:

Other Local Governments:		
County of Appomattox	\$ <u>-</u>	\$ <u>655,606</u>

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Capital Assets:

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

Primary Government:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 1,316,010	\$ -	\$ -	\$ 1,316,010
Construction in progress	-	71,935	-	71,935
Total capital assets not subject to depreciation	\$ 1,316,010	\$ 71,935	\$ -	\$ 1,387,945
Capital assets subject to depreciation:				
Buildings and improvements	\$ 13,039,951	\$ -	\$ -	\$ 13,039,951
Equipment	6,813,661	353,959	426,563	6,741,057
Infrastructure	106,445	35,421	-	141,866
Intangibles	1,810,216	-	-	1,810,216
Jointly owned assets	18,591,191	-	1,445,633	17,145,558
Total capital assets subject to depreciation	\$ 40,361,464	\$ 389,380	\$ 1,872,196	\$ 38,878,648
Accumulated depreciation:				
Buildings and improvements	\$ 7,016,939	\$ 395,713	\$ -	\$ 7,412,652
Equipment	5,801,159	280,530	426,563	5,655,126
Infrastructure	79,423	6,031	-	85,454
Intangibles	1,721,403	88,813	-	1,810,216
Jointly owned assets	9,207,808	592,891	762,093	9,038,606
Total accumulated depreciation	\$ 23,826,732	\$ 1,363,978	\$ 1,188,656	\$ 24,002,054
Total capital assets being depreciated, net	\$ 16,534,732	\$ (974,598)	\$ 683,540	\$ 14,876,594
Governmental activities capital assets, net	\$ 17,850,742	\$ (902,663)	\$ 683,540	\$ 16,264,539
Business-type activities:				
Capital assets not subject to depreciation:				
Utility plant in service	\$ 5,712,281	\$ -	\$ -	\$ 5,712,281
Total capital assets being depreciated	\$ 5,712,281	\$ -	\$ -	\$ 5,712,281
Accumulated depreciation:				
Utility plant in service	\$ 685,474	\$ 114,246	\$ -	\$ 799,720
Total accumulated depreciation	\$ 685,474	\$ 114,246	\$ -	\$ 799,720
Total capital assets being depreciated, net	\$ 5,026,807	\$ (114,246)	\$ -	\$ 4,912,561
Business-type capital assets, net	\$ 5,026,807	\$ (114,246)	\$ -	\$ 4,912,561

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Capital Assets: (Continued)

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

Component Unit - School Board:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 211,370	\$ -	\$ -	\$ 211,370
Total capital assets not subject to depreciation	\$ 211,370	\$ -	\$ -	\$ 211,370
Capital assets subject to depreciation:				
Buildings and improvements	\$ 1,406,220	\$ 185,964	\$ -	\$ 1,592,184
Equipment	5,426,057	310,760	76,214	5,660,603
Jointly owned assets	18,555,385	-	(1,445,633)	20,001,018
Total capital assets subject to depreciation	\$ 25,387,662	\$ 496,724	\$ (1,369,419)	\$ 27,253,805
Accumulated depreciation:				
Buildings and improvements	\$ 325,291	\$ 76,402	\$ -	\$ 401,693
Equipment	4,234,386	236,321	76,214	4,394,493
Jointly owned assets	9,190,073	591,749	(762,093)	10,543,915
Total accumulated depreciation	\$ 13,749,750	\$ 904,472	\$ (685,879)	\$ 15,340,101
Total capital assets being depreciated, net	\$ 11,637,912	\$ (407,748)	\$ (683,540)	\$ 11,913,704
Governmental activities capital assets, net	\$ 11,849,282	\$ (407,748)	\$ (683,540)	\$ 12,125,074

The remainder of this page left blank intentionally

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Capital Assets: (Continued)

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

Component Unit - Economic Development Authority:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Business-type activities:				
Capital assets not subject to depreciation:				
Land	\$ 1,381,873	\$ -	\$ -	\$ 1,381,873
Total capital assets not subject to depreciation	\$ 1,381,873	\$ -	\$ -	\$ 1,381,873
Capital assets subject to depreciation:				
Infrastructure	\$ 1,917,079	\$ -	\$ -	\$ 1,917,079
Total capital assets subject to depreciation	\$ 1,917,079	\$ -	\$ -	\$ 1,917,079
Accumulated depreciation:				
Infrastructure	\$ 816,135	\$ 52,118	\$ -	\$ 868,253
Total accumulated depreciation	\$ 816,135	\$ 52,118	\$ -	\$ 868,253
Total capital assets being depreciated, net	\$ 1,100,944	\$ (52,118)	\$ -	\$ 1,048,826
Business-type capital assets, net	\$ 2,482,817	\$ (52,118)	\$ -	\$ 2,430,699

The remainder of this page left blank intentionally

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government:

Governmental activities:

General government administration	\$ 73,265
Judicial administration	136,391
Public safety	283,511
Public works	159,106
Health and welfare	7,730
Education	593,931
Parks, recreation and cultural	68,252
Community development	<u>41,792</u>

Total Governmental activities	\$ <u>1,363,978</u>
-------------------------------	---------------------

Business-type activities:

Sanitary District Fund	\$ <u>114,246</u>
------------------------	-------------------

Total Primary Government	\$ <u><u>1,478,224</u></u>
--------------------------	----------------------------

Component Unit School Board	\$ <u><u>904,472</u></u>
-----------------------------	--------------------------

Component Unit Economic Development Authority	\$ <u><u>52,118</u></u>
---	-------------------------

The remainder of this page left blank intentionally

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 6—Interfund Transfers and Obligations:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General Fund	\$ 211,072	\$ 205,033
County Special Revenue Fund	-	211,072
Total Governmental Funds	\$ 211,072	\$ 416,105
Enterprise Funds:		
Sanitary District	\$ 205,033	-
Total Enterprise Funds	\$ 205,033	-
Total All Funds	\$ 416,105	\$ 416,105

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

Details of the Primary Government's interfund receivables and payables as of June 30, 2019 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Component Unit—School Board:		
School Operating Fund	\$ 59,896	-
School Special Revenue Fund	-	59,896
Total Component Unit—School Board Funds	\$ 59,896	\$ 59,896
Total All Funds	\$ 59,896	\$ 59,896

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments made between funds are made. These balances also include the amount of working capital loans made to internal service funds that the general fund expects to collect in the subsequent year.

The remainder of this page left blank intentionally

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Long-Term Obligations:

Primary Government:

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

	Balance at July 1, 2018	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2019	Amounts Due Within One Year
Governmental Activities:					
Incurred by County:					
Compensated absences	\$ 242,311	\$ 128,830	\$ 24,231	\$ 346,910	\$ 34,691
Lease revenue bonds	10,395,000	-	900,000	9,495,000	955,000
Issuance premium	81,157	-	8,116	73,041	-
Capital lease	84,491	-	46,435	38,056	38,056
Net OPEB liabilities	711,935	93,451	104,104	701,282	-
Net pension liability	4,250,407	2,151,762	2,430,003	3,972,166	-
Landfill postclosure care liability	1,810,421	55,359	-	1,865,780	-
Total incurred by County	\$ 17,575,722	\$ 2,429,402	\$ 3,512,889	\$ 16,492,235	\$ 1,027,747
Incurred by School Board:					
Direct placements:					
General obligation bonds	\$ 9,383,383	\$ -	\$ 1,276,431	\$ 8,106,952	\$ 1,293,541
Total incurred by School Board	\$ 9,383,383	\$ -	\$ 1,276,431	\$ 8,106,952	\$ 1,293,541
Total Governmental Activities	\$ 26,959,105	\$ 2,429,402	\$ 4,789,320	\$ 24,599,187	\$ 2,321,288
Business-type Activities:					
Lease revenue bond	\$ 2,132,167	\$ -	\$ 132,587	\$ 1,999,580	\$ 136,164
Total Business-type Activities	\$ 2,132,167	\$ -	\$ 132,587	\$ 1,999,580	\$ 136,164

The remainder of this page left blank intentionally

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Governmental Activities

Year Ending June 30,	County Obligations			
	Lease Revenue		Capital Lease	
	Bonds			
	Principal	Interest	Principal	Interest
2020	\$ 955,000	\$ 281,403	\$ 38,056	\$ 1,605
2021	1,055,000	233,923	-	-
2022	1,085,000	181,443	-	-
2023	1,640,000	151,763	-	-
2024	1,680,000	109,480	-	-
2025	1,720,000	70,840	-	-
2026	1,360,000	31,280	-	-
Total	\$ 9,495,000	\$ 1,060,132	\$ 38,056	\$ 1,605

Year Ending June 30,	School Obligations	
	Direct Placements	
	General Obligation	
	Bonds	
	Principal	Interest
2020	\$ 1,293,541	\$ 504,224
2021	1,302,253	483,854
2022	1,344,493	463,035
2023	833,333	450,000
2024	833,333	450,000
2025	833,333	450,000
2026	833,333	450,000
2027	833,333	450,000
Total	\$ 8,106,952	\$ 3,701,113

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Business-type Activities

Year Ending June 30,	Lease Revenue	
	Bond	
	Principal	Interest
2020	\$ 136,164	\$ 55,026
2021	139,837	51,352
2022	143,610	47,580
2023	147,485	43,705
2024	151,464	39,726
2025	155,550	35,640
2026	159,747	31,443
2027	164,057	27,133
2028	168,483	22,707
2029	173,029	18,161
2030	177,697	13,493
2031	182,491	8,699
2032	99,966	3,776
Total	\$ <u>1,999,580</u>	\$ <u>398,441</u>

The remainder of this page left blank intentionally

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term obligations at June 30, 2019 are as follows:

Governmental Activities:

Incurred by County:

Lease Revenue Bonds:

\$14,605,000 lease revenue bond issued April 27, 2010, payable in varying annual installments, interest at 1.00% to 5.00%, through May 1, 2023.	\$ 2,415,000
\$7,110,000 refunding lease revenue bond issued May 5, 2016, payable in varying annual installments, interest at 2.30%, through May 1, 2026.	7,080,000
Total lease revenue bonds	<u>\$ 9,495,000</u>

Capital Lease:

\$501,567 capital lease issued July 15, 2011, initial down payment of \$175,392, payable in annual installments of principal and interest in the amount of \$50,000, through July 15, 2019.	\$ 38,056
Issuance premium	\$ 73,041
Net OPEB liabilities (payable by the general fund)	\$ 701,282
Net pension liability	\$ 3,972,166
Landfill postclosure care liability (payable by the general fund)	\$ 1,865,780
Compensated absences (payable by the general fund)	\$ 346,910
Total Incurred by County	<u>\$ 16,492,235</u>

Incurred by School Board:

Direct Placements:

General Obligation bonds

\$1,850,000 school bond issued October 26, 2001, payable in varying amounts and interest rates through July 15, 2021.	\$ 405,000
\$6,512,513 school bond issued October 26, 2001, payable in varying amounts and rates through July 15, 2021.	1,101,954
\$10,000,000 school bond issued June 26, 2011, payable in varying amounts, interest at 0.00%, through June 1, 2027.	6,599,998
Total General Obligation Bonds	<u>\$ 8,106,952</u>
Total Incurred by School Board	<u>\$ 8,106,952</u>
Total Governmental Activities	<u>\$ 24,599,187</u>

Business-type Activities:

Lease Revenue Bond:

\$2,807,161 VRA lease revenue bond issued June 16, 2011, payable in varying annual installments, interest at 2.18%, through May 1, 2032.	\$ 1,999,580
Total Business-type Activities	<u>\$ 1,999,580</u>

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

The County's outstanding direct placements related to governmental activities of \$8,106,952 contain a provision that in an event of default, outstanding amounts become immediately due if the County is unable to make payment.

Discretely Presented Component - Unit School Board:

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

	Balance at July 1, 2018	Increases	Decreases	Balance at June 30, 2019	Amounts Due Within One Year
Component Unit-School Board:					
Net pension liability	\$ 17,087,000	\$ 3,911,000	\$ 4,582,000	\$ 16,416,000	\$ -
Net OPEB liabilities	3,736,669	555,542	457,669	3,834,542	-
Total Component Unit-School Board	<u>\$ 20,823,669</u>	<u>\$ 4,466,542</u>	<u>\$ 5,039,669</u>	<u>\$ 20,250,542</u>	<u>\$ -</u>

Details of long-term obligations at June 30, 2019 are as follows:

Net pension liability	\$ 16,416,000
Net OPEB liabilities (payable from the School Fund)	<u>3,834,542</u>
Long-term obligations incurred by the School Board (payable from the School Fund)	<u>\$ 20,250,542</u>

Note 8—Capital Lease:

The government has entered into a lease agreement as lessee for financing the acquisition of a fire truck. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset:	Primary Government
Equipment	\$ 501,567
Less: Accumulated depreciation	<u>(300,940)</u>
Total	<u>\$ 200,627</u>

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 8—Capital Lease: (Continued)

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

<u>Year Ended June 30</u>	<u>Primary Government</u>
2020	\$ <u>39,661</u>
Total minimum lease payments	\$ 39,661
Less: amount representing interest	<u>(1,605)</u>
Present value of minimum lease payments	\$ <u><u>38,056</u></u>

Note 9—Deferred/Unavailable Revenue:

Deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future reporting periods are deferred. Unavailable revenue totaling \$7,898,030 and deferred revenue totaling \$6,328,365 is comprised of the following:

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$7,554,401 (including 2nd half tax billings of \$5,984,736 not due until December 5) at June 30, 2019.

Deferred/Unavailable Prepaid Property Taxes - Property taxes due subsequent to June 30, 2019 but paid in advance by the taxpayers totaled \$343,629 at June 30, 2019.

Deferred Revenue - Deferred revenue representing prepaid taxes due subsequent to June 30, 2019 totaled \$343,629 and 2nd half 2019 tax billing levied in current year but due in FY2019 totaled \$5,984,736.

Note 10—Commitments and Contingent Liabilities:

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

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Commitments and Contingent Liabilities: (Continued)

A memorandum of understanding was issued on April 12, 1999 between the County and the Town of Appomattox for the purchase of water rights. The Town entered into a financing agreement with the VRA and the County agreed to pay the Town 48.67% of the debt for the use of 146,000 gallons of water per day.

Note 11—Litigation:

At June 30, 2019, 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 the County.

Note 12—Risk Management:

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

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

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 also participates with other localities in a public entity risk pool for their coverage of general liability and auto insurance with Virginia Municipal League and public officials' liability with the Virginia Association of Counties Group Self Insurance Risk Pool. The County pays an annual premium to the pools for general insurance through member premiums. The County continues to carry commercial insurance for all other risks of loss. The Component Unit School Board carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 13—Pension Plans:

Plan Description

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

Note 13—Pension Plans: (Continued)

Benefit Structures

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

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 13—Pension Plans: (Continued)

Plan Description (Continued)

Average Final Compensation and Service Retirement Multiplier (Continued)

compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	69	29
Inactive members:		
Vested inactive members	13	3
Non-vested inactive members	14	9
Inactive members active elsewhere in VRS	20	8
Total inactive members	47	20
Active members	98	34
Total covered employees	214	83

Note 13—Pension Plans: (Continued)

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2019 was 13.57% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$548,381 and \$516,585 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually employer required contribution rate for nonprofessional employees for the year ended June 30, 2019 was 3.95% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$23,652 and \$29,202 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability (Asset)

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

Actuarial Assumptions - General Employees

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 13—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 13—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

Largest 10 - Non-Hazardous Duty:

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

Note 13—Pension Plans: (Continued)

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

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 13—Pension Plans: (Continued)**Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)**

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

Largest 10 - Hazardous Duty:

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

All Others (Non 10 Largest) - Hazardous Duty:

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

The remainder of this page left blank intentionally.

Note 13—Pension Plans: (Continued)**Long-Term Expected Rate of Return**

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly,

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 13—Pension Plans: (Continued)

Discount Rate (Continued)

which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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, 2017	\$ 24,625,439	\$ 20,375,032	\$ 4,250,407
Changes for the year:			
Service cost	\$ 467,473	\$ -	\$ 467,473
Interest	1,669,739	-	1,669,739
Differences between expected and actual experience	(234,652)	-	(234,652)
Contributions - employer	-	516,585	(516,585)
Contributions - employee	-	190,974	(190,974)
Net investment income	-	1,487,792	(1,487,792)
Benefit payments, including refunds			
Refund of employee contributions	(1,544,047)	(1,544,047)	-
Administrative expenses	-	(13,246)	13,246
Other changes	-	(1,304)	1,304
Net changes	\$ 358,513	\$ 636,754	\$ (278,241)
Balances at June 30, 2018	\$ 24,983,952	\$ 21,011,786	\$ 3,972,166

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 13—Pension Plans: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances at June 30, 2017	\$ 2,975,593	\$ 3,182,881	\$ (207,288)
Changes for the year:			
Service cost	\$ 74,166	\$ -	\$ 74,166
Interest	203,493	-	203,493
Differences between expected and actual experience	3,610	-	3,610
Contributions - employer	-	29,202	(29,202)
Contributions - employee	-	34,319	(34,319)
Net investment income	-	234,152	(234,152)
Benefit payments, including refunds			
Refund of employee contributions	(137,096)	(137,096)	-
Administrative expenses	-	(2,044)	2,044
Other changes	-	(207)	207
Net changes	\$ 144,173	\$ 158,326	\$ (14,153)
Balances at June 30, 2018	\$ 3,119,766	\$ 3,341,207	\$ (221,441)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County			
Net Pension Liability (Asset)	\$ 6,974,067	\$ 3,972,166	\$ 1,455,201
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 151,229	\$ (221,441)	\$ (533,888)

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 13—Pension Plans: (Continued)

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

For the year ended June 30, 2019, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$161,030 and (\$61,613) respectively. At June 30, 2019, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,666	\$ 399,165	\$ 2,757	\$ -
Change of assumptions	-	39,004	-	14,358
Net difference between projected and actual earnings on pension plan investments	-	162,680	-	27,089
Employer contributions subsequent to the measurement date	548,381	-	23,652	-
Total	<u>\$ 554,047</u>	<u>\$ 600,849</u>	<u>\$ 26,409</u>	<u>\$ 41,447</u>

\$548,381 and \$23,652 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of (increase to) the Net Pension Liability (Asset) in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2020	\$ (146,012)	\$ (1,557)
2021	(177,753)	(1,452)
2022	(253,152)	(32,881)
2023	(18,266)	(2,800)
Thereafter	-	-

Note 13—Pension Plans: (Continued)

Pension Plan Data

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

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually employer required contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$1,731,640 and \$1,805,165 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$16,416,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was 0.13959% as compared to 0.13894% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$943,000. 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.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 13—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,404,000
Change of assumptions	196,000	-
Net difference between projected and actual earnings on pension plan investments	-	348,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	443,000	289,000
Employer contributions subsequent to the measurement date	1,731,640	-
Total	\$ 2,370,640	\$ 2,041,000

\$1,731,640 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2020	\$ (218,000)
2021	(340,000)
2022	(654,000)
2023	(137,000)
2024	(53,000)

Note 13—Pension Plans: (Continued)**Component Unit School Board (professional) (Continued)****Actuarial Assumptions**

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

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

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

Mortality rates:**Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 13—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Net Pension Liability

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

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

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

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

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

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

	Rate	
1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)

School division's proportionate

share of the VRS Teacher

Employee Retirement Plan

Net Pension Liability (Asset) \$ 25,076,000 \$ 16,416,000 \$ 9,248,000

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 13—Pension Plans: (Continued)

Pension Plan Fiduciary Net Position

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

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 554,047	\$ 600,849	\$ 3,972,166	\$ 161,030	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	26,409	41,447	(221,441)	(61,613)
School Board Professional	-	-	-	-	2,370,640	2,041,000	16,416,000	943,000
Totals	<u>\$ 554,047</u>	<u>\$ 600,849</u>	<u>\$ 3,972,166</u>	<u>\$ 161,030</u>	<u>\$ 2,397,049</u>	<u>\$ 2,082,447</u>	<u>\$ 16,194,559</u>	<u>\$ 881,387</u>

Note 14—Group Life Insurance (GLI) Program (OPEB Plan):

Plan Description

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

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

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

Eligible Employees

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

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Benefit Amounts

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

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% ($1.31\% \times 60\%$) and the employer component was 0.52% ($1.31\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the County were \$21,334 and \$20,402 for the years ended June 30, 2019 and June 30, 2018, respectively.

Contributions to the GLI Program from the Component Unit School Board professional group were \$59,454 and \$58,937 for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions to the Group Life Insurance Program from the Component Unit School Board nonprofessional group were \$3,315 and \$3,652 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the County reported a liability of \$313,000 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$906,000 and \$56,000, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018 the County's proportion was 0.02063% as compared to 0.02202% at June 30, 2017. At June 30, 2018, the Component Unit School Board professional and nonprofessional groups' proportion was 0.05960% and 0.00369%, respectively as compared to 0.05954% and 0.00375% respectively at June 30, 2017.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

For the year ended June 30, 2019, the County recognized GLI OPEB expense of (\$3,000). For the year ended June 30, 2019, the Component Unit School Board professional group recognized GLI OPEB expense of \$13,000. For the year ended June 30, 2019, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of (\$1,000). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,000	\$ 6,000	\$ 44,000	\$ 16,000	\$ 3,000	\$ 1,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	10,000	-	29,000	-	2,000
Change of assumptions	-	13,000	-	38,000	-	2,000
Changes in proportionate share	-	23,000	27,000	-	-	-
Employer contributions subsequent to the measurement date	21,334	-	59,454	-	3,315	-
Total	<u>\$ 36,334</u>	<u>\$ 52,000</u>	<u>\$ 130,454</u>	<u>\$ 83,000</u>	<u>\$ 6,315</u>	<u>\$ 5,000</u>

\$21,334, \$59,454 and \$3,315, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
Year Ended June 30			
2020	\$ (10,000)	\$ (7,000)	\$ (1,000)
2021	(10,000)	(7,000)	(1,000)
2022	(10,000)	(7,000)	-
2023	(7,000)	1,000	-
2024	(2,000)	6,000	-
Thereafter	2,000	2,000	-

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**Actuarial Assumptions**

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

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

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

Mortality Rates - Teachers**Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers (Continued)

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

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

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**NET GLI OPEB Liability**

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

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

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

The remainder of this page left blank intentionally.

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**Long-Term Expected Rate of Return**

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

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

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

Discount Rate

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 409,000	\$ 313,000	\$ 235,000
Component School Board (professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 1,183,000	\$ 906,000	\$ 680,000
Component School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 73,000	\$ 56,000	\$ 42,000

GLI Program Fiduciary Net Position

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

Note 15—Health Insurance Credit (HIC) Program (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Program Notes

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

Note 15—Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**Employees Covered by Benefit Terms**

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

	Component Unit School Board (nonprofessional)
Inactive members or their beneficiaries currently receiving benefits	7
Total inactive members	7
Active members	34
Total covered employees	41

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Component Unit School Board's (nonprofessional) contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2019 was .40% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Component Unit School Board to the HIC Program for nonprofessional employees were \$2,550 and \$3,230 for the years ended June 30, 2019 and June 30, 2018.

Net HIC OPEB Liability

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

Actuarial Assumptions

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 15—Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

The remainder of this page left blank intentionally.

Note 15—Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**Long-Term Expected Rate of Return**

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

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

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

Discount Rate

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Changes in Net HIC OPEB Liability

	Component Unit School Board (nonprofessional)		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 60,168	\$ 39,483	\$ 20,685
Changes for the year:			
Service cost	\$ 1,441	\$ -	\$ 1,441
Interest	4,074	-	4,074
Differences between expected and actual experience	441	-	441
Contributions - employer	-	3,230	(3,230)
Net investment income	-	2,803	(2,803)
Benefit payments	(3,946)	(3,946)	-
Administrative expenses	-	(66)	66
Other changes	-	(200)	200
Net changes	\$ 2,010	\$ 1,821	\$ 189
Balances at June 30, 2018	\$ 62,178	\$ 41,304	\$ 20,874

The remainder of this page left blank intentionally.

Note 15—Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**Sensitivity of the Component Unit School Board's HIC Net OPEB Liability (Asset) to Changes in the Discount Rate**

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Component Unit School Board (nonprofessional):			
Net HIC OPEB Liability	\$ 27,419	\$ 20,874	\$ 15,262

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

For the year ended June 30, 2019, the Component Unit School Board (nonprofessional) recognized HIC Program OPEB expense of \$2,311. At June 30, 2019, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the Component Unit School Board's (nonprofessional) HIC Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 362	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	1,796
Change in assumptions	-	1,015
Employer contributions subsequent to the measurement date	2,550	-
Total	\$ 2,912	\$ 2,811

Note 15—Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Program OPEB: (Continued)**

\$2,550 reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2020	\$	(740)
2021		(740)
2022		(740)
2023		(275)
2024		46
Thereafter		-

HIC Program Plan Data

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

Note 16—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan):**Plan Description**

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

Note 16—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Program Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$136,627 and \$139,357 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$1,779,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 16—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

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

based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was 0.14009% as compared to 0.13916% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$154,000. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 9,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,000
Change of assumptions	-	16,000
Change in proportion	47,000	-
Employer contributions subsequent to the measurement date	136,627	-
Total	\$ 183,627	\$ 26,000

\$136,627 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2020	\$ 4,000
2021	4,000
2022	4,000
2023	5,000
2024	5,000
Thereafter	(1,000)

Note 16—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**Actuarial Assumptions**

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

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

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

Mortality Rates - Teachers**Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 16—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

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

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

Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	8.08%
---	-------

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

Note 16—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**Long-Term Expected Rate of Return**

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

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

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

Discount Rate

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

Note 16—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate**

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 1,987,000	\$ 1,779,000	\$ 1,602,000

Teacher Employee HIC OPEB Fiduciary Net Position

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

Note 17—Medical and Dental Insurance - Pay-as-you-Go (OPEB Plan):**County and School Board****Plan Description**

In addition to the pension and VRS OPEB benefits described in Notes 13 through 16, the County administers a single-employer defined benefit healthcare plan, The County of Appomattox Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's pension and VRS OPEB plans. The plan does not issue a publicly available financial report.

In addition to the pension and VRS OPEB benefits described in Notes 13 through 16, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The Appomattox County Public Schools Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 17—Medical and Dental Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

Benefits Provided (Continued)

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

Plan Membership

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

	Primary Government	Component Unit School Board
Total active employees with coverage	79	271
Total retirees and spouses with coverage	10	11
Total	89	282

Contributions

The County nor the School Board pre-funds benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or School Board. The amount paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2019 was \$32,104 and \$61,628, respectively.

Total OPEB Liability

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

Actuarial Assumptions

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

Inflation	2.50% per year
Salary Increases	2.50% per year
Discount Rate	3.50% per year

Note 17—Medical and Dental Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

Actuarial Assumptions (Continued)

Mortality rates for the County were based on the following actuarial assumptions:

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related.

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

Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

Mortality rates for the School Board were based on the following actuarial assumptions:

Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020. 5% of deaths are assumed to be service related.

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

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

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

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer 20-Year Go Index as of their respective measurement dates.

The remainder of this page left blank intentionally.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 17—Medical and Dental Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2017	\$ 380,935	\$ 998,984
Changes for the year:		
Service cost	15,214	63,532
Interest	14,716	39,938
Changes of assumptions	9,521	31,842
Benefit payments	(32,104)	(61,628)
Net changes	\$ 7,347	\$ 73,684
Balances at June 30, 2018	\$ 388,282	\$ 1,072,668

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

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

	Rate		
	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Primary Government:			
Total OPEB liability	\$ 415,997	\$ 388,282	\$ 363,402
Component Unit School Board:			
Total OPEB liability	\$ 1,162,383	\$ 1,072,668	\$ 988,420

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 17—Medical and Dental Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

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

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

		Rates		
		1% Decrease (7.50% to 3.10%)	Healthcare Cost Trend (8.50% to 4.10%)	1% Increase (9.50% to 5.10%)
Primary Government:				
Total OPEB liability	\$	349,559	\$ 388,282	\$ 433,812
		Rates		
		1% Decrease 5.00% to 3.30%)	Healthcare Cost Trend (6.00% to 4.30%)	1% Increase (7.00% to 5.30%)
Component Unit School Board:				
Total OPEB liability	\$	924,173	\$ 1,072,668	\$ 1,251,288

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

For the year ended June 30, 2019, the County and the School Board recognized OPEB expense in the amount of \$30,606 and \$104,841. At June 30, 2019, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 7,495	\$ 4,859	\$ 27,760	\$ 18,439
Total	\$ 7,495	\$ 4,859	\$ 27,760	\$ 18,439

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 17—Medical and Dental Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

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

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

Year Ended June 30	Primary Government	Component Unit School Board
2020	\$ 676	\$ 1,371
2021	676	1,371
2022	676	1,371
2023	608	1,371
2024	-	1,371
Thereafter	-	2,466

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

Note 18—Summary of Other Postemployment Benefit Plans:

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program (Note 14):								
County	\$ 36,334	\$ 52,000	\$ 313,000	\$ (3,000)	\$ -	\$ -	\$ -	\$ -
School Board Professional	-	-	-	-	130,454	83,000	906,000	(1,000)
School Board Nonprofessional	-	-	-	-	6,315	5,000	56,000	13,000
School Board (nonprofessional) Health Insurance Credit Program (Note 15)	-	-	-	-	2,912	2,811	20,874	2,311
Teacher Health Insurance Credit Program (Note 16)	-	-	-	-	183,627	26,000	1,779,000	154,000
County Stand-Alone Plan (Note 17)	7,495	4,859	388,282	30,606	-	-	-	-
School Stand-Alone Plan (Note 17)	-	-	-	-	27,760	18,439	1,072,668	104,841
Totals	\$ 43,829	\$ 56,859	\$ 701,282	\$ 27,606	\$ 351,068	\$ 135,250	\$ 3,834,542	\$ 273,152

Note 19—Landfill Closure and Postclosure Costs:

The County closed its landfill and is liable for postclosure monitoring for a period of thirty years. In addition, the County participates in a Regional Landfill and is liable for its portion of closure and postclosure monitoring costs. In conjunction with both, an environmental engineering firm was engaged to devise a closure plan in accordance with federal and state regulations. The \$1,865,780 reported as landfill postclosure liability at June 30, 2019, represents the estimated liability for postclosure monitoring over the remaining twenty-seven years for the County Landfill and the closure and postclosure costs of the Regional Landfill. These amounts are based on what it would cost to perform all postclosure care in 2019. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 19—Landfill Closure and Postclosure Costs: (Continued)

The County has demonstrated financial assurance requirements for closure, postclosure care, and corrective action cost 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.

Note 20—Surety Bonds:

The Commonwealth of Virginia has established a Faithful Performance of Duty Bond Plan to cover the following positions:

	<u>Amount</u>
Division of Risk Management Surety:	
Commonwealth Funds	
Janet A. Hix, Clerk of the Circuit Court	\$ 115,430
Alice F. Gillette, Treasurer	400,000
Sara R. Henderson, Commissioner of the Revenue	3,000
Barry E. Letterman, Sheriff	30,000
Utica Mutual Insurance Company-Surety:	
Clerk and Deputy Clerk of the School Board	10,000
Virginia Local Government Risk Management Plan:	
All Social Services Employees	1,000,000

Note 21—Line of Duty Act (LODA) (OPEB Benefits):

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2019 was \$13,000.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements As of June 30, 2019 (Continued)

Note 22—Upcoming Pronouncements:

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

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

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

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

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

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

Note 23 - Adoption of Accounting Principles:

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

County of Appomattox, Virginia
General Fund

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
General property taxes	\$ 13,337,768	\$ 13,337,768	\$ 13,482,875	\$ 145,107
Other local taxes	2,341,000	2,341,000	2,357,270	16,270
Permits, privilege fees, and regulatory licenses	75,290	75,290	95,023	19,733
Fines and forfeitures	31,500	31,500	66,993	35,493
Revenue from the use of money and property	68,151	68,151	77,003	8,852
Charges for services	114,477	114,477	116,467	1,990
Miscellaneous	176,300	176,300	135,768	(40,532)
Recovered costs	112,290	112,290	123,600	11,310
Intergovernmental:				
Commonwealth	5,186,194	5,186,194	5,345,589	159,395
Federal	1,374,392	1,374,392	1,735,832	361,440
Total revenues	<u>\$ 22,817,362</u>	<u>\$ 22,817,362</u>	<u>\$ 23,536,420</u>	<u>\$ 719,058</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,197,861	\$ 2,109,031	\$ 1,759,442	\$ 349,589
Judicial administration	1,227,758	1,266,803	1,101,115	165,688
Public safety	4,100,985	4,644,413	4,454,669	189,744
Public works	1,572,615	1,574,213	1,288,985	285,228
Health and welfare	3,439,559	4,091,991	3,742,361	349,630
Education	5,954,232	5,954,232	5,438,003	516,229
Parks, recreation, and cultural	464,760	485,332	468,302	17,030
Community development	292,123	1,060,368	455,730	604,638
Capital projects	200,000	361,888	121,363	240,525
Debt service:				
Principal retirement	2,222,866	2,222,866	2,222,866	-
Interest and other fiscal charges	1,072,519	1,072,519	854,709	217,810
Total expenditures	<u>\$ 22,745,278</u>	<u>\$ 24,843,656</u>	<u>\$ 21,907,545</u>	<u>\$ 2,936,111</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 72,084</u>	<u>\$ (2,026,294)</u>	<u>\$ 1,628,875</u>	<u>\$ 3,655,169</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 211,072	\$ 211,072
Transfers out	-	-	(205,033)	(205,033)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,039</u>	<u>\$ 6,039</u>
Net change in fund balances	\$ 72,084	\$ (2,026,294)	\$ 1,634,914	\$ 3,661,208
Fund balances - beginning	(72,084)	2,026,294	12,864,399	10,838,105
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,499,313</u>	<u>\$ 14,499,313</u>

County of Appomattox, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2014 through June 30, 2018

Exhibit 12

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 467,473	\$ 471,974	\$ 475,356	\$ 449,518	\$ 443,674
Interest	1,669,739	1,653,770	1,613,882	1,553,677	1,496,352
Changes of assumptions	-	(83,838)	-	-	-
Differences between expected and actual experience	(234,652)	(392,868)	(158,308)	139,018	-
Benefit payments, including refunds of employee contributions	(1,544,047)	(1,297,767)	(1,424,435)	(1,139,855)	(1,102,328)
Net change in total pension liability	\$ 358,513	\$ 351,271	\$ 506,495	\$ 1,002,358	\$ 837,698
Total pension liability - beginning	24,625,439	24,274,168	23,767,673	22,765,315	21,927,617
Total pension liability - ending (a)	<u>\$ 24,983,952</u>	<u>\$ 24,625,439</u>	<u>\$ 24,274,168</u>	<u>\$ 23,767,673</u>	<u>\$ 22,765,315</u>
Plan fiduciary net position					
Contributions - employer	\$ 516,585	\$ 535,438	\$ 591,434	\$ 594,544	\$ 537,604
Contributions - employee	190,974	198,487	200,396	198,597	208,860
Net investment income	1,487,792	2,246,866	319,618	841,298	2,557,177
Benefit payments, including refunds of employee contributions	(1,544,047)	(1,297,767)	(1,424,435)	(1,139,855)	(1,102,328)
Administrative expense	(13,246)	(13,247)	(11,956)	(11,689)	(13,959)
Other	(1,304)	(1,991)	(137)	(177)	135
Net change in plan fiduciary net position	\$ 636,754	\$ 1,667,786	\$ (325,080)	\$ 482,718	\$ 2,187,489
Plan fiduciary net position - beginning	20,375,032	18,707,246	19,032,326	18,549,608	16,362,119
Plan fiduciary net position - ending (b)	<u>\$ 21,011,786</u>	<u>\$ 20,375,032</u>	<u>\$ 18,707,246</u>	<u>\$ 19,032,326</u>	<u>\$ 18,549,608</u>
County's net pension liability - ending (a) - (b)	\$ 3,972,166	\$ 4,250,407	\$ 5,566,922	\$ 4,735,347	\$ 4,215,707
Plan fiduciary net position as a percentage of the total pension liability	84.10%	82.74%	77.07%	80.08%	81.48%
Covered payroll	\$ 3,923,417	\$ 4,059,748	\$ 4,017,722	\$ 4,031,328	\$ 3,984,402
County's net pension liability as a percentage of covered payroll	101.24%	104.70%	138.56%	117.46%	105.81%

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

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

Exhibit 13

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 74,166	\$ 66,645	\$ 73,359	\$ 76,215	\$ 81,045
Interest	203,493	197,717	197,119	189,111	179,628
Changes of assumptions	-	(46,624)	-	-	-
Differences between expected and actual experience	3,610	1,431	(124,790)	(19,255)	-
Benefit payments, including refunds of employee contributions	(137,096)	(136,196)	(138,104)	(125,249)	(125,141)
Net change in total pension liability	\$ 144,173	\$ 82,973	\$ 7,584	\$ 120,822	\$ 135,532
Total pension liability - beginning	2,975,593	2,892,620	2,885,036	2,764,214	2,628,682
Total pension liability - ending (a)	<u>\$ 3,119,766</u>	<u>\$ 2,975,593</u>	<u>\$ 2,892,620</u>	<u>\$ 2,885,036</u>	<u>\$ 2,764,214</u>
Plan fiduciary net position					
Contributions - employer	\$ 29,202	\$ 28,969	\$ 50,808	\$ 51,385	\$ 55,567
Contributions - employee	34,319	33,843	33,523	34,024	34,731
Net investment income	234,152	351,265	49,925	128,667	388,463
Benefit payments, including refunds of employee contributions	(137,096)	(136,196)	(138,104)	(125,249)	(125,141)
Administrative expense	(2,044)	(2,059)	(1,819)	(1,778)	(2,105)
Other	(207)	(311)	(21)	(24)	20
Net change in plan fiduciary net position	\$ 158,326	\$ 275,511	\$ (5,688)	\$ 87,025	\$ 351,535
Plan fiduciary net position - beginning	3,182,881	2,907,370	2,913,058	2,826,033	2,474,498
Plan fiduciary net position - ending (b)	<u>\$ 3,341,207</u>	<u>\$ 3,182,881</u>	<u>\$ 2,907,370</u>	<u>\$ 2,913,058</u>	<u>\$ 2,826,033</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (221,441)	\$ (207,288)	\$ (14,750)	\$ (28,022)	\$ (61,819)
Plan fiduciary net position as a percentage of the total pension liability	107.10%	106.97%	100.51%	100.97%	102.24%
Covered payroll	\$ 702,216	\$ 691,800	\$ 683,214	\$ 686,311	\$ 694,598
School Division's net pension liability (asset) as a percentage of covered payroll	-31.53%	-29.96%	-2.16%	-4.08%	-8.90%

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

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

Exhibit 14

	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.13959%	0.13894%	0.13510%	0.13890%	0.13802%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 16,416,000	\$ 17,087,000	\$ 18,933,000	\$ 17,482,000	\$ 16,680,000
Employer's Covered Payroll	11,333,992	10,982,510	10,301,199	10,326,956	10,093,563
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	144.84%	155.58%	183.79%	169.29%	165.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%	68.28%	70.68%	70.88%

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

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

Exhibit 15

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 548,381	\$ 548,381	\$ -	\$ 4,099,959	13.38%
2018	516,585	516,585	-	3,923,417	13.17%
2017	535,438	535,438	-	4,059,748	13.19%
2016	591,434	591,434	-	4,017,722	14.72%
2015	594,544	594,544	-	4,031,328	14.75%
2014	537,496	537,496	-	3,984,402	13.49%
2013	523,794	523,794	-	3,882,830	13.49%
2012	430,137	430,137	-	3,889,123	11.06%
2011	452,814	452,814	-	4,094,160	11.06%
2010	441,513	441,513	-	4,122,441	10.71%
Component Unit School Board (nonprofessional)					
2019	\$ 23,652	\$ 23,652	\$ -	\$ 637,408	3.71%
2018	29,202	29,202	-	702,216	4.16%
2017	28,969	28,969	-	691,800	4.19%
2016	50,808	50,808	-	683,214	7.44%
2015	51,385	51,385	-	686,311	7.49%
2014	55,568	55,568	-	694,598	8.00%
2013	57,525	57,525	-	719,064	8.00%
2012	21,115	21,115	-	678,924	3.11%
2011	21,311	21,311	-	685,251	3.11%
2010	42,044	42,044	-	684,751	6.14%
Component Unit School Board (professional)					
2019	\$ 1,731,640	\$ 1,731,640	\$ -	\$ 11,387,590	15.21%
2018	1,805,165	1,805,165	-	11,333,992	15.93%
2017	1,581,020	1,581,020	-	10,982,510	14.40%
2016	1,432,522	1,432,522	-	10,301,199	13.91%
2015	1,485,208	1,485,208	-	10,326,956	14.38%
2014	1,173,584	1,173,584	-	10,093,563	11.63%
2013	1,194,413	1,194,413	-	10,239,172	11.67%
2012	601,804	601,804	-	9,646,342	6.24%
2011	387,595	387,595	-	9,825,499	3.94%
2010	641,116	641,116	-	7,277,136	8.81%

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

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

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

Largest 10 - Non-Hazardous Duty:

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

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

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

Largest 10 - Hazardous Duty:

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2018	0.02063%	\$ 313,000	\$ 3,923,417	7.98%	51.22%
2017	0.02202%	331,000	4,062,369	8.15%	48.86%
Component Unit School Board (nonprofessional):					
2018	0.00369%	\$ 56,000	\$ 702,216	7.97%	51.22%
2017	0.00375%	56,000	691,800	8.09%	48.86%
Component Unit School Board (professional):					
2018	0.05960%	\$ 906,000	\$ 11,333,992	7.99%	51.22%
2017	0.05954%	896,000	10,982,510	8.16%	48.86%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government:					
2019	\$ 21,334	\$ 21,334	\$ -	\$ 4,102,670	0.52%
2018	20,402	20,402	-	3,923,417	0.52%
2017	21,124	21,124	-	4,062,369	0.52%
2016	19,285	19,285	-	4,017,722	0.48%
2015	19,350	19,350	-	4,031,328	0.48%
2014	19,134	19,134	-	3,986,265	0.48%
2013	18,656	18,656	-	3,886,750	0.48%
2012	10,890	10,890	-	3,889,123	0.28%
2011	11,464	11,464	-	4,094,160	0.28%
2010	8,361	8,361	-	3,096,759	0.27%
Component Unit School Board (nonprofessional):					
2019	\$ 3,315	\$ 3,315	\$ -	\$ 637,408	0.52%
2018	3,652	3,652	-	702,216	0.52%
2017	3,597	3,597	-	691,800	0.52%
2016	3,279	3,279	-	683,214	0.48%
2015	3,294	3,294	-	686,311	0.48%
2014	3,334	3,334	-	694,598	0.48%
2013	3,452	3,452	-	719,064	0.48%
2012	1,901	1,901	-	678,924	0.28%
2011	1,919	1,919	-	685,251	0.28%
2010	1,386	1,386	-	513,288	0.27%
Component Unit School Board (professional):					
2019	\$ 59,454	\$ 59,454	\$ -	\$ 11,433,421	0.52%
2018	58,937	58,937	-	11,333,992	0.52%
2017	57,109	57,109	-	10,982,510	0.52%
2016	49,446	49,446	-	10,301,199	0.48%
2015	49,569	49,569	-	10,326,956	0.48%
2014	48,449	48,449	-	10,093,563	0.48%
2013	49,148	49,148	-	10,239,172	0.48%
2012	27,010	27,010	-	9,646,342	0.28%
2011	27,511	27,511	-	9,825,499	0.28%
2010	19,648	19,648	-	7,277,136	0.27%

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

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

Teachers

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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

	2018	2017
Total HIC OPEB Liability		
Service cost	\$ 1,441	\$ 1,437
Interest	4,074	4,093
Changes of assumptions	-	(2,766)
Differences between expected and actual experience	441	-
Benefit payments	(3,946)	(2,127)
Net change in total HIC OPEB liability	\$ 2,010	\$ 637
Total HIC OPEB Liability - beginning	60,168	59,531
Total HIC OPEB Liability - ending (a)	<u>\$ 62,178</u>	<u>\$ 60,168</u>
Plan fiduciary net position		
Contributions - employer	\$ 3,230	\$ 3,183
Net investment income	2,803	4,035
Benefit payments	(3,946)	(2,127)
Administrative expense	(66)	(66)
Other	(200)	200
Net change in plan fiduciary net position	\$ 1,821	\$ 5,225
Plan fiduciary net position - beginning	39,483	34,258
Plan fiduciary net position - ending (b)	<u>\$ 41,304</u>	<u>\$ 39,483</u>
School Division's net HIC OPEB liability - ending (a) - (b)	\$ 20,874	\$ 20,685
Plan fiduciary net position as a percentage of the total HIC OPEB liability	66.43%	65.62%
Covered payroll	\$ 702,216	\$ 691,800
School Division's net HIC OPEB liability as a percentage of covered payroll	2.97%	2.99%

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

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

Date	Contributions in Relation to				Contributions as a % of Covered Payroll
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	
2019	\$ 2,550	\$ 2,550	\$ -	\$ 637,408	0.40%
2018	3,230	3,230	-	702,216	0.46%
2017	3,182	3,182	-	691,800	0.46%
2016	2,733	2,733	-	683,214	0.40%
2015	2,745	2,745	-	686,311	0.40%
2014	3,473	3,473	-	694,598	0.50%
2013	3,595	3,595	-	719,064	0.50%
2012	3,734	3,734	-	678,924	0.55%
2011	3,769	3,769	-	685,251	0.55%
2010	7,121	7,121	-	684,751	1.04%

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

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

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

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

Date	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
2018	0.14009%	\$ 1,779,000	\$ 11,329,816	15.70%	8.08%
2017	0.13916%	1,765,000	10,982,510	16.07%	7.04%

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

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

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2019 \$	136,627	\$ 136,627	\$ -	\$ 11,385,577	1.20%
2018	139,357	139,357	-	11,329,816	1.23%
2017	121,906	121,906	-	10,982,510	1.11%
2016	109,193	109,193	-	10,301,199	1.06%
2015	109,466	109,466	-	10,326,956	1.06%
2014	112,039	112,039	-	10,093,563	1.11%
2013	113,705	113,705	-	10,243,682	1.11%
2012	57,878	57,878	-	9,646,342	0.60%
2011	59,175	59,175	-	9,862,465	0.60%
2010	75,682	75,682	-	7,277,136	1.04%

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

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

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

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

County of Appomattox, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government
For the Years Ended June 30, 2018 through June 30, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 15,214	\$ 15,344
Interest	14,716	14,042
Changes in assumptions	9,521	(7,559)
Benefit payments	(32,104)	(35,237)
Net change in total OPEB liability	\$ 7,347	\$ (13,410)
Total OPEB liability - beginning	380,935	394,345
Total OPEB liability - ending	\$ <u>388,282</u>	\$ <u>380,935</u>
 Covered payroll	 \$ 3,346,229	 \$ 3,346,229
 County's total OPEB liability (asset) as a percentage of covered-employee or covered payroll	 11.60%	 11.38%

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

County of Appomattox, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Component Unit School Board
For the Year Ended June 30, 2018 through June 30, 2019

	2019	2018
Total OPEB liability		
Service cost	\$ 63,532	\$ 64,290
Interest	39,938	36,560
Changes in assumptions	31,842	(23,861)
Benefit payments	(61,628)	(69,314)
Net change in total OPEB liability	\$ 73,684	\$ 7,675
Total OPEB liability - beginning	998,984	991,309
Total OPEB liability - ending	\$ 1,072,668	\$ 998,984
Covered payroll	\$ 10,522,346	\$ 10,522,346
School Board's total OPEB liability (asset) as a percentage of covered-employee or covered payroll	10.19%	9.49%

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

County of Appomattox, Virginia
Notes to Required Supplementary Information - Primary Government
For the Year Ended June 30, 2019

Valuation Date: 7/1/2017
Measurement Date: 6/30/2019

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.50% per year
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 8.50% graded down to 4.10% over 56 years
Salary Increase Rates	The salary increase rate was 2.50% per annum
Retirement Age	The average age of retirement is 65
Mortality Rates	The mortality rates for pre-retirement participants was calculated using the RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males and females setback 1 year. The mortality rates for active and healthy retirees was calculated using the RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; female's setback 1 year with 1.5% increase compounded from ages 70 to 85. The mortality rates for disabled retirees was calculated using the RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

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

Valuation Date: 7/1/2017
Measurement Date: 6/30/2019

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.50% per year
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.00% graded down to 4.30% over 57 years
Salary Increase Rates	The salary increase rate was 2.50% per annum
Retirement Age	The average age of retirement is 65
Mortality Rates	The mortality rates for pre-retirement participants was calculated using the RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020. The mortality rates for active and healthy retirees was calculated using the RP-2014 Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 65 to 90; female's setback 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90. The mortality rates for disabled retirees was calculated using the RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 199	\$ 199
Total revenues	\$ -	\$ -	\$ 199	\$ 199
EXPENDITURES				
Current:				
Education	\$ 12,359	\$ 12,359	\$ 12,359	\$ -
Total expenditures	\$ 12,359	\$ 12,359	\$ 12,359	\$ -
Net change in fund balances	\$ (12,359)	\$ (12,359)	\$ (12,160)	\$ 199
Fund balances - beginning	12,359	12,359	3,271,138	3,258,779
Fund balances - ending	\$ -	\$ -	\$ 3,258,978	\$ 3,258,978

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

	County Special Revenue Fund				Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual		
	Original	Final			
REVENUES					
Charges for services	\$ -	\$ -	\$ 34,494	\$	34,494
Intergovernmental:					
Commonwealth	-	-	110,767		110,767
Federal	-	-	3,226		3,226
Total revenues	\$ -	\$ -	\$ 148,487	\$	148,487
EXPENDITURES					
Current:					
Public safety	\$ -	\$ -	\$ 22,231	\$	(22,231)
Total expenditures	\$ -	\$ -	\$ 22,231	\$	(22,231)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 126,256	\$	126,256
OTHER FINANCING SOURCES (USES)					
Transfers out	\$ -	\$ -	\$ (211,072)	\$	(211,072)
Total other financing sources (uses)	\$ -	\$ -	\$ (211,072)	\$	(211,072)
Net change in fund balances	\$ -	\$ -	\$ (84,816)	\$	(84,816)
Fund balances - beginning	-	-	858,691		858,691
Fund balances - ending	\$ -	\$ -	\$ 773,875	\$	773,875

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

	<u>Agency Funds</u>		
	<u>Special Welfare</u>	<u>Sheriff Drug</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 14,657	\$ 7,661	\$ 22,318
Total assets	<u>\$ 14,657</u>	<u>\$ 7,661</u>	<u>\$ 22,318</u>
LIABILITIES			
Amounts held for social services clients	\$ 14,657	\$ -	\$ 14,657
Amounts held for others	-	7,661	7,661
Total liabilities	<u>\$ 14,657</u>	<u>\$ 7,661</u>	<u>\$ 22,318</u>

County of Appomattox, Virginia
Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2019

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare:				
Assets:				
Cash and cash equivalents	\$ 10,645	\$ 7,660	\$ 3,648	\$ 14,657
Liabilities:				
Amounts held for social services clients	\$ 10,645	\$ 7,660	\$ 3,648	\$ 14,657
Sheriff Drug:				
Assets:				
Cash and cash equivalents	\$ 2,921	\$ 8,000	\$ 3,260	\$ 7,661
Liabilities:				
Amounts held for others	\$ 2,921	\$ 8,000	\$ 3,260	\$ 7,661
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 13,566	\$ 15,660	\$ 6,908	\$ 22,318
Liabilities:				
Amounts held for others	\$ 2,921	\$ 8,000	\$ 3,260	\$ 7,661
Amounts held for social services clients	10,645	7,660	3,648	14,657
Total liabilities	\$ 13,566	\$ 15,660	\$ 6,908	\$ 22,318

County of Appomattox, Virginia
Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
June 30, 2019

	School Operating <u>Fund</u>	School Special Revenue <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,919,566	\$ 961,092	\$ 2,880,658
Cash in custody of others	-	4,000	4,000
Receivables (net of allowance for uncollectibles):			
Accounts receivable	4,960	-	4,960
Due from other funds	59,896	-	59,896
Due from other governmental units	626,819	-	626,819
Total assets	<u>\$ 2,611,241</u>	<u>\$ 965,092</u>	<u>\$ 3,576,333</u>
LIABILITIES			
Accounts payable	\$ 36,069	\$ -	\$ 36,069
Accrued liabilities	1,917,566	-	1,917,566
Due to other funds	-	59,896	59,896
Due to other governmental units	655,606	-	655,606
Total liabilities	<u>\$ 2,609,241</u>	<u>\$ 59,896</u>	<u>\$ 2,669,137</u>
FUND BALANCES			
Committed	\$ -	\$ 905,196	\$ 905,196
Unassigned	2,000	-	2,000
Total fund balances	<u>\$ 2,000</u>	<u>\$ 905,196</u>	<u>\$ 907,196</u>

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

Total fund balances per above	\$ 907,196
-------------------------------	------------

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

Capital assets, cost	\$ 27,465,175	
Accumulated depreciation	<u>(15,340,101)</u>	12,125,074

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

Net pension asset	221,441
-------------------	---------

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 2,397,049	
OPEB related items	<u>351,068</u>	2,748,117

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Net pension liability	\$ (16,416,000)	
Net OPEB liabilities	<u>(3,834,542)</u>	(20,250,542)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$ (2,082,447)	
OPEB related items	<u>(135,250)</u>	(2,217,697)

Net position of governmental activities	<u>\$ (6,466,411)</u>
---	-----------------------

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

	School Operating Fund	School Special Revenue Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 7,078	\$ -	\$ 7,078
Charges for services	47,691	280,218	327,909
Miscellaneous	45,047	-	45,047
Recovered costs	77,816	-	77,816
Intergovernmental:			
Local government	5,449,986	-	5,449,986
Commonwealth	15,266,637	30,047	15,296,684
Federal	1,368,402	739,405	2,107,807
Total revenues	<u>\$ 22,262,657</u>	<u>\$ 1,049,670</u>	<u>\$ 23,312,327</u>
EXPENDITURES			
Current:			
Education	\$ 22,262,657	\$ 1,247,966	\$ 23,510,623
Total expenditures	<u>\$ 22,262,657</u>	<u>\$ 1,247,966</u>	<u>\$ 23,510,623</u>
Net change in fund balances	\$ -	\$ (198,296)	\$ (198,296)
Fund balances - beginning	2,000	1,103,492	1,105,492
Fund balances - ending	<u>\$ 2,000</u>	<u>\$ 905,196</u>	<u>\$ 907,196</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:			
Net change in fund balances - total governmental funds - per above			\$ (198,296)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.			
Capital asset additions		\$ 496,724	
Jointly owned asset allocation		683,540	
Depreciation expense		<u>(904,472)</u>	275,792
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.			
Pension expense		\$ 873,741	
OPEB expense		<u>(12,524)</u>	861,217
Change in net position of governmental activities			<u><u>\$ 938,713</u></u>

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

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ 13,201	\$ 13,201	\$ 7,078	\$ (6,123)
Charges for services	67,100	67,100	47,691	(19,409)
Miscellaneous	139,700	153,327	45,047	(108,280)
Recovered costs	30,000	85,880	77,816	(8,064)
Intergovernmental:				
Local government	5,966,215	5,966,215	5,449,986	(516,229)
Commonwealth	15,272,108	15,328,574	15,266,637	(61,937)
Federal	1,100,000	1,212,240	1,368,402	156,162
Total revenues	\$ 22,588,324	\$ 22,826,537	\$ 22,262,657	\$ (563,880)
EXPENDITURES				
Current:				
Education	\$ 22,588,324	\$ 22,826,537	\$ 22,262,657	\$ 563,880
Total expenditures	\$ 22,588,324	\$ 22,826,537	\$ 22,262,657	\$ 563,880
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	2,000	2,000
Fund balances - ending	\$ -	\$ -	2,000	2,000

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

	School Special Revenue Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 279,000	\$ 279,000	\$ 280,218	\$ 1,218
Intergovernmental:				
Commonwealth	-	36,134	30,047	(6,087)
Federal	621,000	696,799	739,405	42,606
Total revenues	\$ 900,000	\$ 1,011,933	\$ 1,049,670	\$ 37,737
EXPENDITURES				
Current:				
Education	\$ 1,205,718	\$ 1,317,651	\$ 1,247,966	\$ 69,685
Total expenditures	\$ 1,205,718	\$ 1,317,651	\$ 1,247,966	\$ 69,685
Net change in fund balances	\$ (305,718)	\$ (305,718)	\$ (198,296)	\$ 107,422
Fund balances - beginning	305,718	305,718	1,103,492	797,774
Fund balances - ending	\$ -	\$ -	\$ 905,196	\$ 905,196

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

ASSETS

Current assets:

Cash and cash equivalents	\$ 173,107
---------------------------	------------

Noncurrent assets:

Capital assets:

Land	\$ 1,381,873
Infrastructure	1,917,079
Accumulated depreciation	(868,253)
Total capital assets	\$ 2,430,699
Total noncurrent assets	\$ 2,430,699

Total assets	\$ 2,603,806
--------------	--------------

LIABILITIES

Current liabilities:

Accounts payable	\$ 3,221
Total liabilities	\$ 3,221

NET POSITION

Investment in capital assets	\$ 2,430,699
Unrestricted	169,886
Total net position	\$ 2,600,585

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

OPERATING REVENUES

Charges for services:

Rent	\$ 1,260
Contributions from local governments	25,000
Miscellaneous	6,076
Total operating revenues	<u>\$ 32,336</u>

OPERATING EXPENSES

Other supplies and expenses	\$ 7,267
EDA grant	25,000
Depreciation	52,118
Total operating expenses	<u>\$ 84,385</u>

Operating income (loss)	<u>\$ (52,049)</u>
-------------------------	--------------------

NONOPERATING REVENUES (EXPENSES)

Investment income	\$ 435
Total nonoperating revenues (expenses)	<u>\$ 435</u>

Change in net position	\$ (51,614)
------------------------	-------------

Total net position - beginning	2,652,199
Total net position - ending	<u><u>\$ 2,600,585</u></u>

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

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 32,336
Payments for operating activities	<u>(29,046)</u>
Net cash provided by (used for) operating activities	<u>\$ 3,290</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>\$ 435</u>
Net cash provided by (used for) investing activities	<u>\$ 435</u>

Net increase (decrease) in cash and cash equivalents \$ 3,725

Cash and cash equivalents - beginning	<u>169,382</u>
Cash and cash equivalents - ending	<u><u>\$ 173,107</u></u>

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

Operating income (loss)	\$ (52,049)
-------------------------	-------------

Adjustments to reconcile operating income (loss) to net cash
provided by (used for) operating activities:

Depreciation	52,118
Increase (decrease) in accounts payable	<u>3,221</u>
Total adjustments	<u>\$ 55,339</u>

Net cash provided by (used for) operating activities	<u><u>\$ 3,290</u></u>
--	------------------------

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

Schedule 1
Page 1 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 8,500,000	\$ 8,500,000	\$ 8,592,631	\$ 92,631
Real and personal public service corporation taxes	765,596	765,596	778,445	12,849
Personal property taxes	3,640,628	3,640,628	3,641,048	420
Machinery and tools taxes	51,000	51,000	83,213	32,213
Merchant's capital taxes	135,544	135,544	132,884	(2,660)
Penalties	150,000	150,000	144,442	(5,558)
Interest	95,000	95,000	110,212	15,212
Total general property taxes	\$ 13,337,768	\$ 13,337,768	\$ 13,482,875	\$ 145,107
Other local taxes:				
Local sales and use taxes	\$ 1,350,000	\$ 1,350,000	\$ 1,301,430	\$ (48,570)
Consumers' utility taxes	360,000	360,000	405,540	45,540
Consumption tax	50,000	50,000	40,532	(9,468)
Gross receipts	12,000	12,000	15,038	3,038
Motor vehicle licenses	480,000	480,000	493,935	13,935
Taxes on recordation and wills	83,000	83,000	94,206	11,206
Hotel and motel room taxes	6,000	6,000	6,589	589
Total other local taxes	\$ 2,341,000	\$ 2,341,000	\$ 2,357,270	\$ 16,270
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,000	\$ 5,000	\$ 5,011	\$ 11
Permits and other licenses	70,290	70,290	90,012	19,722
Total permits, privilege fees, and regulatory licenses	\$ 75,290	\$ 75,290	\$ 95,023	\$ 19,733
Fines and forfeitures:				
Court fines and forfeitures	\$ 31,500	\$ 31,500	\$ 66,993	\$ 35,493
Total fines and forfeitures	\$ 31,500	\$ 31,500	\$ 66,993	\$ 35,493
Revenue from use of money and property:				
Revenue from use of money	\$ 800	\$ 800	\$ 8,892	\$ 8,092
Revenue from use of property	67,351	67,351	68,111	760
Total revenue from use of money and property	\$ 68,151	\$ 68,151	\$ 77,003	\$ 8,852
Charges for services:				
Sheriff's fees	\$ 794	\$ 794	\$ 794	\$ -
Charges for Commonwealth's Attorney	1,100	1,100	1,668	568
Charges for sanitation and waste removal	85,983	85,983	82,340	(3,643)
Charges for other protection	1,600	1,600	2,223	623
Charges for recreation	13,000	13,000	7,655	(5,345)
Charges for library	-	-	13,287	13,287
Sports complex	12,000	12,000	8,500	(3,500)
Total charges for services	\$ 114,477	\$ 114,477	\$ 116,467	\$ 1,990

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

Schedule 1
Page 2 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 176,300	\$ 176,300	\$ 135,768	\$ (40,532)
Total miscellaneous	\$ 176,300	\$ 176,300	\$ 135,768	\$ (40,532)
Recovered costs:				
Town recoveries	\$ 108,790	\$ 108,790	\$ 88,980	\$ (19,810)
Health department	1,500	1,500	14,682	13,182
Comprehensive services and social services	2,000	2,000	19,938	17,938
Total recovered costs	\$ 112,290	\$ 112,290	\$ 123,600	\$ 11,310
Total revenue from local sources	\$ 16,256,776	\$ 16,256,776	\$ 16,454,999	\$ 198,223
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 500	\$ 500	\$ 499	\$ (1)
Mobile home titling tax	35,000	35,000	45,919	10,919
EMS vehicles	15,600	15,600	17,598	1,998
Rolling stock tax	40,000	40,000	39,092	(908)
Auto rental tax	1,200	1,200	2,780	1,580
Additional tax on deeds	26,000	26,000	26,568	568
State recordation tax	30,000	30,000	30,135	135
Communications tax	560,000	560,000	477,862	(82,138)
Personal property tax relief funds	1,023,637	1,023,637	1,023,637	-
Total noncategorical aid	\$ 1,731,937	\$ 1,731,937	\$ 1,664,090	\$ (67,847)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 325,763	\$ 325,763	\$ 324,485	\$ (1,278)
Sheriff	770,044	770,044	772,546	2,502
Commissioner of revenue	108,246	108,246	107,057	(1,189)
Treasurer	78,653	78,653	78,605	(48)
Registrar/electoral board	37,399	37,399	37,500	101
Clerk of the Circuit Court	178,337	178,337	189,688	11,351
Total shared expenses	\$ 1,498,442	\$ 1,498,442	\$ 1,509,881	\$ 11,439
Other categorical aid:				
Public assistance and welfare administration	\$ 587,416	\$ 587,416	\$ 600,389	\$ 12,973
Comprehensive services act	1,061,860	1,061,860	1,177,125	115,265
Fire programs fund	43,532	43,532	45,071	1,539
Library grant	41,882	41,882	42,555	673

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

Schedule 1
Page 3 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Department of forestry grant	\$ 15,000	\$ 15,000	\$ 28,236	\$ 13,236
Victim witness grant	60,949	60,949	15,254	(45,695)
Litter control grant	8,528	8,528	6,589	(1,939)
Virginia domestic violence victims fund	45,000	45,000	87,750	42,750
Road side clean up	16,648	16,648	6,681	(9,967)
Records preservation grant	-	-	11,885	11,885
PSAP wireless	75,000	75,000	150,083	75,083
Total other categorical aid	<u>\$ 1,955,815</u>	<u>\$ 1,955,815</u>	<u>\$ 2,171,618</u>	<u>\$ 215,803</u>
Total categorical aid	<u>\$ 3,454,257</u>	<u>\$ 3,454,257</u>	<u>\$ 3,681,499</u>	<u>\$ 227,242</u>
Total revenue from the Commonwealth	<u>\$ 5,186,194</u>	<u>\$ 5,186,194</u>	<u>\$ 5,345,589</u>	<u>\$ 159,395</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 4,669</u>	<u>\$ 669</u>
Categorical aid:				
Federal interest rate subsidy	\$ 417,375	\$ 417,375	\$ 423,667	\$ 6,292
Public assistance and welfare administration	930,898	930,898	951,458	20,560
Comprehensive services act	-	-	72,741	72,741
Victim assistance	-	-	45,764	45,764
CDBG grant funds	-	-	225,076	225,076
Transportation safety	13,519	13,519	4,957	(8,562)
Emergency management performance grant	7,500	7,500	7,500	-
Byrne JAG grant	1,100	1,100	-	(1,100)
Total categorical aid	<u>\$ 1,370,392</u>	<u>\$ 1,370,392</u>	<u>\$ 1,731,163</u>	<u>\$ 360,771</u>
Total revenue from the federal government	<u>\$ 1,374,392</u>	<u>\$ 1,374,392</u>	<u>\$ 1,735,832</u>	<u>\$ 361,440</u>
Total General Fund	<u><u>\$ 22,817,362</u></u>	<u><u>\$ 22,817,362</u></u>	<u><u>\$ 23,536,420</u></u>	<u><u>\$ 719,058</u></u>

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

Schedule 1
Page 4 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Revenue from local sources:				
Charges for services:				
Court costs- law library	\$ -	\$ -	\$ 3,716	\$ 3,716
Courthouse security fees	-	-	25,013	25,013
Courthouse maintenance fees	-	-	5,765	5,765
Total charges for services	\$ -	\$ -	\$ 34,494	\$ 34,494
Total revenue from local sources	\$ -	\$ -	\$ 34,494	\$ 34,494
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Wireless grant	\$ -	\$ -	\$ 58,524	\$ 58,524
Rescue squad RSAF grant	-	-	48,554	48,554
Forfeited assets	-	-	3,689	3,689
Total categorical aid	\$ -	\$ -	\$ 110,767	\$ 110,767
Total revenue from the Commonwealth	\$ -	\$ -	\$ 110,767	\$ 110,767
Revenue from the federal government:				
Categorical aid:				
Forfeited assets	\$ -	\$ -	\$ 3,226	\$ 3,226
Total categorical aid	\$ -	\$ -	\$ 3,226	\$ 3,226
Total revenue from the federal government	\$ -	\$ -	\$ 3,226	\$ 3,226
Total County Special Revenue Fund	\$ -	\$ -	\$ 148,487	\$ 148,487
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Miscellaneous:				
School capital improvement	\$ -	\$ -	\$ 199	199
Total miscellaneous	\$ -	\$ -	\$ 199	199
Total County Capital Projects Fund	\$ -	\$ -	\$ 199	\$ 199
Total Primary Government	\$ 22,817,362	\$ 22,817,362	\$ 23,685,106	\$ 867,744
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	\$ 13,201	\$ 13,201	\$ 7,078	\$ (6,123)
Total revenue from use of money and property	\$ 13,201	\$ 13,201	\$ 7,078	\$ (6,123)
Charges for services:				
Charges for education	\$ 67,100	\$ 67,100	\$ 47,691	\$ (19,409)
Total charges for services	\$ 67,100	\$ 67,100	\$ 47,691	\$ (19,409)

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

Schedule 1
Page 5 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 139,700	\$ 153,327	\$ 45,047	\$ (108,280)
Total miscellaneous	\$ 139,700	\$ 153,327	\$ 45,047	\$ (108,280)
Recovered costs:				
Laurel Regional School	\$ -	\$ 55,880	\$ 55,880	\$ -
Tuition - other localities	30,000	30,000	21,936	(8,064)
Total recovered costs	\$ 30,000	\$ 85,880	\$ 77,816	\$ (8,064)
Total revenue from local sources	\$ 250,001	\$ 319,508	\$ 177,632	\$ (141,876)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Appomattox	\$ 5,966,215	\$ 5,966,215	\$ 5,449,986	\$ (516,229)
Total revenues from local governments	\$ 5,966,215	\$ 5,966,215	\$ 5,449,986	\$ (516,229)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,548,562	\$ 2,548,562	\$ 2,584,730	\$ 36,168
Basic school aid	7,604,768	7,604,768	7,458,718	(146,050)
English as a second language	4,269	4,269	10,435	6,166
Gifted and talented	76,910	76,910	75,858	(1,052)
Remedial education	267,648	267,648	263,985	(3,663)
Special education	846,012	846,012	996,827	150,815
Textbook payment	154,882	154,882	152,762	(2,120)
ISAEF	7,859	7,859	8,355	496
Vocational education	338,405	338,405	333,774	(4,631)
School fringes	1,479,752	1,479,752	1,459,501	(20,251)
Foster children	-	-	26,979	26,979
Special education foster care	42,478	42,478	18,229	(24,249)
Career and technical education	8,149	8,149	31,051	22,902
Early reading intervention	42,418	42,418	35,348	(7,070)
Remedial Ed-Summer School	70,163	70,163	99,820	29,657
Homebound	12,846	12,846	13,430	584
VA preschool initiative payments	263,130	263,130	240,831	(22,299)
SOL Algebra readiness	31,099	31,099	28,604	(2,495)
K-3 initiative	359,824	359,824	354,628	(5,196)
Compensation supplement	516,960	516,960	-	(516,960)
Special education regional tuition	153,721	153,721	-	(153,721)

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

Schedule 1
Page 6 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
At risk payments	\$ 248,546	\$ 248,546	\$ 233,808	\$ (14,738)
Technology grant	154,000	154,000	154,000	-
Supplemental lottery	-	-	589,830	589,830
Mentor teachers	2,896	2,896	1,857	(1,039)
Project graduation	3,677	3,677	3,677	-
School safety initiative	-	89,600	89,600	-
Other state aid	33,134	-	-	-
Total categorical aid	\$ 15,272,108	\$ 15,328,574	\$ 15,266,637	\$ (61,937)
Total revenue from the Commonwealth	\$ 15,272,108	\$ 15,328,574	\$ 15,266,637	\$ (61,937)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 500,000	\$ 530,658	\$ 629,915	\$ 99,257
Vocational education	50,000	44,569	44,474	(95)
Title II Part A	90,000	84,018	79,919	(4,099)
Title III, Part A	1,000	1,491	1,094	(397)
Title IV, Part A	-	37,501	10,819	(26,682)
Title VIB	443,000	496,596	584,774	88,178
Preschool grant	16,000	17,407	17,407	-
Total categorical aid	\$ 1,100,000	\$ 1,212,240	\$ 1,368,402	\$ 156,162
Total revenue from the federal government	\$ 1,100,000	\$ 1,212,240	\$ 1,368,402	\$ 156,162
Total School Operating Fund	\$ 22,588,324	\$ 22,826,537	\$ 22,262,657	\$ (563,880)
School Special Revenue Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 279,000	\$ 279,000	\$ 280,218	\$ 1,218
Total revenue from local sources	\$ 279,000	\$ 279,000	\$ 280,218	\$ 1,218

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

Schedule 1
Page 7 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Special Revenue Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ -	\$ 36,134	\$ 30,047	\$ (6,087)
Total revenue from the Commonwealth	\$ -	\$ 36,134	\$ 30,047	\$ (6,087)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 621,000	\$ 621,000	\$ 663,606	\$ 42,606
Commodities	-	75,799	75,799	-
Total categorical aid	\$ 621,000	\$ 696,799	\$ 739,405	\$ 42,606
Total revenue from the federal government	\$ 621,000	\$ 696,799	\$ 739,405	\$ 42,606
Total School Special Revenue Fund	\$ 900,000	\$ 1,011,933	\$ 1,049,670	\$ 37,737
Total Discretely Presented Component Unit - School Board	\$ 23,488,324	\$ 23,838,470	\$ 23,312,327	\$ (526,143)

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

Schedule 2
Page 1 of 5

<u>Fund, Major and Minor Expenditure Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 556,854	\$ 374,819	\$ 163,490	\$ 211,329
Total legislative	\$ 556,854	\$ 374,819	\$ 163,490	\$ 211,329
General and financial administration:				
County administrator	\$ 403,946	\$ 403,946	\$ 355,933	\$ 48,013
Legal services	79,200	79,200	61,195	18,005
Commissioner of revenue	334,253	348,243	332,269	15,974
Independent auditor	58,500	58,500	49,205	9,295
Treasurer	296,874	296,874	282,446	14,428
Assessor and reassessment	100,000	118,800	132,750	(13,950)
Information technology	208,260	267,685	251,488	16,197
Total general and financial administration	\$ 1,481,033	\$ 1,573,248	\$ 1,465,286	\$ 107,962
Board of elections:				
Electoral board and officials	\$ 60,349	\$ 60,349	\$ 32,320	\$ 28,029
Registrar	99,625	100,615	98,346	2,269
Total board of elections	\$ 159,974	\$ 160,964	\$ 130,666	\$ 30,298
Total general government administration	\$ 2,197,861	\$ 2,109,031	\$ 1,759,442	\$ 349,589
Judicial administration:				
Courts:				
Circuit court	\$ 20,588	\$ 27,828	\$ 21,903	\$ 5,925
General district court	4,473	4,473	4,385	88
Special Magistrates	1,438	1,438	312	1,126
Court services unit	211,772	211,772	86,449	125,323
Juvenile and domestic relations court	7,300	7,300	4,596	2,704
Sheriff	84,939	84,939	84,725	214
Witness advocate grant	60,949	70,000	68,564	1,436
VA domestic victim grant	48,469	48,469	48,128	341
Clerk of the circuit court	292,953	312,938	304,192	8,746
Total courts	\$ 732,881	\$ 769,157	\$ 623,254	\$ 145,903
Commonwealth's attorney:				
Commonwealth's attorney	\$ 494,877	\$ 497,646	\$ 477,861	\$ 19,785
Total commonwealth's attorney	\$ 494,877	\$ 497,646	\$ 477,861	\$ 19,785
Total judicial administration	\$ 1,227,758	\$ 1,266,803	\$ 1,101,115	\$ 165,688
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,608,759	\$ 1,673,402	\$ 1,671,252	\$ 2,150
School resource officer	188,448	193,902	193,902	-
DMV traffic control grant	20,171	20,171	4,413	15,758
Total law enforcement and traffic control	\$ 1,817,378	\$ 1,887,475	\$ 1,869,567	\$ 17,908

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

Schedule 2
Page 2 of 5

<u>Fund, Major and Minor Expenditure Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Fire department	\$ 264,970	\$ 276,509	\$ 209,489	\$ 67,020
Ambulance and rescue services	56,361	56,746	52,746	4,000
Forestry service	10,000	10,162	10,162	-
Total fire and rescue services	<u>\$ 331,331</u>	<u>\$ 343,417</u>	<u>\$ 272,397</u>	<u>\$ 71,020</u>
Correction and detention:				
Sheriff	\$ 880,871	\$ 1,156,879	\$ 1,156,879	\$ -
Total correction and detention	<u>\$ 880,871</u>	<u>\$ 1,156,879</u>	<u>\$ 1,156,879</u>	<u>\$ -</u>
Inspections:				
Building	\$ 83,042	\$ 88,816	\$ 83,081	\$ 5,735
Total inspections	<u>\$ 83,042</u>	<u>\$ 88,816</u>	<u>\$ 83,081</u>	<u>\$ 5,735</u>
Other protection:				
Animal control	\$ 150,632	\$ 153,161	\$ 109,528	\$ 43,633
E-911	837,231	1,014,165	962,917	51,248
Medical examiner	500	500	300	200
Total other protection	<u>\$ 988,363</u>	<u>\$ 1,167,826</u>	<u>\$ 1,072,745</u>	<u>\$ 95,081</u>
Total public safety	<u>\$ 4,100,985</u>	<u>\$ 4,644,413</u>	<u>\$ 4,454,669</u>	<u>\$ 189,744</u>
Public works:				
Sanitation and waste removal:				
Refuse collection	\$ 820,790	\$ 821,043	\$ 764,661	\$ 56,382
Tire security	41,292	41,292	29,652	11,640
Total sanitation and waste removal	<u>\$ 862,082</u>	<u>\$ 862,335</u>	<u>\$ 794,313</u>	<u>\$ 68,022</u>
Maintenance of general buildings and grounds:				
General properties	\$ 710,533	\$ 711,878	\$ 494,672	\$ 217,206
Total maintenance of general buildings and grounds	<u>\$ 710,533</u>	<u>\$ 711,878</u>	<u>\$ 494,672</u>	<u>\$ 217,206</u>
Total public works	<u>\$ 1,572,615</u>	<u>\$ 1,574,213</u>	<u>\$ 1,288,985</u>	<u>\$ 285,228</u>
Health and welfare:				
Health:				
Local health department	\$ 120,000	\$ 120,000	\$ 120,000	\$ -
Total health	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ -</u>
Mental health and mental retardation:				
Central VA Community Services	\$ 41,000	\$ 41,000	\$ 41,000	\$ -
Central VA Commission on Aging	2,500	2,500	2,500	-
Total mental health and mental retardation	<u>\$ 43,500</u>	<u>\$ 43,500</u>	<u>\$ 43,500</u>	<u>\$ -</u>

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

Schedule 2
Page 3 of 5

<u>Fund, Major and Minor Expenditure Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 1,714,470	\$ 2,034,146	\$ 1,772,464	\$ 261,682
Comprehensive services act	1,561,589	1,894,345	1,806,397	87,948
Total welfare	<u>\$ 3,276,059</u>	<u>\$ 3,928,491</u>	<u>\$ 3,578,861</u>	<u>\$ 349,630</u>
Total health and welfare	<u>\$ 3,439,559</u>	<u>\$ 4,091,991</u>	<u>\$ 3,742,361</u>	<u>\$ 349,630</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 376	\$ 376	\$ 376	\$ -
Contribution to County School Board	5,953,856	5,953,856	5,437,627	516,229
Total education	<u>\$ 5,954,232</u>	<u>\$ 5,954,232</u>	<u>\$ 5,438,003</u>	<u>\$ 516,229</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 165,669	\$ 165,669	\$ 157,277	\$ 8,392
Sports complex	45,000	53,622	46,011	7,611
Total parks and recreation	<u>\$ 210,669</u>	<u>\$ 219,291</u>	<u>\$ 203,288</u>	<u>\$ 16,003</u>
Cultural enrichment:				
Contributions	\$ 38,776	\$ 38,776	\$ 38,135	\$ 641
Total cultural enrichment	<u>\$ 38,776</u>	<u>\$ 38,776</u>	<u>\$ 38,135</u>	<u>\$ 641</u>
Library:				
Public library	\$ 215,315	\$ 227,265	\$ 226,879	\$ 386
Total library	<u>\$ 215,315</u>	<u>\$ 227,265</u>	<u>\$ 226,879</u>	<u>\$ 386</u>
Total parks, recreation, and cultural	<u>\$ 464,760</u>	<u>\$ 485,332</u>	<u>\$ 468,302</u>	<u>\$ 17,030</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 125,549	\$ 866,794	\$ 340,279	\$ 526,515
Tourism	16,000	17,862	13,857	4,005
Economic development	78,578	103,716	36,689	67,027
Total planning and community development	<u>\$ 220,127</u>	<u>\$ 988,372</u>	<u>\$ 390,825</u>	<u>\$ 597,547</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Total environmental management	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>

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

Schedule 2
Page 4 of 5

<u>Fund, Major and Minor Expenditure Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development: (Continued)				
Cooperative extension program:				
Extension office	\$ 61,996	\$ 61,996	\$ 54,905	\$ 7,091
Total cooperative extension program	\$ 61,996	\$ 61,996	\$ 54,905	\$ 7,091
 Total community development	 \$ 292,123	 \$ 1,060,368	 \$ 455,730	 \$ 604,638
Capital projects:				
County capital projects	\$ 200,000	\$ 361,888	\$ 44,790	\$ 317,098
Town/County Sewer Project	-	-	76,573	(76,573)
Total capital projects	\$ 200,000	\$ 361,888	\$ 121,363	\$ 240,525
Debt service:				
Principal retirement	\$ 2,222,866	\$ 2,222,866	\$ 2,222,866	\$ -
Interest and other fiscal charges	1,072,519	1,072,519	854,709	217,810
Total debt service	\$ 3,295,385	\$ 3,295,385	\$ 3,077,575	\$ 217,810
 Total General Fund	 \$ 22,745,278	 \$ 24,843,656	 \$ 21,907,545	 \$ 2,936,111
Special Revenue Fund:				
County Special Revenue Fund:				
Sheriff:				
Asset forfeiture	\$ -	\$ -	\$ 22,231	\$ (22,231)
Total Sheriff	\$ -	\$ -	\$ 22,231	\$ (22,231)
 Total County Special Revenue Fund	 \$ -	 \$ -	 \$ 22,231	 \$ (22,231)
Capital Projects Fund:				
County Capital Projects Fund:				
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 12,359	\$ 12,359	\$ 12,359	\$ -
Total education	\$ 12,359	\$ 12,359	\$ 12,359	\$ -
 Total County Capital Projects Fund	 \$ 12,359	 \$ 12,359	 \$ 12,359	 \$ -
 Total Primary Government	 \$ 22,757,637	 \$ 24,856,015	 \$ 21,942,135	 \$ 2,913,880

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

Schedule 2
Page 5 of 5

<u>Fund, Major and Minor Expenditure Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 1,070,302	\$ 1,070,302	\$ 939,446	\$ 130,856
Instruction costs	17,468,474	17,811,087	17,757,471	53,616
Pupil transportation	1,633,618	1,633,618	1,554,175	79,443
Operation and maintenance of school plant	2,415,930	2,311,530	2,011,565	299,965
Total education	<u>\$ 22,588,324</u>	<u>\$ 22,826,537</u>	<u>\$ 22,262,657</u>	<u>\$ 563,880</u>
Total School Operating Fund	<u>\$ 22,588,324</u>	<u>\$ 22,826,537</u>	<u>\$ 22,262,657</u>	<u>\$ 563,880</u>
School Special Revenue Fund:				
Education:				
School food services	\$ 900,000	\$ 936,134	\$ 866,592	\$ 69,542
Purchase of textbooks	305,718	305,718	305,575	143
Commodities	-	75,799	75,799	-
Total education	<u>\$ 1,205,718</u>	<u>\$ 1,317,651</u>	<u>\$ 1,247,966</u>	<u>\$ 69,685</u>
Total School Special Revenue Fund	<u>\$ 1,205,718</u>	<u>\$ 1,317,651</u>	<u>\$ 1,247,966</u>	<u>\$ 69,685</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 23,794,042</u>	<u>\$ 24,144,188</u>	<u>\$ 23,510,623</u>	<u>\$ 633,565</u>

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Sanitary District	Total
2010	\$ 1,646,500	\$ 1,022,139	\$ 3,754,255	\$ 2,164,106	\$ 2,787,948	\$ 4,241,135	\$ 597,432	\$ 401,701	\$ 1,212,065	\$ -	\$ 17,827,281
2011	1,546,970	1,039,084	3,271,440	2,260,607	2,437,086	4,483,112	534,829	382,584	938,409	-	16,894,121
2012	1,700,248	1,159,940	3,916,496	1,620,988	2,409,182	4,906,079	444,176	402,100	1,325,342	-	17,884,551
2013	1,747,040	1,209,655	3,736,293	2,186,994	2,533,327	6,312,633	494,248	389,577	1,281,307	379,480	20,270,554
2014	1,648,763	1,159,754	3,796,131	1,708,292	2,880,736	5,717,485	948,775	420,103	1,227,959	443,753	19,951,751
2015	1,687,368	1,113,594	3,319,233	1,649,772	3,296,299	6,215,141	501,026	2,001,695	1,180,516	361,128	21,325,772
2016	1,742,754	1,215,521	3,469,665	739,745	3,567,121	6,381,912	519,526	508,631	1,281,519	393,531	19,819,925
2017	1,761,583	1,278,950	3,625,898	1,704,296	3,414,275	7,393,251	501,174	390,145	952,600	372,044	21,394,216
2018	1,561,527	1,249,392	4,272,389	1,590,182	3,649,618	6,887,265	219,381	612,387	952,652	379,293	21,374,086
2019	1,746,065	1,174,927	4,240,656	1,544,004	3,637,243	6,727,833	496,720	506,892	894,687	371,024	21,340,051

Table 2

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

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES							Total
	Charges for Services	Operating	Capital	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions	Payment from Appomattox School Board		
		Grants and Contributions	Grants and Contributions					Not Restricted to Specific Programs			
2010	\$ 368,957	\$ 4,379,627	\$ -	\$ 8,848,772	\$ 1,513,826	\$ 156,937	\$ 387,633	\$ 1,649,452	\$ -	\$ 17,305,204	
2011	411,946	3,951,153	-	9,681,328	1,776,533	238,840	314,834	1,584,930	59,065	18,018,629	
2012	329,026	3,927,784	864,313	10,135,261	1,888,209	165,373	329,260	1,701,262	200,000	19,540,488	
2013	393,740	4,069,886	38,903	10,628,797	1,960,774	111,603	194,817	1,741,356	175,000	19,314,876	
2014	427,218	4,235,120	-	10,267,361	2,091,268	86,314	271,278	1,798,765	110,000	19,287,324	
2015	430,785	6,018,492	-	11,460,249	1,993,511	76,916	410,850	1,701,420	-	22,092,223	
2016	427,194	4,858,154	-	12,718,739	2,196,290	122,353	234,469	1,722,939	30,339	22,310,477	
2017	487,903	5,168,799	-	12,905,293	2,249,065	81,221	187,416	1,723,668	-	22,803,365	
2018	421,579	5,331,394	-	15,449,720	2,241,679	69,385	210,208	1,695,627	-	25,419,592	
2019	467,627	5,526,655	-	13,740,014	2,357,270	77,003	135,967	1,668,759	-	23,973,295	

County of Appomattox, Virginia
General Governmental Expenditures by Function (1,3)
Last Ten Fiscal Years

Fiscal Year	General Government			Public Safety	Public Works	Health and Welfare		Education (2)	Parks, Recreation, and Cultural		Community Development	Debt Service	Total
	Administration	Judicial Administration	Government										
2010	\$ 1,538,230	\$ 884,246	\$ 3,581,419	\$ 1,504,094	\$ 2,752,940	\$ 20,064,495	\$ 577,436	\$ 382,205	\$ 1,754,323	\$ 33,039,388			
2011	1,429,400	945,288	3,496,344	1,362,547	2,459,627	19,645,192	519,294	339,135	1,797,034	31,993,861			
2012	1,395,395	1,029,684	3,301,417	1,440,829	2,446,196	19,513,421	401,728	373,872	2,209,857	32,112,399			
2013	1,649,007	1,058,263	3,369,009	1,520,202	2,665,954	20,444,142	557,741	340,710	2,806,446	34,411,474			
2014	1,533,880	1,019,883	3,698,694	1,486,906	2,871,715	20,172,256	464,918	369,281	3,136,426	34,753,959			
2015	1,674,716	1,018,211	3,324,580	1,465,152	3,409,538	20,778,990	461,487	1,971,498	3,136,428	37,240,600			
2016	1,586,520	1,112,525	3,487,421	1,398,180	3,713,993	20,728,879	479,301	465,094	3,139,000	36,110,913			
2017	1,628,993	1,126,332	3,797,701	1,388,585	3,478,587	21,933,797	434,281	349,113	3,468,064	37,605,453			
2018	1,538,049	1,148,414	4,130,377	1,317,717	3,641,726	22,932,951	437,221	575,683	3,080,729	38,802,867			
2019	1,759,442	1,101,115	4,476,900	1,288,985	3,742,361	23,498,640	468,302	455,730	3,077,575	39,869,050			

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

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit School Board and vice versa.

(3) Excludes Capital Projects funds.

Table 4

County of Appomattox, Virginia
General Governmental Revenues by Source (1, 3)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental (2)	Total
2010	\$ 8,739,210	\$ 2,146,757	\$ 159,932	\$ 19,785	\$ 133,462	\$ 664,326	\$ 433,390	\$ 110,548	\$ 23,200,143	\$ 35,607,553
2011	8,912,978	1,513,826	129,010	39,162	150,955	610,879	465,200	425,471	21,781,178	34,028,659
2012	9,186,947	1,776,533	83,338	111,412	238,463	714,369	417,017	265,393	21,101,521	33,894,993
2013	10,161,980	1,888,209	79,753	57,411	152,624	707,268	478,975	134,543	21,617,716	35,278,479
2014	10,114,251	1,960,774	78,952	37,628	115,248	659,948	269,030	213,145	20,873,765	34,322,741
2015	10,905,971	2,091,268	81,824	30,464	94,675	707,536	403,078	57,622	21,156,613	35,529,051
2016	12,467,821	2,196,290	79,993	29,153	134,112	614,090	429,694	284,992	21,636,075	37,872,220
2017	12,944,092	2,249,065	84,533	32,083	88,404	688,157	274,322	348,484	23,139,306	39,848,446
2018	15,085,606	2,241,679	90,433	35,995	80,562	491,315	384,374	196,127	23,713,993	42,320,084
2019	13,482,875	2,357,270	95,023	66,993	84,081	478,870	180,815	201,416	24,599,905	41,547,248

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

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit School Board and vice versa.

(3) Excludes Capital Projects funds.

Table 5

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

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy			
2010	\$ 10,306,054	\$ 9,388,466	91.10%	\$ 420,791	\$ 9,809,257	95.18%	\$	937,266	9.09%
2011	10,557,842	9,734,329	92.20%	352,324	10,086,653	95.54%		1,115,842	10.57%
2012	11,164,343	10,815,808	96.88%	243,720	11,059,528	99.06%		1,105,238	9.90%
2013	11,728,977	10,668,816	90.96%	328,661	10,997,477	93.76%		1,729,110	14.74%
2014	11,832,503	10,252,937	86.65%	401,811	10,654,748	90.05%		1,384,580	11.70%
2015	12,659,267	12,185,206	96.26%	368,070	12,553,276	99.16%		1,331,878	10.52%
2016	13,398,855	12,796,361	95.50%	421,498	13,217,859	98.65%		1,304,003	9.73%
2017	13,724,176	13,208,360	96.24%	458,448	13,666,808	99.58%		1,309,498	9.54%
2018	16,435,975	15,295,308	93.06%	483,907	15,779,215	96.00%		1,617,859	9.84%
2019	14,675,294	13,673,402	93.17%	578,457	14,251,859	97.11%		1,625,126	11.07%

(1) Exclusive of penalties and interest. Does not include land redemptions.

(2) Includes three most current delinquent tax years and first half of current tax year.

(3) Began twice per year billing for personal property in FY 2018

Table 6

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

Fiscal Year	Real Estate (1)	Mobile Homes (3)	Personal Property (1,3)	Machinery and Tools (3)	Merchant's Capital (3)	Public Utility (2)			Total
						Real Estate	Personal Property		
2010	\$ 1,251,566,318	\$ 9,236,759	\$ 66,335,031	\$ 7,372,601	\$ 9,939,614	\$ 75,647,770	\$ 502,244	\$	1,420,600,337
2011	1,272,092,722	8,915,938	70,028,002	5,839,518	10,070,429	81,689,647	468,481		1,449,104,737
2012	1,288,374,551	8,380,513	74,218,221	5,414,772	13,109,819	84,347,967	392,933		1,474,238,776
2013	1,307,962,007	8,948,070	74,684,745	933,944	13,440,191	89,781,508	600,833		1,496,351,298
2014	1,285,085,528	8,865,226	75,967,349	961,437	13,250,117	91,673,871	737,541		1,476,541,069
2015	1,273,923,195	8,207,402	77,272,280	982,704	13,579,085	93,463,491	720,030		1,468,148,187
2016	1,288,681,980	8,273,738	79,197,137	1,073,315	14,418,621	104,582,273	631,899		1,496,858,963
2017	1,303,433,780	8,167,956	82,778,089	1,091,429	13,682,048	113,535,167	530,993		1,523,219,462
2018	1,321,188,641	8,909,114	204,488,836	2,504,301	19,629,608	113,476,290	770,922		1,670,967,712
2019	1,335,787,790	8,923,930	146,953,959	2,768,153	13,954,156	116,517,564	657,673		1,625,563,225

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

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

Table 7

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

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools	Merchant's Capital
2010	\$ 0.48	\$ 0.48	\$ 4.60	\$ 4.60	\$ 1.00
2011	0.495/0.48	0.48	4.60	4.60	1.00
2012	0.575/0.495	0.50	4.60	4.60	1.00
2013	0.58	0.58	4.60	4.60	1.00
2014	0.60	0.58	4.60	4.60	1.00
2015	0.650	0.60	4.60	4.60	1.00
2016	0.65	0.650	5.13	4.60	1.00
2017	0.65	0.65	5.13	4.60	1.00
2018	0.65	0.65	3.35	3.35	1.00
2019	0.65	0.65	3.35	3.35	1.00

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2010	14,973	\$ 1,420,600,337	\$ 7,265,938	\$ 7,265,938	0.51%	\$ 485
2011	14,973	1,449,104,737	16,532,171	16,532,171	1.14%	1,104
2012	14,973	1,474,238,776	15,868,881	15,868,881	1.08%	1,060
2013	14,973	1,496,351,298	15,185,562	15,185,562	1.01%	1,014
2014	14,973	1,476,541,069	14,157,128	14,157,128	0.96%	946
2015	14,973	1,468,148,187	13,161,289	13,161,289	0.90%	879
2016	14,973	1,496,858,963	12,147,386	12,147,386	0.81%	811
2017	14,973	1,523,219,462	10,648,059	10,648,059	0.70%	711
2018	14,973	1,670,967,712	9,383,383	9,383,383	0.56%	627
2019	14,973	1,625,563,225	8,106,952	8,106,952	0.50%	541

(1) Weldon Cooper Center for Public Service for 2000 and 2010 census.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.

Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.



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

To the Honorable Members of the Board of Supervisors
County of Appomattox
Appomattox, 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 Appomattox Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County of Appomattox, Virginia's basic financial statements and have issued our report thereon dated November 21, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Appomattox, 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 Appomattox, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Appomattox, 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 Appomattox, 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 that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2019-001.

County of Appomattox, Virginia's Response to Findings

County of Appomattox, Virginia's response to findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Appomattox, 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.



Richmond, Virginia
November 21, 2019



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Appomattox, 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 County of Appomattox, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 21, 2019

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950118/0950119	\$ 7,216
Temporary Assistance for Needy Families (TANF Cluster)	93.558	0400118/0400119	149,708
Refugee and Entrant Assistance - State Administered Programs	93.566	0500118/0500119	90
Low-Income Home Energy Assistance	93.568	0600418/0600419	22,238
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760118/0760119	24,576
Chafee Education and Training Vouchers Program	93.599	9160118/9160119	1,273
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900118/0900119	164
Foster Care - Title IV-E	93.658	1100118/1100119	207,320
Adoption Assistance	93.659	1120118/1120119	91,127
Social Services Block Grant	93.667	1000118/1000119	164,140
Chafee Foster Care Independence Program	93.674	9150118/9150119	1,930
Children's Health Insurance Program	93.767	0540118/0540119	3,801
Medical Assistance Program (Medicaid Cluster)	93.778	1200118/1200119	184,743
Total Department of Health and Human Services			\$ 858,326
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.555	17901-45707	\$ 75,799
Department of Education:			
National School Lunch Program	10.555	17901-40623	450,190
Total CFDA# 10.555			\$ 525,989
School Breakfast Program	10.553	17901-40591	213,416
Department of Social Services:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010118/0010119	165,872
Total Department of Agriculture			\$ 905,277
Department of Treasury:			
Direct Payments:			
Forfeited Assets	21.000	N/A	\$ 3,226
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	36001-46000	\$ 45,764
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety (Highway Safety Cluster)	20.600	60507-50252/51222	\$ 4,958

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
Emergency Management Performance Grants	97.042	77501-52749	\$ 7,500
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	533005	\$ 225,076
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	17901-42901	\$ 629,915
Special Education Cluster:			
Special Education Grants to States	84.027	17901-43071	\$ 584,774
Special Education Preschool Grants	84.173	17901-62521	17,407
Career and Technical Education: Basic Grants to States	84.048	17901-61095	44,474
Student Support and Academic Enrichment Program	84.424	17901-60281	10,819
English Language Acquisition State Grants	84.365	17901-60512	1,094
Supporting Effective Instruction State Grant	84.367	17901-61480	79,919
Total Department of Education			\$ 1,368,402
Total Expenditures of Federal Awards			\$ 3,418,529

See accompanying notes to the Schedule of Expenditures of Federal Awards.

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

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - 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	\$ 1,735,832
Special Revenue Funds:	
County Special Revenue Fund	3,226
Total primary government	\$ <u>1,739,058</u>

Component Unit - School Board:

School Operating Fund	\$ 1,368,402
School Cafeteria Fund	739,405
Total component unit School Board	\$ <u>2,107,807</u>

Total federal expenditures per basic financial statements	\$ <u>3,846,865</u>
---	---------------------

Less: Federal interest rate subsidy not included in Schedule of Expenditures of Federal Awards	(423,667)
--	-----------

Less: Payment in Lieu of Taxes	<u>(4,669)</u>
--------------------------------	----------------

Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	\$ <u><u>3,418,529</u></u>
---	----------------------------

Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - De Minimis Cost Rate

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

Note 7 - Loan Balances

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

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

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

a. Material weakness(es) identified?	<u> </u> yes	<u> ✓ </u> no
b. Significant deficiency(ies) identified?	<u> </u> yes	<u> ✓ </u> none reported

Noncompliance material to financial statements noted? yes ✓ no

Federal Awards

Internal control over major programs:

a. Material weakness(es) identified?	<u> </u> yes	<u> ✓ </u> no
b. Significant deficiency(ies) identified?	<u> </u> yes	<u> ✓ </u> none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? yes ✓ no

Identification of major programs:

CFDA Number(s)
10.553/10.555

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? ✓ yes no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

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

Section IV - Commonwealth of Virginia Findings and Questioned Costs

Finding 2019-001:

Financial Reporting

Criteria:

Section 22.1-92 of the *Code of Virginia* requires that before any School Board gives final approval to its budget for submission to the governing body, the school board must hold at least one public hearing to receive the view of citizens within the school division. The School Board shall cause public notice to be given at least 10 days prior to the public hearing by publication in a newspaper of general circulation in the School Division.

Condition:

The School Board held their public hearing on January 25, 2018 on the FY18-19 budget but did not provide 10 days of public notice to the citizens within the school division. The public hearing was advertised in the Appomattox Times-Virginian on January 17, 2018.

Effect of Condition:

The citizens within the school division were not given ample notice to attend the public hearing of the FY18-19 School Budget.

Cause of Condition:

Procedures were not in place to ensure that the public hearing was advertised 10 days prior to the date of the public hearing.

Recommendation:

School Board management should have procedures in place to ensure that the public hearing is properly advertised in accordance with the requirements of the *Code of Virginia*.

Management's Recommendation:

The School Board office is making corrective action for FY20.

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

Findings - Commonwealth of Virginia:

2018-001:

Condition:

The County held their public hearing on April 25, 2017 on the FY17-18 budget but did not provide 7 days of public notice to the citizens within the local government. The public hearing was advertised in the Appomattox Times-Virginian on April 19, 2017.

Recommendation:

County management should have procedures in place to ensure that the public hearing is properly advertised in accordance with the requirements of the Code of Virginia.

Current Status:

Corrective action was noted during the audit for the year ended June 30, 2019.

2018-002:

Condition:

The School Board held their public hearing on January 26, 2017 on the FY17-18 budget but did not provide 10 days of public notice to the citizens within the school division. The public hearing was advertised in the Appomattox Times-Virginian on January 18, 2017.

Recommendation:

School Board management should have procedures in place to ensure that the public hearing is properly advertised in accordance with the requirements of the Code of Virginia.

Current Status:

Finding is still applicable