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Financial Report For The Year Ended June 30, 2018

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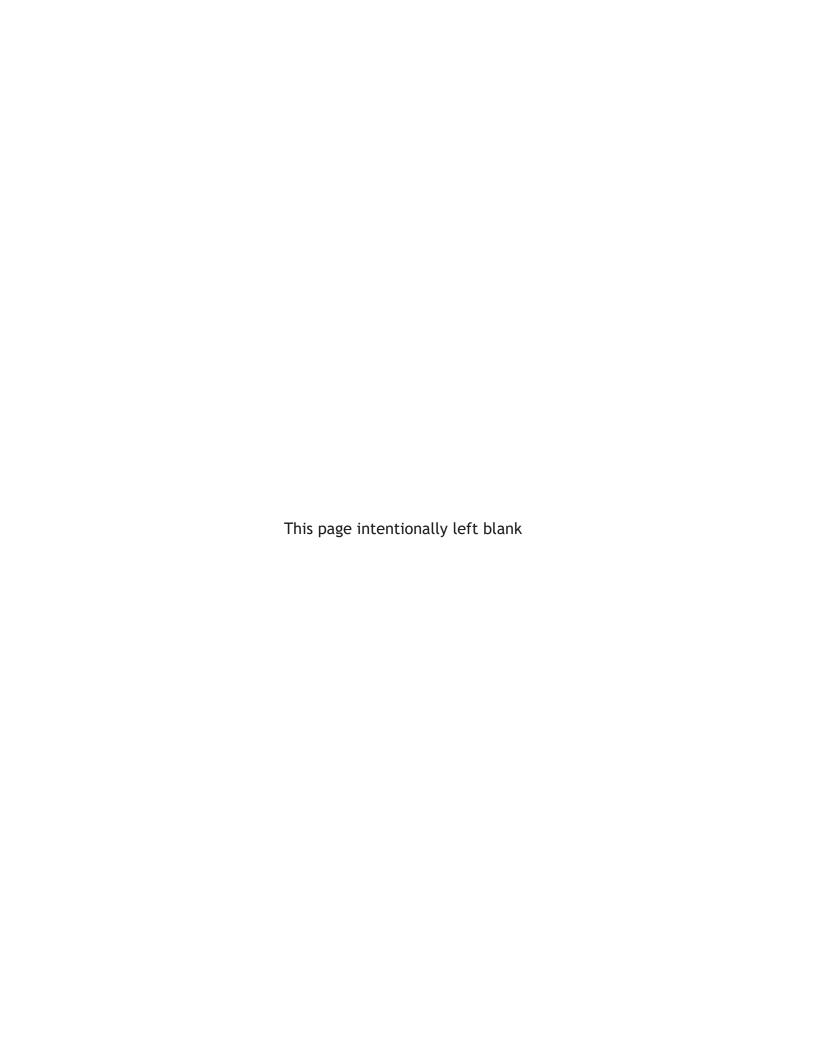
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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince Edward, Virginia, as of June 30, 2018, 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 20 to the financial statements, in 2018, the County adopted new accounting guidance, GASB Statement Nos. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions and 85 Omnibus 2017. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 20 to the financial statements, in 2018, the County restated beginning balances to reflect the requirements of GASB Statement No. 75 and the reclassification of notes receivable between the County and the Component Unit Industrial Development Authority. 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 4-13, 101, and 102-117 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 Prince Edward, Virginia's basic financial statements. The other supplementary information and statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

Other Matters: (Continued)

Supplementary and Other Information: (Continued)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2019, on our consideration of the County of Prince Edward, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Prince Edward, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County of Prince Edward, Virginia's internal control over financial reporting and compliance.

Mobinson, farmer, Cox Associates Charlottesville, Virginia

February 15, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The management of the County of Prince Edward, Virginia, presents this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2018. We encourage you to read this discussion and analysis in conjunction with the accompanying auditor's opinion on internal controls, the basic financial statements and the notes to the financial statements.

Financial Highlights

Government-wide Financial Statements

- The assets and deferred outflows of resources of the County's Primary Government accounts exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$6,704,920 (total net position). This was an increase of \$4,393,565 or 190% compared to the restated ending amount of \$2,311,355 on June 30, 2017. \$5,032,824 of the net position is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.
- The Governmental activities net position was \$6,410,126 of the County's total, an increase of \$3,036,929 or 90% in comparison with restated net position of \$3,373,197 at June 30, 2017. Cash and cash equivalents for the Governmental Activities increased from \$11,954,882 in FY17 to \$13,917,207 at the end of FY18. This is an increase of \$1,962,325 or 17.95%.
- The School Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$15,923,334, an increase of \$1,141,524 when compared to the restated amount on June 30, 2017. \$9,792,895 of this amount reflects the School Board's net investment in capital assets. (\$25,716,229) of net assets are in unrestricted assets available to meet ongoing obligations. This is a decrease of \$3,878,513 in the School Board's unrestricted net position for the fiscal year.
- In 2009, the County began operating its own utility system. The system consists of water and sewer lines and a sewer pump station purchased from the Town of Farmville. The County also started operating the landfill in 2018. Business-Type Activities net position was \$294,794 which was an increase of \$1,356,636. Unrestricted net position of Business-Type Activities increased \$924,643 during the year ending with a balance of (\$39,272) on June 30, 2018 as compared to (\$963,915) on June 30, 2017.
- The combining long-term governmental obligations decreased \$2,191,988 during the current fiscal year. Details of this decrease can be found under the long-term debt section of the management discussion and analysis and in Note 7 of the report.

Financial Highlights: (Continued)

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues exceeded expenditures by \$2,443,517 (Exhibit 5) before Other Financing Sources (Uses) and after making direct contributions totaling \$8,056,885 to the School Board.

- At the close of the current fiscal year, the County's Governmental funds reported ending fund balances of \$16,259,495 which is an increase of \$1,222,484 or 8% in comparison with the prior fiscal year.
- At the close of the current fiscal year, the unassigned fund balance for the General Fund was \$12,832,402 or 56% of total general fund expenditures excluding capital projects.

Overview of the Financial Statements

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

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

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

<u>Government-wide financial statements</u> - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business. The statements include all assets and liabilities using the accrual basis of accounting. Both the financial overview and accrual accounting factors are used in the reporting of private-sector business. Government-wide financial reporting consists of two statements: (1) The Statement of Net position and (2) The Statement of Activities.

The Statement of Net Position (exhibit one) presents information on all of the County's assets and liabilities. The difference between assets and liabilities is reported as net position. Net position is presented in three categories: net investment in capital assets, restricted and unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

Overview of the Financial Statements: (Continued)

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

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

<u>Fund financial statements</u> - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of these funds can be placed in either of three (3) categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

Overview of the Financial Statements: (Continued)

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

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

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

Government-wide Financial Analysis

As stated earlier in this discussion, net position may serve as a useful indicator of a County's financial position over time. For the County in FY2018, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$6,410,126 at the close of the fiscal year as presented in the Table below. This was an increase of \$3,036,929 or 90% over the FY2017 restated ending amount of \$3,373,197.

County of Prince Edward, Virginia

Schedule of Assets Liabilities and Net Position
For the Years Ended June 30, 2018 and 2017

		Governmental Activities		Business-type	Activities	Total	
		2018	2017	2018	2017	2018	2017
Current and other assets Capital assets	\$	31,549,914 \$ 10,076,787	31,041,034 \$ 10,301,099	42,849 \$ 3,923,826	- \$ 3,727,191	31,592,763 \$ 14,000,613	31,041,034 14,028,290
Total assets	\$_	41,626,701 \$	41,342,133 \$	3,966,675 \$	3,727,191 \$	45,593,376 \$	45,069,324
Deferred outflows of resources	\$_	988,475 \$	949,028 \$	\$	\$	988,475 \$	949,028
Current liabilities Long-term liabilities outstanding	\$	142,507 \$ 21,754,420	384,768 \$ 23,067,508	82,121 \$ 3,589,760	963,915 \$ 3,825,118	224,628 \$ 25,344,180	1,348,683 26,892,626
Total liabilities	\$_	21,896,927 \$	23,452,276 \$	3,671,881 \$	4,789,033 \$	25,568,808 \$	28,241,309
Deferred inflows of resources	\$_	14,308,123 \$	14,000,595 \$	\$	<u>-</u> \$	14,308,123 \$	14,000,595
Net position: Net investment in capital assets Restricted Unrestricted	\$	1,288,819 \$ 88,483 5,032,824	228,916 \$ 87,685 4,521,689	334,066 \$ - (39,272)	(97,927) \$ - (963,915)	1,622,885 \$ 88,483 4,993,552	130,989 87,685 3,557,774
Total net position	\$	6,410,126 \$	4,838,290 \$	294,794 \$	(1,061,842) \$	6,704,920 \$	3,776,448

At the end of FY2018, the County's net investment in capital assets is \$1,288,819. These capital assets are used to deliver services to County residents and business; and accordingly, these assets are not available for future spending. Although the important and needed investment in capital assets is reported net of related debt, it should be noted that resources needed to repay such debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis: (Continued)

Restricted net position represents resources subject to external restrictions on how they may be used. The County had no restricted net position at the end of the fiscal year. \$88,483 of the County's net position is restricted for the use of Community Development Authority. The remaining balance of net position in the amount of \$5,032,824 may be used to meet the government's ongoing obligations. While the unrestricted net position amount is \$5,032,824, Prince Edward County has more than \$12 million in cash and cash equivalents that are unrestricted and are available to meet current obligations. The difference between the two amounts is due to the inclusion of capital assets and long-term liabilities in the net position amount.

<u>Governmental Activities</u> - Governmental activities increased Prince Edward County's net position by \$3,036,929. The key elements of this increase are found in exhibit 2 and 6 and the table below. Revenues increased from the previous year by \$1,412,485 and expenses decreased \$1,076,773. The net effect was an increase in net position of \$3,036,929.

County of Prince Edward, Virginia

Changes in Net Position

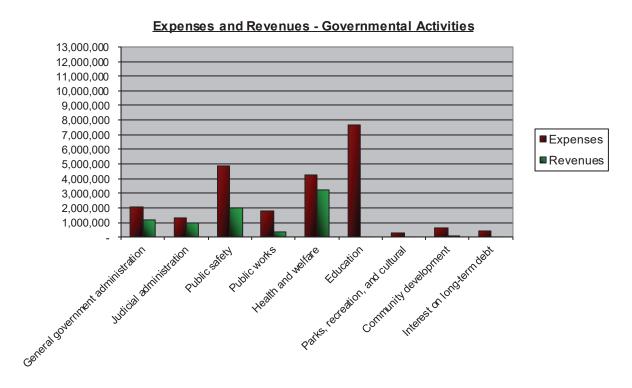
For the Years Ended June 30, 2018 and 2017

		Governmental Activities		Business-type Activities		Total				
		2018	2017		2018		2017	_	2018	2017
Revenues: Program revenues: Charges for services Operating grants and contributions	\$	1,726,616 \$ 5,923,691	1,208,813 5,991,324	\$	648,806 -	\$	2,602	\$	2,375,422 \$ 5,923,691	1,211,415 5,991,324
General revenues: General property taxes Other local taxes Commonwealth non-categorial aid Other general revenues	_	13,232,616 3,931,069 1,728,039 1,019,299	12,934,371 3,877,765 1,756,921 379,651	_	- - - -		- - - -	_	13,232,616 3,931,069 1,728,039 1,019,299	12,934,371 3,877,765 1,756,921 379,651
Total revenues	\$_	27,561,330 \$	26,148,845	\$_	648,806	\$_	2,602	\$_	28,210,136 \$	26,151,447
Expenses: General government administration Judicial administration Public safety Public works Health and welfare Education Parks, recreation, and cultural Community development Interest on long-term debt Water fund Sewer fund Landfill fund	\$	2,042,261 \$ 1,315,062 4,886,784 1,798,146 4,261,484 7,669,358 282,598 638,456 387,718	1,879,121 1,230,677 4,676,477 1,900,935 4,488,190 9,217,509 278,804 450,083 236,844	\$	- - - - - - 121,832 46,855 366,017	\$	- - - - - - 167,039 63,639	\$	2,042,261 \$ 1,315,062 4,886,784 1,798,146 4,261,484 7,669,358 282,598 638,456 387,718 121,832 46,855 366,017	1,879,121 1,230,677 4,676,477 1,900,935 4,488,190 9,217,509 278,804 450,083 236,844 167,039 63,639
Total expenses	\$_	23,281,867 \$	24,358,640	\$_	534,704	\$_	230,678	\$_	23,816,571 \$	24,589,318
Transfers	\$_	(1,242,534) \$	-	\$_	1,242,534	\$		\$_	- \$	
Increase (decrease) in net position	\$	3,036,929 \$	1,790,205	\$	1,356,636	\$	(228,076)	\$	4,393,565 \$	1,562,129
Net position - beginning, as restated	_	3,373,197	3,048,085		(1,061,842)		(833,766)	_	2,311,355	2,214,319
Net position - ending	\$_	6,410,126 \$	4,838,290	\$_	294,794	\$_	(1,061,842)	\$_	6,704,920 \$	3,776,448

Revenues from governmental activities totaled \$27,561,330 with general property taxes (48%), operating grants and contributions (21%), and other local taxes (14%) comprising 83% of the County's revenues. Expenses for education (33%), health and welfare (18%), and public safety (21%) account for 72% of total governmental expenses of \$23,281,867.

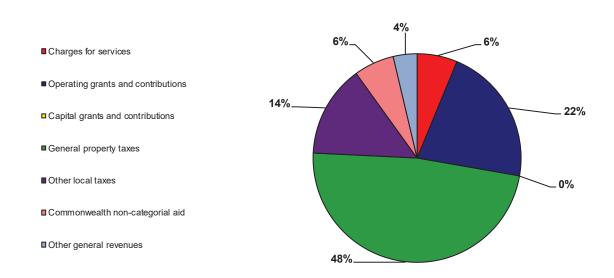
Government-wide Financial Analysis: (Continued)

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



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

Revenues by Source - Governmental Activities



Financial Analysis of the County's Funds

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

Governmental Funds - The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balances at the end of the fiscal year can be used to measure net resources available for expenditure. Governmental Funds reported a combined ending fund balance of \$15,037,011, an increase of \$1,222,484 when compared to the prior year. Approximately 79 percent (\$12,832,402) of the combined governmental fund balance is unassigned. The remaining 21% (\$3,427,093) of the combined fund balance is restricted or assigned to show it is not available for spending because it has been committed for future capital projects or debt service. Cash and cash equivalents in the amount of \$12,366,872 comprise 76% of the fund balance of the Governmental Funds. For the fiscal year cash and cash equivalents increased \$833,755 or 7%.

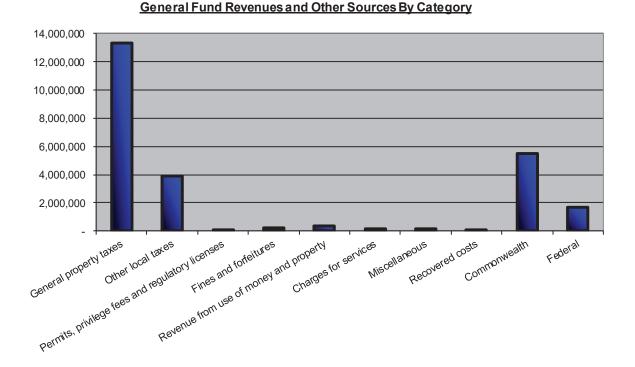
The General Fund is the primary operating fund of the County. The General Fund reports a fund balance at June 30, 2018 of \$12,920,885. This is an increase from the prior year of \$721,141. The major component of the current year increase was an increase of general property taxes of \$651,948.

The Landfill Construction Fund is used to pay expenses associated with the opening and closing of landfill cells. On June 30, 2018 the Landfill Construction Fund had a fund balance of \$1,536,362, an increase of \$332,968. This increase was the result of a decrease of capital project expenditures in the fund.

As a measure of the General Fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 61% of General Fund expenditures excluding capital projects. Total fund balance represents approximately the same percentage due to the minimal amount of reserved fund balance reported.

General Fund Revenues and Other Sources by Category

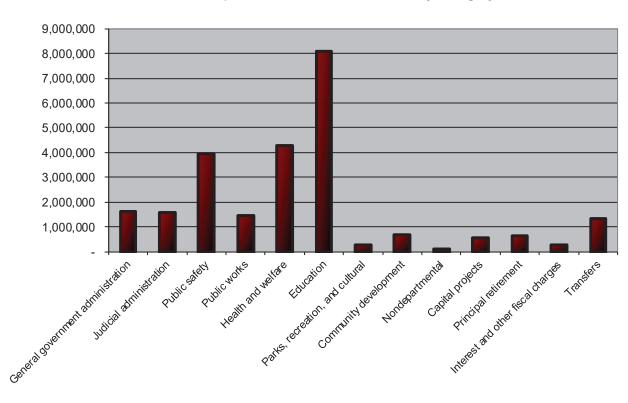
The following graph depicts General Fund revenues and other sources by categories. Total revenues and other sources are \$25,514,963.



10

General Fund Revenues and Other Sources by Category

The graph below displays General Fund expenditures and other uses by category. Total expenditures and uses are \$23,462,636 including transfers out of the fund of \$1,352,687.



General Fund Expenditures and Other Sources By Category

General Fund Budgetary Highlights

The final amended General Fund budget saw revenues decreased by \$146,047 over the original budgeted amount. The final expenditure budget reflected a decrease of \$532,930 when compared to the original budget. The revenue increases (decreases) were as follows:

\$14,000	in Fine and forfeitures
(\$289,800)	in Charges for services
\$58,328	in Miscellaneous
\$39,537	in intergovernmental revenues from the Commonwealth of Virginia
\$31,888	in intergovernmental revenues from the Federal government

General Fund Budgetary Highlights: (Continued)

The Expenditure amendments were as follows:

\$10,145	increase in General government administration
\$35,475	increase in Judicial administration
\$417,453	increase in Public safety
(\$1,203,207)	decrease in Public works
\$1,700	increase in Community development
(32,047)	decrease in Nondepartmental
\$237,551	increase in Capital projects

As can be seen the increase in Public Safety and decrease in Public Works accounted for the majority of the decrease in the budgeted expenditures.

Capital Asset and Debt Administration

<u>Capital assets</u> - The County's investment in capital assets for its governmental and enterprise operations as of June 30, 2018, is \$14,000,613 (net of accumulated depreciation) as listed below. This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

County of Prince Edward, Virginia
Capital Assets
June 30, 2018 and 2017

		Governmental Activities		Business Activi	71	Total	
	_	2018	2017	2018	2017	2018	2017
Land	\$	1,501,360 \$	1,501,360 \$	- \$	- \$	1,501,360 \$	1,501,360
Buildings		6,482,951	6,942,978	-	-	6,482,951	6,942,978
Improvements other than buildings		1,316,169	1,405,399	-	-	1,316,169	1,405,399
Equipment		530,386	451,362	283,600	-	813,986	451,362
Utility plant in service		-	-	3,640,226	3,727,191	3,640,226	3,727,191
Construction in progress	_	245,921				245,921	
Net capital assets	\$_	10,076,787 \$	10,301,099 \$	3,923,826 \$	3,727,191 \$	14,000,613 \$	14,028,290

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

<u>Long-term debt</u> - At the close of FY2018, Prince Edward County had total outstanding obligations of \$25,344,180. Of this amount \$4,423,939 comprises note payable and bonds payable (other than revenue bonds) of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources, i.e., revenue bonds, landfill closure and post-closure liability, retirement note obligation, compensated absences, net pension liability and net OPEB obligation.

During the fiscal year the County's long-term obligations decreased by \$2,191,988.

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

Economic Factors Influencing FY2019 Budgets and Tax Rates

The completion of construction of several large commercial projects in 2018 and the corresponding increase in employment from these projects coupled with the expanding economy resulted in an increase in local revenues of approximately \$450,000 for FY19. This increased revenue coupled with the decrease in debt service of \$190,000 created an additional \$640,000 in funds available without having to increase taxes. The County's new self-insurance program for health care held those costs in check with an increase of only 5% as compared to the double digit increases of the last several years. With no major capital expenditures, the County was able to avoid imposing any tax or fee increases and budget an increase in the fund balance of \$235,407.

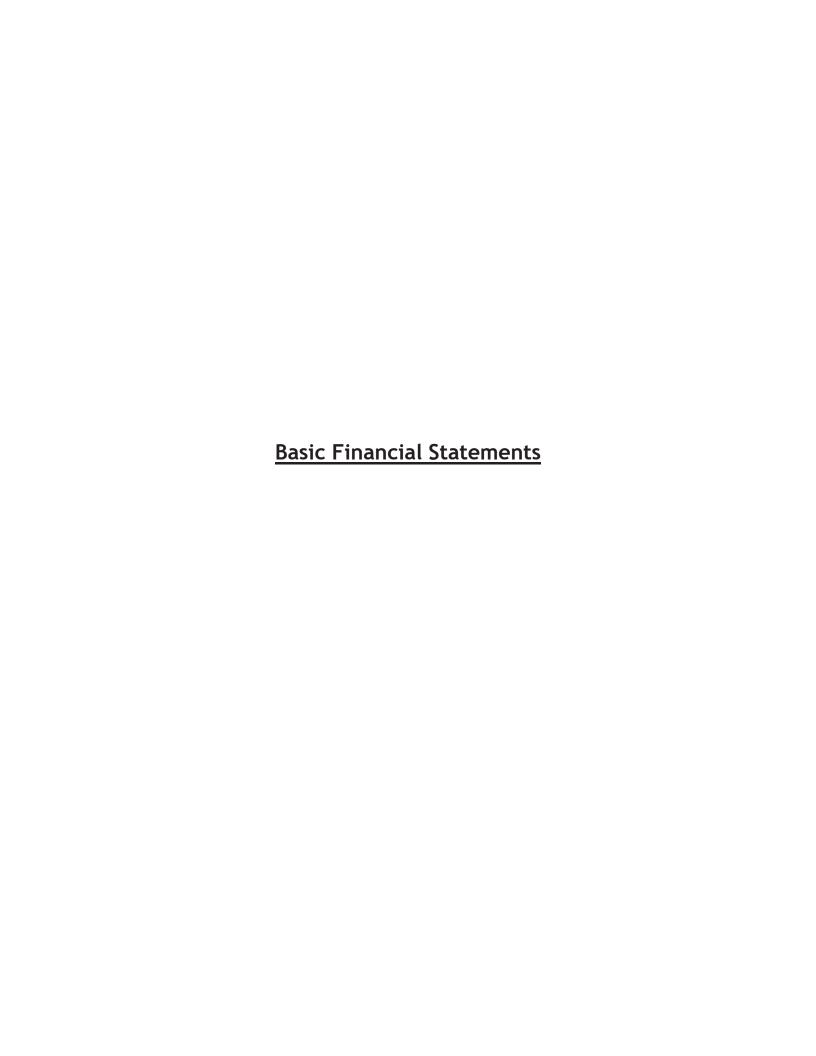
Several large capital projects that will be completed or at least started in FY2019 were not contained in the budget as they have not been scoped or bid. It is anticipated these projects will cost the County several million dollars. It was anticipated these projects will be funded form reserves which have grown over the last several years.

For FY19 the Board of Supervisors directed the County Administrator to present a budget that was not only balanced but also did not contain any tax increases. This was accomplished.

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

Requests for Information

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





		Primary Government					Component Unit		
	(Governmental Activities		ness-type tivities	Total		School Board	Industrial Development Authority	
ASSETS									
Cash and cash equivalents	\$	12,455,216	\$	42,849 \$	12,498,065	\$	1,533,527	\$ 694	4,054
Receivables (net of allowance for uncollectibles):									
Taxes receivable		15,051,742		-	15,051,742		-		-
Accounts receivable		147,852		-	147,852		57,153		-
Loan receivable		-		-	-		-	918	8,759
Note receivable		259,766		-	259,766		-		-
Due from primary government		-		-	-		-	2	1,556
Due from component unit		1,046,906		-	1,046,906		-		-
Due from other governmental units		1,126,441		-	1,126,441		880,940		-
Prepaid items		-			-		235,493		-
Industrial assets		-		-	-		-	99	1,175
Restricted assets:									
Cash and cash equivalents		1,461,991		-	1,461,991		-		-
Capital assets (net of accumulated depreciation):									
Land		1,501,360		-	1,501,360		99,952		-
Buildings and improvements		6,482,951		-	6,482,951		8,882,319		-
Improvements other than buildings		1,316,169			1,316,169		238,458		_
Equipment		530,386		283,600	813,986		572,166		_
Utility plant in service		-	3	,640,226	3,640,226		-		_
Construction in progress		245,921	,	-	245,921		_		_
construction in progress	_	273,721			•			-	
Total assets	\$_	41,626,701	\$3	,966,675 \$	45,593,376	\$_	12,500,008	\$ 2,62!	5,544
DEFERRED OUTFLOWS OF RESOURCES									
Pension related items	\$	480,197	\$	- \$	480,197	\$	2,201,244	\$	-
OPEB related items		27,288		-	27,288		212,334		-
Deferred amount on bond refunding		480,990		-	480,990		-		-
Total deferred outflows of resources	\$	988,475	\$	- \$	988,475	\$	2,413,578	\$	_
LIABILITIES	_	·							
Accounts payable	\$	40,322	ς	36,441 \$	76,763	ς	22,081	ς.	
Accrued liabilities	Į.	32,207	Ÿ	JU, TTI J	32,207	Ų	1,207,655	7	
Accrued interest payable		69,978		36,125	106,103		1,207,033		
Due to other governmental units		07,770		9,555	9,555				
Due to primary government		_		7,333	7,333		1,068,462		
Long-term liabilities:							1,000,402		
Due within one year		951,312		230,915	1,182,227		_		
Due in more than one year		20,803,108	3	,358,845	24,161,953		23,727,735		_
Total liabilities	_ S	21,896,927		,671,881 \$	25,568,808	ς	26,025,933	ς	
	~ _	21,070,727		, , , , , , , , , , , , , , , , , , ,	23,300,000	-~-	20,023,733	Ť	
DEFERRED INFLOWS OF RESOURCES		00454	÷		00 / 5/ :	_	4 = 40 00=	ć	
Pension related items	\$	894,564	\$	- \$	894,564	\$	4,548,987	\$	-
OPEB related items		55,000		-	55,000		264,000		-
Deferred revenue - property taxes		13,358,559			13,358,559		-		
Total deferred inflows of resources	\$_	14,308,123	\$	- \$	14,308,123	\$_	4,812,987	\$	
NET POSITION									
Net investment in capital assets	\$	1,288,819	\$	334,066 \$	1,622,885	\$	9,792,895	\$	-
Restricted:		•			•		-		
Community Development Authority		88,483		-	88,483		-		-
Unrestricted		5,032,824		(39,272)	4,993,552		(25,718,229)	2.62	5,544
	_								
Total net position	\$	6,410,126	\$	294,794 \$	6,704,920	\$	(15,925,334)	\$ 2,625	5,544

			_	Program Revenues						
Functions/Programs		Expenses		Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions		
PRIMARY GOVERNMENT:										
Governmental activities:										
General government administration	\$	2,042,261	\$	922,028	\$	223,030	\$	-		
Judicial administration		1,315,062		230,047		746,160		-		
Public safety		4,886,784		223,106		1,738,735		-		
Public works		1,798,146		339,844		-		-		
Health and welfare		4,261,484		-		3,213,766		-		
Education		7,669,358		-		-		-		
Parks, recreation, and cultural		282,598		-		2,000		-		
Community development		638,456		11,591		-		-		
Interest on long-term debt	_	387,718		-	_	-		-		
Total governmental activities	\$_	23,281,867	\$_	1,726,616	\$	5,923,691	\$	-		
Business-type activities:										
Water	\$	121,832	\$	778	\$	-	\$	-		
Sewer		46,855		1,516		-		-		
Landfill	_	366,017		646,512	_	-		-		
Total business-type activities	\$_	534,704	\$	648,806	\$	-	\$	<u>-</u>		
Total primary government	\$_	23,816,571	\$	2,375,422	\$	5,923,691	\$	-		
COMPONENT UNITS:	_							_		
School Board	\$	24,195,002	Ś	372,321	Ś	17,259,935	Ś	_		
Industrial Development Authority	_	77,851	· .	-	_ `	-	· .	<u>-</u>		
Total component units	\$	24,272,853	\$	372,321	\$	17,259,935	\$	-		
	=				=		- 1			

General revenues:

General property taxes

Other local taxes:

Local sales and use taxes

Consumers' utility taxes

Motor vehicle licenses

Taxes on recordation and wills

Other local taxes

Unrestricted revenues from use of money and property

Miscellaneous

Contributions from the County of Prince Edward, Virginia

Grants and contributions not restricted to specific programs

Transfers

Total general revenues and transfers

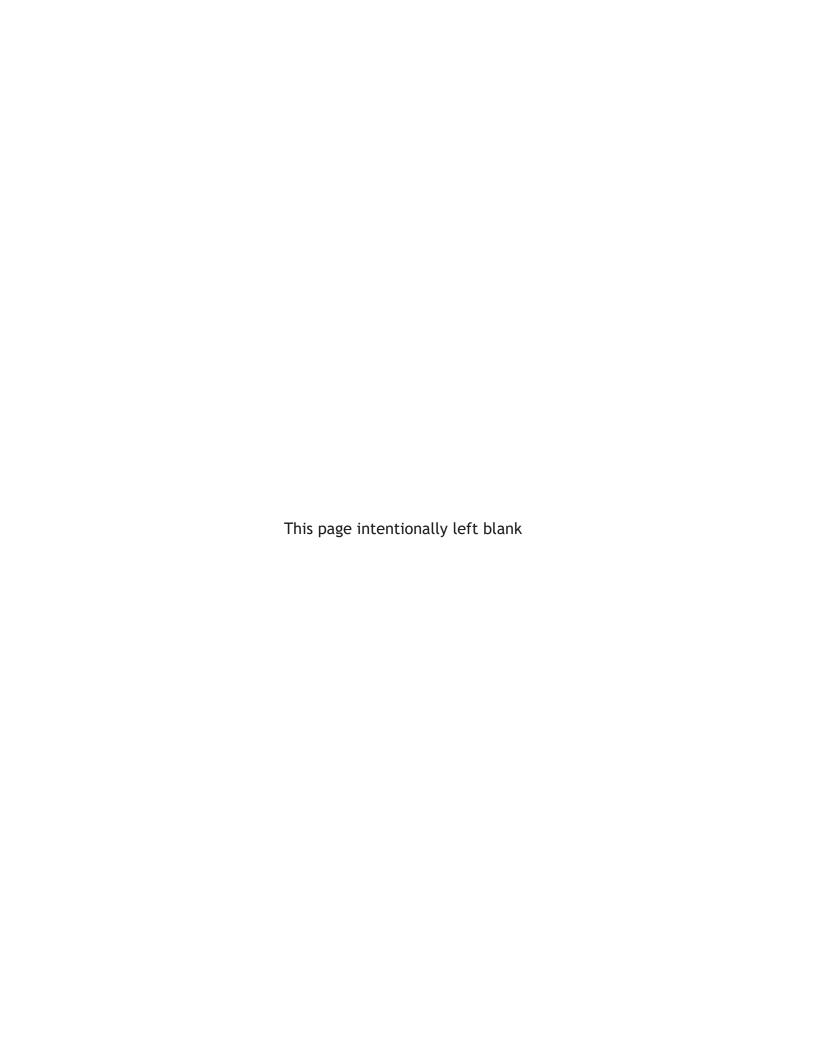
Change in net position

Net position - beginning, as restated

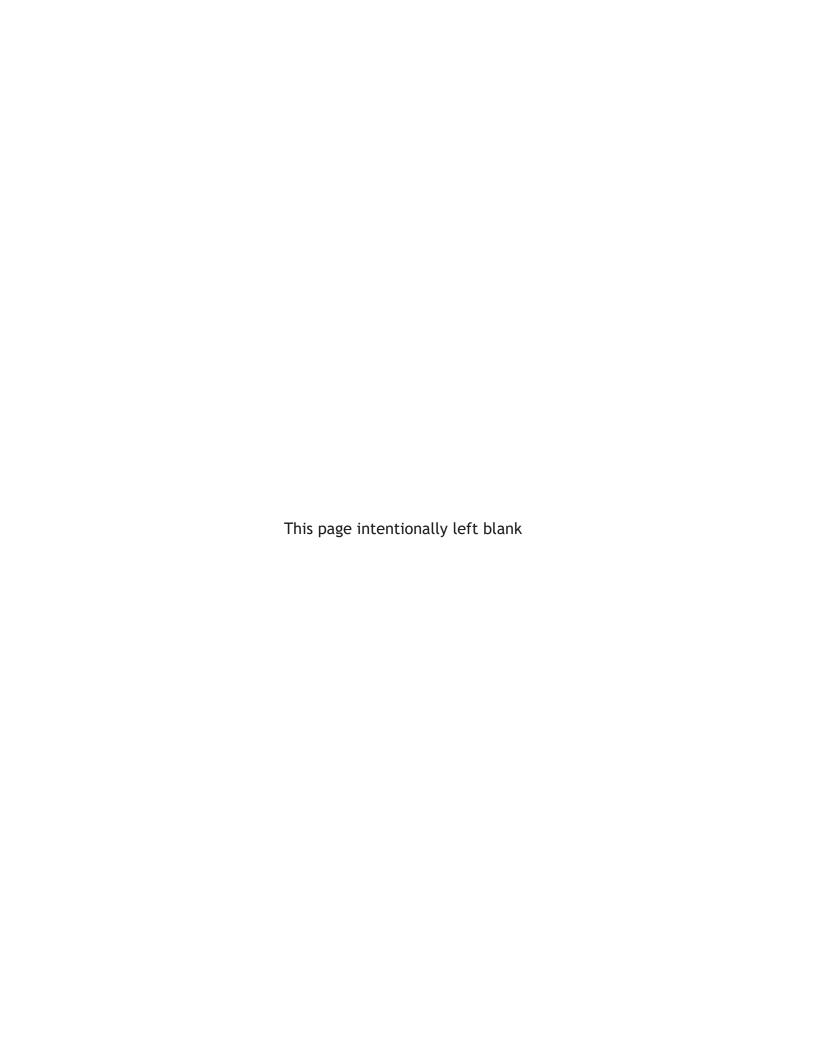
Net position - ending

Net (Expense) Revenue and Changes in Net Position

-	Pr	rimary Governme		ges in Net Positi	OII	Compo	ne	nt Unit
	Governmental Activities	Business-type Activities		Total		School Board		Industrial Development Authority
\$	(897,203)	\$ -	\$	(897,203)	Ś	_	\$	-
•	(338,855)	-	•	(338,855)	•	-		-
	(2,924,943)	-		(2,924,943)		-		-
	(1,458,302)	-		(1,458,302)		-		-
	(1,047,718)	-		(1,047,718)		-		-
	(7,669,358)	-		(7,669,358)		-		-
	(280,598)	-		(280,598)		-		-
	(626,865)	-		(626,865)		-		-
	(387,718)	-		(387,718)	_	-		-
\$	(15,631,560)	-	\$	(15,631,560)	\$_	-	\$	
Ļ	,	ć (424.0E4)	۲	(424.054)	ċ		۲	
\$	- :	\$ (121,054)		(121,054)	-	-	\$	-
	-	(45,339)		(45,339)		-		-
	<u>-</u> _	280,495		280,495		-		-
\$	- !			114,102	-	-		-
\$	(15,631,560)	\$ 114,102	\$	(15,517,458)	\$ =	-	\$	-
\$	- ! -	\$ - -	\$	- -	\$	(6,562,746)	\$	- (77,851)
\$		<u></u>	Ś		 \$	(6,562,746)	Ś	(77,851)
٠:			. ~ .		: ` =	(0,302), (0)	: ` :	(77,001)
\$	13,232,616	-	\$	13,232,616	\$	-	\$	-
	2,864,176	-		2,864,176		_		_
	313,830	-		313,830		-		-
	483,347	-		483,347		-		-
	205,308	-		205,308		-		-
	64,408	-		64,408		-		-
	832,179	-		832,179		33,021		12,120
	187,120	-		187,120		11,641		3,000
	· -	-		, · -		7,657,608		, <u>-</u>
	1,728,039	-		1,728,039		-		-
	(1,242,534)	1,242,534		-	_			
\$	18,668,489	\$ 1,242,534	\$	19,911,023	\$	7,702,270	\$	15,120
\$	3,036,929	\$ 1,356,636	\$	4,393,565	\$	1,139,524	\$	(62,731)
r	3,373,197	(1,061,842)		2,311,355		(17,064,858)		2,688,275
Ş	6,410,126	\$ 294,794	Ş	6,704,920	Ş	(15,925,334)	Ş	2,625,544







Balance Sheet Governmental Funds June 30, 2018

	_	General		School Debt Service	_	Landfill Construction	 Other Governmental Funds		Total
ASSETS									
Cash and cash equivalents	\$	10,513,129	\$	-	\$	1,508,046	\$ 345,697	\$	12,366,872
Receivables (net of allowance									
for uncollectibles):									
Taxes receivable		15,051,742		-		-	-		15,051,742
Accounts receivable		119,536		-		28,316	-		147,852
Notes receivable		51,266		-		-	-		51,266
Due from component unit		1,068,462		-		-	-		1,068,462
Due from other governmental units		1,126,441		-		-	-		1,126,441
Restricted assets:									
Cash and cash equivalents	_	-		1,461,991	_		 -		1,461,991
Total assets	\$_	27,930,576	\$_	1,461,991	\$	1,536,362	\$ 345,697	\$_	31,274,626
LIABILITIES									
Accounts payable	\$	34,882	\$		\$	-	\$ 5,440	\$	40,322
Accrued liabilities		32,207		-		-	-		32,207
Due to component unit	_	21,556		-	_		 -		21,556
Total liabilities	\$_	88,645	\$_	-	\$		\$ 5,440	\$_	94,085
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue-property taxes	\$_	14,921,046	\$_	-	\$		\$ -	\$_	14,921,046
FUND BALANCES									
Restricted:									
Community Development Authority	\$	88,483	\$	-	\$	-	\$ -	\$	88,483
Debt service		-		1,461,991		-	-		1,461,991
Assigned:									
Landfill construction		-		-		1,536,362	-		1,536,362
Recreation capital projects		-		-		-	8,146		8,146
Special revenue		-		-		-	332,111		332,111
Unassigned	_	12,832,402		-	_		 -		12,832,402
Total fund balances	\$_	12,920,885	\$_	1,461,991	\$	1,536,362	\$ 340,257	\$_	16,259,495
Total liabilities, deferred inflows of resources									
and fund balances	\$_	27,930,576	\$_	1,461,991	\$	1,536,362	\$ 345,697	\$_	31,274,626

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

Amounts reported for governmental activities in the statement of net position are different because:	•		
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	16,259,495
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, cost Accumulated depreciation	\$_	21,666,580 (11,589,793)	10,076,787
Internal services funds are used by the County to charge the cost of health and dental insurance benefits to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position. The internal service fund net position is:			88,343
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
Unavailable property taxes Notes receivable	\$_	1,562,487 208,501	1,770,988
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	480,197	
OPEB related items Deferred amount on bond refunding	_	27,288 480,990	988,475
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Bonds and loans payable, including premium on bonds	\$	(12,987,897)	
Accrued interest payable		(69,978)	
Compensated absences		(666,908)	
Net OPEB liabilities		(1,056,100)	
Net pension liability		(1,795,152)	(0.4.00.4.200)
Landfill closure, postclosure and corrective action cost liability	_	(5,248,363)	(21,824,398)
Deferred inflows of resources are not due in the current period and, therefore, are not reported in the funds.	:		
Pension related items	\$	(894,564)	
OPEB related items	_	(55,000)	(949,564)
Net position of governmental activities		\$	6,410,126

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

	_	General	School Debt Service		Landfill Construction Fund	1	Other Governmental Funds		Total
REVENUES									
General property taxes	\$	13,311,281 \$	-	\$	-	\$	- \$		13,311,281
Other local taxes	*	3,930,605	-	_	-	_	-		3,930,605
Permits, privilege fees, and regulatory licenses		84,435	-		_		_		84,435
Fines and forfeitures		201,017	-		-		_		201,017
Revenue from the use of money and property		369,443	32,662		13,016		1,170		416,291
Charges for services		134,837	-		319,952		64,809		519,598
Miscellaneous		170,891	-		-		399		171,290
Recovered costs		98,397	-		-		-		98,397
Intergovernmental:									
Commonwealth		5,517,010	-		-		461,825		5,978,835
Federal		1,697,047	-		-		-		1,697,047
Total revenues	\$_	25,514,963 \$	32,662	\$	332,968	\$	528,203 \$		26,408,796
EXPENDITURES									
Current:									
General government administration	\$	1,612,576 \$	-	\$	-	\$	- \$,	1,612,576
Judicial administration		1,624,483	-		-		-		1,624,483
Public safety		3,924,029	-		-		502,643		4,426,672
Public works		1,462,747	-		-		-		1,462,747
Health and welfare		4,274,895	-		-		-		4,274,895
Education		8,068,635	-		-		-		8,068,635
Parks, recreation, and cultural		280,598	-		-		-		280,598
Community development		661,489	-		-		-		661,489
Nondepartmental		104,186	-		-		-		104,186
Capital projects		535,553	-		-		-		535,553
Debt service:									
Principal retirement		648,407	-		-		-		648,407
Interest and other fiscal charges	_	265,038	-				-		265,038
Total expenditures	\$_	23,462,636 \$	-	\$	-	\$	502,643 \$		23,965,279
Excess (deficiency) of revenues over									
(under) expenditures	\$_	2,052,327 \$	32,662	\$	332,968	\$	25,560 \$		2,443,517
OTHER FINANCING SOURCES (USES)									
Transfers in	\$	- \$	110,153	\$	-	\$	- \$		110,153
Transfers out		(1,352,687)	-		_		_		(1,352,687)
Issuance of lease revenue refunding bonds		2,391,777	_		_		_		2,391,777
Premium on refunding bonds		390,793	_		_		_		390,793
_		*							
Payments to refunded bond escrow agent	_	(2,761,069)	- 440.453						(2,761,069)
Total other financing sources (uses)	\$_	(1,331,186) \$	110,153	- '		\$	<u> </u>		(1,221,033)
Net change in fund balances Fund balances - beginning	\$	721,141 \$ 12,199,744	142,815 1,319,176	\$	332,968 1,203,394	\$	25,560 \$ 314,697		1,222,484 15,037,011
	. –								
Fund balances - ending	\$_	12,920,885 \$	1,461,991	\$	1,536,362	\$	340,257 \$		16,259,495

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

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

Net change in fund balances - total governmental funds

1,222,484

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

Capital asset additions	\$ 605,040	
Net transfer of joint tenancy assets	(199,461)	
Depreciation expense	 (629,891)	(224,312)

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

Unavailable property tax revenue

(78,665)

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

(61,500)

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

10,987

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

(Increase) decrease in landfill closure, postclosure and corrective action cost liability	\$ (92,800)	
Issuance of long-term debt including premiums	(2,782,570)	
Payment to refunding bond escrow agent	2,761,069	
Principal payments and premium amortization	1,102,381	988,080

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

(Increase) decrease in accrued interest payable	\$ 18,483	
(Increase) decrease in compensated absences	41,501	
Deferred amount on refunding	480,990	
Pension expense	641,045	
OPEB expense	 (2,164)	1,179,855

Change in net position of governmental activities

3,036,929

Statement of Net Position Proprietary Funds June 30, 2018

		Busines	ss-type Activities	s - Enterprise Fui	nds	Governmental Activities
	_	Water	Sewer	Landfill	Total	Internal Service Fund
ASSETS						
Current assets:						
Cash and cash equivalents	\$_		<u> </u>	42,849 \$	42,849 \$	88,343
Total current assets	\$	- \$	- \$	42,849 \$	42,849 \$	88,343
Noncurrent assets:						
Capital assets:						
Utility plant in service	\$	3,107,261 \$	1,241,000 \$	- \$	4,348,261 \$	-
Machinery and equipment		-	-	283,600	283,600	-
Accumulated depreciation	_	(484,655)	(223,380)		(708,035)	
Total capital assets	\$_	2,622,606 \$	1,017,620 \$	283,600 \$	3,923,826 \$	<u>-</u>
Total noncurrent assets	\$_	2,622,606 \$	1,017,620 \$	283,600 \$	3,923,826 \$	
Total assets	\$_	2,622,606 \$	1,017,620 \$	326,449 \$	3,966,675 \$	88,343
LIABILITIES						
Current liabilities:						
Accounts payable	\$	42 \$	- \$	36,399 \$	36,441 \$	-
Accrued interest payable		26,309	9,816	-	36,125	-
Due to other funds		-	-	9,555	9,555	-
Bonds payable - current portion	_	168,320	62,595		230,915	-
Total current liabilities	\$_	194,671 \$	72,411 \$	45,954 \$	313,036 \$	-
Noncurrent liabilities:						
Bonds payable - net of current portion	\$_	2,447,441 \$	911,404 \$	\$	3,358,845 \$	-
Total noncurrent liabilities	\$_	2,447,441 \$	911,404 \$	\$	3,358,845 \$	
Total liabilities	\$_	2,642,112 \$	983,815 \$	45,954 \$	3,671,881 \$	<u>-</u>
NET POSITION						
Net investment in capital assets	\$	6,845 \$	43,621 \$	283,600 \$	334,066 \$	-
Unrestricted		(26,351)	(9,816)	(3,105)	(39,272)	88,343
Total net position	\$	(19,506) \$	33,805 \$	280,495 \$	294,794 \$	\$ 88,343

Statement of Revenues, Expenses, and Changes in Net Position Proprietary Funds For the Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds						Governmental Activities	
	_	Water	Sewer		Landfill	Total		Internal Service Fund
OPERATING REVENUES								
Charges for services:	\$	778 \$	-	Ċ	_	\$ 778	ċ	
Water revenues Sewer revenues	\$	//8 \$	- 1,516	>	- ;	\$ 778 1,516		-
Landfill revenues		-	1,510		646,512	646,512		-
Insurance premiums		-	-		-			922,028
Total operating revenues	\$_	778 \$	1,516	\$	646,512	\$ 648,806	\$	922,028
OPERATING EXPENSES								
Supplies	\$	402 \$	-	\$	-	\$ 402	\$	-
Utilities		-	520		-	520		-
Insurance		403	404		-	807		911,041
Landfill operations		-	-		366,017	366,017		-
Depreciation	_	62,145	24,820	_	-	86,965		-
Total operating expenses	\$_	62,950 \$	25,744	\$_	366,017	\$ 454,711	\$_	911,041
Operating income (loss)	\$_	(62,172) \$	(24,228)	\$_	280,495	\$ 194,095	\$_	10,987
Interest expense	\$_	(58,882) \$	(21,111)	\$_	- !	\$ (79,993) \$	
Total nonoperating revenues (expenses)	\$_	(58,882) \$	(21,111)	\$_	- !	\$ (79,993) \$	-
Income before transfers	\$_	(121,054) \$	(45,339)	\$_	280,495	\$ 114,102	\$	10,987
Transfers in	\$_	626,330 \$	616,204	\$_		\$ 1,242,534	\$_	-
Change in net position	\$	505,276 \$	570,865	\$	280,495	\$ 1,356,636	\$	10,987
Total net position - beginning		(524,782)	(537,060)		-	(1,061,842)	77,356
Total net position - ending	\$	(19,506) \$	33,805	\$	280,495	\$ 294,794	\$	88,343

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds			Governmental Activities		
	_	Water	Sewer	Landfill	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$	778 \$	1,516 \$	646,512	648,806 \$	974,862
Payments to suppliers	_	(1,451)	(924)	(329,618)	(331,993)	(911,041)
Net cash provided by (used for) operating activities	\$_	(673) \$	592 \$	316,894	316,813 \$	63,821
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Advances from other funds	\$	234,103 \$	86,498 \$	9,555	330,156 \$	-
Net cash provided by (used for) noncapital financing	_	-				
activities	\$_	234,103 \$	86,498 \$	9,555	330,156 \$	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Additions to capital assets	\$	- \$	- \$	(283,600)	(283,600) \$	-
Principal payments on bonds		(149,122)	(55,635)	-	(204,757)	-
Redemption of bonds		(1,845,786)	(687,782)	-	(2,533,568)	-
Issuance of refunding bonds		1,786,645	666,579	-	2,453,224	-
Premium on issuance of bonds		272,290	115,704	-	387,994	-
Interest payments	_	(297,457)	(125,956)	-	(423,413)	
Net cash provided by (used for) capital and related financing activities	\$_	(233,430) \$	(87,090) \$	(283,600)	(604,120) \$	
Net increase (decrease) in cash and cash equivalents	\$	- \$	- \$	42,849	42,849 \$	63,821
Cash and cash equivalents - beginning						24,522
Cash and cash equivalents - ending	\$_	- \$	- \$	42,849	42,849 \$	88,343
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$_	(62,172) \$	(24,228) \$	280,495	194,095 \$	10,987
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: Depreciation	¢	42 145 ¢	24 820 ¢	ć	94 045 ¢	
Depreciation (Increase) decrease in due from other funds	\$	62,145 \$	24,820 \$	- 5	86,965 \$	- 52,834
Increase) decrease in due from other funds Increase (decrease) in accounts payable	_	(646)		36,399	35,753	JZ,034
Total adjustments	\$_	61,499 \$	24,820 \$	36,399	122,718 \$	52,834
Net cash provided by (used for) operating activities	\$_	(673) \$	592 \$	316,894	316,813 \$	63,821

Statement of Fiduciary Net Position Fiduciary Funds June 30, 2018

	 Agency Funds
ASSETS	
Cash and cash equivalents	\$ 282,340
Total assets	\$ 282,340
LIABILITIES	
Reconciled overdraft	\$ 648
Amounts held for social services clients	(648)
Amounts held as sales tax to other towns	30
Amounts held for Piedmont Alcohol Safety Action Program	 282,310
Total liabilities	\$ 282,340

Notes to Financial Statements As of June 30, 2018

Note 1—Summary of Significant Accounting Policies:

<u>Financial Statement Presentation</u>

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

A. Financial Reporting Entity

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

B. <u>Individual Component Unit Disclosures</u>

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

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

The Prince Edward County School Board operates the elementary and secondary public schools in the County. School Board members are appointed by the Board of Supervisors. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School board and provides significant funding to operate the public schools, since the School Board does not have separate taxing powers. The Prince Edward County School Board does not issue separate financial statements.

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

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

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

C. Jointly Governed Organizations

The County, in conjunction with other localities, has created the Central Virginia Regional Library, the Piedmont Regional Jail, the Piedmont Regional Juvenile Detention Center, and Crossroads Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$210,808 to the regional library, \$63,314 to the juvenile detention center, and \$60,000 to the Crossroads Community Services Board.

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

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

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

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

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

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

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

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

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

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

1. Governmental Funds

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

a. General Fund

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

b. Special Revenue Fund

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

c. Capital Projects Fund

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

d. Debt Service Fund

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

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

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

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

2. Fiduciary Funds (Trust and Agency Funds)

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

3. <u>Proprietary Funds</u>

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

Enterprise Funds

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

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

E. Budgets and Budgetary Accounting:

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

- 1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
- 2. Public hearings are conducted to obtain citizen comments.
- 3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

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

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

E. Budgets and Budgetary Accounting: (Continued)

- 4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The total appropriation can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments and between County departments (excluding the Constitutional Officers); however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
- 5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Recreation Fund, Landfill Construction Fund, Piedmont Court Service Fund and the Water Sewer and Landfill Funds of the primary government and the School Operating Fund, School Cafeteria Fund and School Capital Projects Fund of the School Board.
- 6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 7. Appropriations lapse on June 30, for all county units.
- 8. Budgetary data presented in the accompanying financial statements includes the original and legally amended budgets at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
- 9. There were two departments reporting expenditures in excess of appropriations. Public works reported expenditures of \$1,462,747 with a final budget of \$694,357, and Parks, recreation, and cultural reported expenditures of \$280,598 with a final budget of \$276,808.

F. Cash and Cash Equivalents

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

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

G. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans). All other outstanding balance between funds are reported as "advance 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 \$1,006,005 at June 30, 2018 and is comprised solely of property taxes.

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

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

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

H. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business—type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the year ended June 30, 2018.

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

Assets	Years
Structures, lines & accessories	50
Utility plant in service	50
Buildings	40
Building improvements	20-40
Equipment	5

I. 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. It 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. It is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on this item, reference the related notes.

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

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

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

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

J. Compensated Absences

Vested or accumulated vacation leave are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

K. Long-term Obligations

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

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

L. Fund Equity

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

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

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

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

L. Fund Equity: (Continued)

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

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

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

M. Use of Estimates

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

N. Restricted Assets

The County reports restricted assets of \$1,461,991, which is to be used for debt service on QZAB bonds.

O. Net Position

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

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

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

P. Net Position Flow Assumption

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

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's 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.

R. Other Postemployment Benefits (OPEB)

Group Life Insurance

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

Teacher Employee Health Insurance Credit Program

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program was established pursuant to \$51.1-1400 et seq. of the <u>Code of Virginia</u>, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher HIC OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher HIC OPEB, and the related HIC OPEB expense, information about the fiduciary net position of the VRS Teacher Employee HIC Program; and the additions to/deductions from the VRS Teacher Employee HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Note 2—Deposits and Investments:

Deposits

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

Investments

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

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

Note 3—Due From Other Governmental Units:

Amounts due from other governments are detailed as follows:

		Primary	Component Unit
	_	Government	School Board
Commonwealth of Virginia			
School funds	\$	-	\$ 15,138
State sales taxes		-	346,454
Local sales tax		555,430	-
Communication tax		45,712	-
Shared expenses		185,005	-
Social services funds		88,227	-
Comprehensive services		84,539	-
Other		2,736	-
Federal Government:			
School funds		-	519,348
Social services funds		130,019	-
Other	_	34,773	
	\$_	1,126,441	\$ 880,940

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

Note 4—Capital Assets:

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

	<u>.</u>	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Primary Government:					
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$	1,501,360 \$	- \$	- 9	\$ 1,501,360
Construction in progress	_	<u> </u>	245,921	<u> </u>	245,921
Total capital assets not being depreciated	\$_	1,501,360 \$	245,921 \$		\$1,747,281
Capital assets, being depreciated:					
Buildings and improvements	\$	12,055,837 \$	- \$	379,928	\$ 11,675,909
Improvements other than buildings		5,112,516	-	-	5,112,516
Equipment	_	2,771,755	359,119	-	3,130,874
Total capital assets being depreciated	\$_	19,940,108 \$	359,119 \$	379,928	\$ 19,919,299
Accumulated depreciation:					
Buildings and improvements	\$	5,112,859 \$	260,566 \$	180,467	5,192,958
Improvements other than buildings		3,707,117	89,230	-	3,796,347
Equipment	_	2,320,393	280,095		2,600,488
Total accumulated depreciation	\$_	11,140,369 \$	629,891 \$	180,467	\$11,589,793
Total capital assets being					
depreciated, net	\$_	8,799,739 \$	(270,772) \$	199,461	\$ 8,329,506
Governmental activities capital					
assets, net	\$_	10,301,099 \$	(24,851) \$	199,461	\$ 10,076,787

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

Note 4—Capital Assets: (Continued)

Primary Government: (Continued)		Balance July 1, 2017	Additions	Deletions	 Balance June 30, 2018
Business-type Activities:					
Capital assets, being depreciated: Machinery and equipment Utility plant in service	\$	- \$ 4,348,261	283,600 \$		\$ 283,600 4,348,261
Total capital assets being depreciated	\$	4,348,261 \$	283,600 9	-	\$ 4,631,861
Accumulated depreciation: Utility plant in service	\$	621,070 \$	86,965	<u> </u>	\$ 708,035
Total capital assets being depreciated, net	\$_	3,727,191 \$	196,635	S	\$ 3,923,826
Business-type activities capital assets, net	\$	3,727,191 \$	196,635	S	\$ 3,923,826
Component Unit-School Board:		Balance July 1, 2017	Additions	Deletions	 Balance June 30, 2018
•					
Governmental Activities: Capital assets, not being depreciated: Land	\$_	99,952 \$	\$	<u>-</u>	\$ 99,952
Capital assets, being depreciated: Buildings and improvements Improvements other than buildings Equipment	\$	23,435,738 \$ 720,057 5,700,810	379,928 \$ - 208,081_	- - -	\$ 23,815,666 720,057 5,908,891
Total capital assets being depreciated	\$	29,856,605 \$	588,009 \$	-	\$ 30,444,614
Accumulated depreciation: Buildings and improvements Improvements other than buildings Equipment	\$	14,194,045 \$ 469,274 5,189,679	739,302 \$ 12,325 147,046	- -	\$ 14,933,347 481,599 5,336,725
Total accumulated depreciation	\$_	19,852,998 \$	898,673 \$		\$ 20,751,671
Total capital assets being depreciated, net	\$_	10,003,607 \$	(310,664)	-	\$ 9,692,943
Governmental activities capital assets, net	\$ <u>_</u>	10,103,559 \$	(310,664)	<u>-</u>	\$ 9,792,895

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

Note 4—Capital Assets: (Continued)

Primary Government

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

Trilliary dovernment	
Governmental activities:	
General government administration Public safety Public works Health and Welfare Community development	\$ 327,357 130,912 140,301 4,360 26,961
Total Governmental Activities	\$ 629,891
Business type activities	\$ 86,965
Total Primary Government	\$ 716,856
Component Unit-School Board	\$ 898,673

Note 5-Pension Plan:

Plan Description

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

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

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

Note 5—Pension Plan: (Continued)

RETIREMENT PLAN PROVISIONS						
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN				
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.				

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

Note 5—Pension Plan: (Continued)

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

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

Note 5—Pension Plan: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)						
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN				
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.	Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.				
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	Creditable Service Same as Plan 1.	Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.				

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

Note 5—Pension Plan: (Continued)

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

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

Note 5—Pension Plan: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	Vesting (Cont.) Defined Contribution Component: (Cont.) Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit Defined Benefit Component: See definition under Plan 1. Defined Contribution Component: The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

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

Note 5—Pension Plan: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED) PLAN 1 PLAN 2 HYBRID RETIREMENT PLAN		
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. Sheriffs and regional jail superintendents: Same as Plan 1. Political subdivision hazardous duty employees: Same as Plan 1.	Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. Sheriffs and regional jail superintendents: Not applicable. Political subdivision hazardous duty employees: Not applicable. Defined Contribution Component: Not applicable.
Normal Retirement Age VRS: Age 65. Political subdivisions hazardous duty employees: Age 60.	Normal Retirement Age VRS: Normal Social Security retirement age. Political subdivisions hazardous duty employees: Same as Plan 1.	Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2. Political subdivisions hazardous duty employees: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.

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

Note 5—Pension Plan: (Continued)

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

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

Note 5—Pension Plan: (Continued)

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

Note 5—Pension Plan: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Cost-of-Living Adjustment (COLA) in Retirement (Cont.) Exceptions to COLA Effective Dates: • The member retires directly from short-term or longterm disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	Cost-of-Living Adjustment (COLA) in Retirement (Cont.) Exceptions to COLA Effective Dates: Same as Plan 1.	Cost-of-Living Adjustment (COLA) in Retirement (Cont.) Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2.
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.	Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.	Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 optins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

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

Note 5—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage (Cont.)	Disability Coverage (Cont.)	Disability Coverage (Cont.)
		Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service Defined Benefit Component: Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. Defined Contribution Component: Not applicable.

Pension Plan Data

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

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

Note 5—Pension Plan: (Continued)

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	81	37
Inactive members: Vested inactive members	18	3
Non-vested inactive members	20	5
Inactive members active elsewhere in VRS	55	16
Total inactive members	93	24
Active members	117	29
Total covered employees	291	90

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the <u>Code of Virginia</u>, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The County's contractually required employer contribution rate for the year ended June 30, 2018 was 8.91% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$475,366 and \$448,244 for the years ended June 30, 2018 and June 30, 2017, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2018 was 9.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

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

Note 5—Pension Plan: (Continued)

Contributions: (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$56,736 and \$55,128 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net Pension Liability

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

Actuarial Assumptions - General Employees

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

Inflation 2.5%

Salary increases, including inflation 3.5% - 5.35%

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

expenses, including inflation*

Mortality rates:

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

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.

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

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

Note 5-Pension Plan: (Continued)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates: (Continued)

Post-Disablement:

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

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

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - Non-Hazardous Duty:

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

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

Note 5—Pension Plan: (Continued)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates: (Continued)

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

Inflation 2.5%

Salary increases, including inflation 3.5% - 4.75%

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

expenses, including inflation*

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

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

Note 5—Pension Plan: (Continued)

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

Mortality rates: (Continued)

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.

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

Largest 10 - Hazardous Duty:

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

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

Note 5—Pension Plan: (Continued)

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

Mortality rates: (Continued)

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 heattily, and disabled)	
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%

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:

Fixed Income 15.00% 0.69% 0.10 Credit Strategies 15.00% 3.96% 0.50 Real Assets 15.00% 5.76% 0.80 Private Equity 15.00% 9.53% 1.43	Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Credit Strategies 15.00% 3.96% 0.56 Real Assets 15.00% 5.76% 0.86 Private Equity 15.00% 9.53% 1.43	Public Equity	40.00%	4.54%	1.82%
Real Assets 15.00% 5.76% 0.86 Private Equity 15.00% 9.53% 1.43	Fixed Income	15.00%	0.69%	0.10%
Private Equity 15.00% 9.53% 1.43	Credit Strategies	15.00%	3.96%	0.59%
	Real Assets	15.00%	5.76%	0.86%
Total 100.00% 4.80	Private Equity	15.00%	9.53%	1.43%
	Total	100.00%		4.80%
Inflation 2.50			Inflation	2.50%
*Expected arithmetic nominal return 7.30		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%.

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

Note 5—Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the County and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government						
	Increase (Decrease)						
		Total Pension Liability (a)	_	Plan Fiduciary Net Position (b)	_	Net Pension Liability (a) - (b)	
Balances at June 30, 2016	\$	22,183,281	\$_	19,273,622	\$_	2,909,659	
Changes for the year:							
Service cost	\$	608,923	\$	-	\$	608,923	
Interest		1,517,955		-		1,517,955	
Changes of assumptions		7,334		-		7,334	
Differences between expected and actual experience		(219,828)		-		(219,828)	
Contributions - employer		-		437,632		(437,632)	
Contributions - employee		-		265,479		(265,479)	
Net investment income Benefit payments, including refunds		-		2,341,406		(2,341,406)	
of employee contributions		(996,413)		(996,413)		-	
Administrative expenses		-		(13,544)		13,544	
Other changes		-	_	(2,082)		2,082	
Net changes	\$	917,971	\$	2,032,478	\$	(1,114,507)	
Balances at June 30, 2017	\$	23,101,252	\$	21,306,100	\$	1,795,152	

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

Note 5—Pension Plan: (Continued)

Changes in Net Pension Liability

Net investment income

Administrative expenses

Balances at June 30, 2017

Other changes

Net changes

Benefit payments, including refunds

of employee contributions

Total Plan Net **Pension Fiduciary** Pension **Net Position** Liability Liability (a) - (b) (a) (b) Balances at June 30, 2016 4,097,491 \$ 3,540,097 \$ 557,394 Changes for the year: \$ Service cost 54,550 \$ 54,550 279,919 279,919 Interest Changes of assumptions (14,912)(14,912)Differences between expected and actual experience (251, 147)(251, 147)Contributions - employer 52,589 (52,589)Contributions - employee 27,717 (27,717)

(197, 298)

(128,888) \$

3,968,603 \$

Component School Board (nonprofessional)
Increase (Decrease)

425,863

(197, 298)

(2,524)

305,971

3,846,068

(376)

(425,863)

2,524

(434,859)

122,535

376

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

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

		Rate					
		1% Decrease		Current Discount		1% Increase	
	,	(6.00%)		(7.00%)		(8.00%)	
County's Net Pension Liability (Asset)	\$	4,688,090	\$	1,795,152	\$	(620,295)	
Component Unit School Board's (nonprofessional) Net Pension Liability (Asset)	\$	559,860	\$	122,535	\$	(247,967)	

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

Note 5—Pension Plan: (Continued)

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

For the year ended June 30, 2018, the County and Component Unit School Board (nonprofessional) recognized pension expense of (\$176,291) and (\$72,563), respectively. At June 30, 2018, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

			Component Unit School			
	Primary Gov	ernment	Board (nonprofessional)			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ - \$	585,338 \$	2,515 \$	121,690		
Change in assumptions	4,831	-	-	7,225		
Net difference between projected and actual earnings on pension plan investments	-	309,226	-	54,072		
Employer contributions subsequent to the measurement date	475,366		56,736			
Total	\$ 480,197 \$	894,564 \$	59,251 \$	182,987		

\$475,366 and \$56,736 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	_	Component Unit School Board (nonprofessional)
2019	\$ (633,119)	\$	(163,201)
2020	(54,661)		18,093
2021	(1,341)		1,088
2022	(200,612)		(36,452)
Thereafter	_		-

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

Note 5—Pension Plan: (Continued)

Component Unit School Board (professional)

Plan Description

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

Contributions

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

Each School Division's contractually required employer contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,879,993 and \$1,625,869 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of \$17,958,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was .14% as compared to .16% at June 30, 2016.

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

Note 5—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2018, the school division recognized pension expense of \$546,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2018, 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	\$	-	\$	1,272,000
Net difference between projected and actual earnings on pension plan investments		-		652,000
Changes in proportion and differences between employer contributions and proportionate share of contributions		-		2,442,000
Changes in assumptions		262,000		-
Employer contributions subsequent to the measurement date	<u>-</u>	1,879,993	_	
Total	\$	2,141,993	\$ <u>_</u>	4,366,000

\$1,879,993 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	i	
2019	\$	(1,485,000)
2020		(784,000)
2021		(756,000)
2022		(889,000)
2023		(190,000)

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

Note 5—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation 2.5%

Salary increases, including inflation 3.5% - 5.95%

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

expenses, including inflation*

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Note 5—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

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 arithme	tic 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 one 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 member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

Note 5—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

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

	Rate				
	 1% Decrease		Current Discount		1% Increase
	(6.00%)		(7.00%)		(8.00%)
School division's proportionate		_			
share of the VRS Teacher					
Employee Retirement Plan					
Net Pension Liability	\$ 26,817,000	\$	17,958,000	\$	10,629,000

Pension Plan Fiduciary Net Position

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

Note 6—Compensated Absences:

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

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

Primary Government \$\(\frac{666,908}{}\)

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

Note 7—Long-Term Obligations:

Primary Government:

Governmental Activities:

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

	_	Restated Balance at July 1, 2017	Issuances/ Additions	Retirements/ Deletions	Balance at June 30, 2018	Payable Due Within One Year
Governmental Activities:						
Revenue bond	\$	1,946,217 \$	- \$	1,537,492 \$	408,725 \$	96,275
General obligation bonds (VPSA)		712,290	-	297,290	415,000	50,000
General obligation bonds		2,908,737	-	1,440,655	1,468,082	243,563
General lease purchase		5,103,197	2,391,777	87,529	7,407,445	312,425
Premium on bond issuance		745,479	390,793	388,484	747,788	70,358
Qualified zone academy bonds		2,116,857	-	-	2,116,857	-
Notes payable		536,000	-	112,000	424,000	112,000
Landfill closure and postclosure						
care liability		4,789,728	86,215	-	4,875,943	-
Landfill corrective action plan		365,835	6,585	-	372,420	-
Net pension liability		2,909,659	2,048,192	3,162,699	1,795,152	-
Net OPEB liabilities		1,104,000	47,600	95,500	1,056,100	-
Compensated absences	_	708,409		41,501	666,908	66,691
Total Governmental Activities	\$_	23,946,408 \$	4,971,162 \$	7,163,150 \$	21,754,420 \$	951,312

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

	_	Bonds & Notes Payable (1)					
Year	_	Principal		Interest			
2019	\$	814,263	\$	356,104			
2020		840,829		326,229			
2021		857,238		293,973			
2022		890,146		260,856			
2023		826,948		228,683			
2024-2028		3,685,413		722,544			
2029-2032	_	2,208,415	_	125,319			
	\$_	10,123,252	\$_	2,313,708			

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

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

Note 7—Long-Term Obligations: (Continued)		
Primary Government: (Continued)		
Governmental Activities: (Continued)		
Details of long-term obligations:		
General obligation bonds:		
\$1,000,000 Virginia Public School Authority Bonds issued May 11, 2006, maturing annually through July 15, 2026 with interest payable semi-annually at rates from 4.1% to 5.1%.	\$	415,000
\$5,123,382 Series 2015 Lease purchase issued June 17, 2015, maturing annually	·	,
through June 17, 2030 with interest payable annually at a rate of 2.35%		5,060,097
Plus: Premium on issuance		7,425
\$2,080,820 general obligation bond issued June 13, 2012, maturing annually through June 30, 2024 with interest payable semi-annually at varying interest rates of 2.125 to 5.125%.		1,178,082
Plus: Premium on issuance		
rtus. Fremium on issuance		229,930
\$540,000 general obligation refunded bond issued August 15, 2017, maturing annually through November 1, 2021 with interest payable semi-annually at a		
variable rate.		290,000
Total general obligation bonds	\$	7,180,534
Revenue bond (payable from General Fund property rentals):		
\$499,538 lease revenue bond dated August 15, 2017, maturing annually through November 1, 2021 with interest payable semi-annually at a variable rate.	\$	408,713
\$2,391,777 lease revenue bond dated August 2, 2017, maturing annually through November 1, 2031 with interest payable semi-annually at a variable rate.		2,347,348
Plus: Premium on issuance		510,445
Total revenue bond (payable from General Fund property rentals)	\$	3,266,506

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

Note 7—Long-Term Obligations: (Continued)		
Primary Government: (Continued)		
Governmental Activities: (Continued)		
Details of long-term obligations: (Continued)		
Qualified zone academy bonds:		
\$1,116,857 Qualified Zone Academy Bond, issued December 29, 2005, maturing December 29, 2020. Annual payments of \$60,425 are required to be placed in a sinking fund that will be used to pay the debt in 2020.	\$	1,116,857
\$1,000,000 Qualified Zone Academy Bonds, issued December 13, 2006, maturing December 13, 2022. Annual payments of \$49,728 are required to be placed in a sinking fund that will be used to pay the debt in 2022.		1 000 000
Total qualified zone academy bonds	<u> </u>	1,000,000 2,116,857
	· <u> </u>	, -,
Notes Payable:		
\$1,500,000 note payable issued May 29, 2007, due in annual principal installments of \$100,000 and semi-annual interest payments at 4.61%, maturing July 31, 2021	\$	400,000
\$120,000 note payable issued March 2010, due in annual principal installments of \$12,000 bearing no interest, maturing March 2020.		24,000
Total notes payable	\$	424,000
Other long-term obligations:		
Landfill closure and postclosure care liability	\$	4,875,943
Landfill corrective action plan liability		372,420
Compensated absences		666,908
Net pension liability		1,795,152
Net OPEB liabilities		1,056,100
Total other long-term obligations	\$	8,766,523
Total Governmental Activities long-term obligations	\$_	21,754,420

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

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities:

The following is a summary of long-term obligations transactions of the Business-type Activities for the year ended June 30, 2018:

	Balance July 1, 2017	Issuances	Retirements	Balance June 30, 2018	Due Within One Year
Business-type Activities:					
Lease revenue bonds Premium on bond issuance	\$ 3,409,031 416,087	\$ 2,453,224 \$ <u>387,994</u>	2,738,315 \$ 338,261	3,123,940 \$ 465,820	181,385 49,530
Total Business-type Activities	\$ 3,825,118	\$ <u>2,841,218</u> \$	3,076,576 \$	3,589,760 \$	230,915

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

		Lease Revenue Bond							
Year	_ [Principal	Interest						
		_							
2019	\$	181,384 \$	123,428						
2020		187,751	116,059						
2021		194,118	107,786						
2022		206,200	98,330						
2023		215,195	89,018						
2024-2028		1,232,941	306,102						
2029-2032		906,351	51,637						
	\$	3,123,940 \$	892,360						

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

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities: (Continued)

Revenue bond (payable from Enterprise Fund):

\$2,342,978 lease revenue bond dated November 16, 2011, maturing annually through June 30, 2032 with interest payable semi-annually at a rate of 3.67%.	\$ 716,288
\$2,407,652 lease revenue bond dated August 2, 2017, maturing annually through November 1, 2031 with interest payable semi-annually at a variable rate.	2,407,652
Plus: Premium on issuance	 465,820
Total business-type activities long-term obligations	\$ 3,589,760

Component Unit - School Board:

The following is a summary of long-term obligations transactions of the Component Unit- School Board for the year ended June 30, 2018:

	_	Restated Balance July 1, 2017	_	Addition	_	Deletions	 Balance June 30, 2018	Payable Due Within One Year
Net OPEB liabilities Net pension liability	\$	5,866,600 22,226,394	\$_	364,500 3,742,960	\$_	583,900 7,888,819	\$ 5,647,200 \$ 18,080,535	- -
Total	\$	28,092,994	\$	4,107,460	\$	8,472,719	\$ 23,727,735 \$	-

Note 8—Litigation:

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

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

Note 9—Contingent Liabilities:

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

Note 10—Surety Bonds:

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

Note 11—Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County records a portion of this closure and postclosure care liability in each period based on landfill capacity as of each balance sheet date. The County opened a new cell in 2008. The amounts reported as closure and postclosure care liabilities at June 30, 2018 were \$2,580,031 and \$2,295,912, respectively. Furthermore, the County reports \$372,420 as corrective action liability. These amounts are based on what it would cost to perform all closure and postclosure care in 2018. Actual cost may be higher due to inflation, changes in technology or changes in regulation. During fiscal year 2017 the County started construction on a new cell.

The County has demonstrated financial assurance requirements for closure, postclosure and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code. The County intends to fund these costs from accumulated funds held in the general fund.

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

Note 12-Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and natural disasters. The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

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

The County continues to carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage.

Note 13-Interfund Transfers:

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

Fund	 Transfers In	Transfers Out
General Fund	\$ - \$	3,012,162
VPA Fund	1,659,475	
School Debt Service Fund	110,153	-
Water Fund	626,330	-
Sewer Fund	616,204	-
Total	\$ 3,012,162 \$	3,012,162

Transfers were made for operational expenditures.

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

Note 14-Notes Receivable:

The County provided an equipment loan to Prospect Volunteer Fire Department in March 2016 in the amount of \$187,500. The loan bears simple interest at 3% and is payable over 5 years. At June 30, 2018, this note had an outstanding balance of \$112,500.

The County provided an equipment loan to Prince Edward County Rescue Squad in March 2017 in the amount of \$120,000. The loan bears simple interest at 3% and is payable over 5 years. At June 30, 2018, this note had an outstanding balance of \$96,000.

The County received an energy conservation block grant from the Department of Mines, Minerals and Energy on behalf of STEPS, Inc. in the amount of \$668,002. The grant was paid to STEPS, Inc. to fund an energy efficiency contract in the amount of \$719,268. The difference between the grant award and the contract was loaned to STEPS, Inc. in the amount of \$51,266. Payment is expected during 2019. The loan bears no interest. The outstanding balance on the note receivable at June 30, 2018 was \$51,266.

Note 15-Unavailable/Deferred Revenue:

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

<u>Unavailable Property Tax Revenue</u> - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$14,834,458 (including 2nd half billings of \$13,271,971 not due until December 5) at June 30, 2018.

<u>Prepaid Property Taxes</u> - Property taxes due subsequent to June 30, 2018 but paid in advance by the taxpayers totaled \$86,588 at June 30, 2018.

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

Plan Description

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

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

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

Plan Description: (Continued)

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

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS

Eligible Employees

The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.

Eligible employees are enrolled automatically upon employment. They include:

• Full-time permanent (professional) salaried employees of public school divisions covered under VRS.

Benefit Amounts

The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:

- <u>At Retirement</u> For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.
- <u>Disability Retirement</u> For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either:
 - o \$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.

Health Insurance Credit Program Notes:

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

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

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the <u>Code of Virginia</u>, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 1.23% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Program were \$146,208 and \$128,756 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of \$1,865,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was .14698% as compared to .15461% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$139,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

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

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

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

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

		Deferred Outflows of Resources	_	Deferred Inflows of Resources
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	\$	- :	\$	3,000
Change in assumptions		-		20,000
Change in proportion		-		84,000
Employer contributions subsequent to the measurement date	-	146,208	_	<u>-</u>
Total	\$	146,208	\$_	107,000

\$146,208 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2019	\$ (17,000)
2020	(17,000)
2021	(17,000)
2022	(17,000)
2023	(16,000)
Thereafter	(23,000)

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

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 Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation 2.5%

Salary increases, including inflation:

Teacher employees 3.5%-5.95%

Investment rate of return 7.0%, net of investment expenses,

including inflation*

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.

^{*}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.

Notes to Financial Statements As of June 30, 2018 (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, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

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

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

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

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 arithme	tic nominal return	7.30%

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate					
	1% Decrease		Current Discount		1% Increase	
	(6.00%)		(7.00%)		(8.00%)	
School division's proportionate						
share of the VRS Teacher						
Employee HIC OPEB Plan						
Net HIC OPEB Liability	\$ 2,081,000	\$	1,865,000	\$	1,681,000	

Teacher Employee HIC OPEB Fiduciary Net Position

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

Note 17—Group Life Insurance (GLI) Program (OPEB Plan):

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

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

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Plan Description: (Continued)

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

Eligible Employees

The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:

- City of Richmond
- City of Roanoke
- Roanoke City School Board
- City of Portsmouth
- City of Norfolk

Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

Benefit Amounts

The benefits payable under the Group Life Insurance Program have several components.

- <u>Natural Death Benefit</u> The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- Accidental Death Benefit The accidental death benefit is double the natural death benefit.
- Other Benefit Provisions In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
 - Accidental dismemberment benefit
 - Safety belt benefit
 - o Repatriation benefit
 - o Felonious assault benefit
 - Accelerated death benefit option

Reduction in Benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,111.

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

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Contributions

The contribution requirements for the Group Life Insurance Program are governed by \$51.1-506 and \$51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$27,288 and \$26,266 for the years ended June 30, 2018 and June 30, 2017, respectively, for the County; \$3,112 and \$3,027 for the years ended June 30, 2018 and June 30, 2017, respectively, for the School Board (nonprofessional); \$63,014 and \$60,541 for the years ended June 30, 2018 and June 30, 2017, respectively, for the School Board (professional).

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

At June 30, 2018, the entity reported a liability of \$412,000 for the County; \$48,000 for the School Board (nonprofessional); and \$950,000 for the School Board (professional) for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the participating employer's proportion was .02738% as compared to .02803% at June 30, 2016 for the County. At June 30, 2017, the participating employer's proportion was .00316% as compared to .00338% at June 30, 2016 for the School Board (nonprofessional). At June 30, 2017, the participating employer's proportion was .06312% as compared to .06602% at June 30, 2016 for the School Board (professional).

For the year ended June 30, 2018, the participating employer recognized GLI OPEB expense of \$3,000 (County), \$0 (School Board - nonprofessional), and \$3,000 (School Board - professional). 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.

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

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

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

		Deferred Outflows of Resources		Deferred Inflows of Resources
Primary Government	ċ		_	0.000
Differences between expected and actual experience	\$	-	\$	9,000
Net difference between projected and actual earnings on GLI OPEB program investments		-		16,000
Change in assumptions		-		21,000
Changes in proportion		-		9,000
Employer contributions subsequent to the measurement date	_	27,288		
Total	\$	27,288	\$	55,000
Component Unit School Board (nonprofessional) Differences between expected and actual experience	\$	-	\$	1,000
Net difference between projected and actual earnings on GLI OPEB program investments		-		2,000
Change in assumptions		-		2,000
Changes in proportion		-		3,000
Employer contributions subsequent to the measurement date		3,112		-
Total	\$	3,112	\$	8,000
Component Unit School Board (professional)	_			
Differences between expected and actual experience	\$	-	\$	21,000
Net difference between projected and actual earnings on GLI OPEB program investments		-		36,000
Change in assumptions		-		49,000
Changes in proportion		-		43,000
Employer contributions subsequent to the				
measurement date	_	63,014		-
Total	\$	63,014	\$	149,000

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

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

\$27,288 (County); \$3,112 (School Board nonprofessional), and \$63,014 (School Board professional) were reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	 Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2019	\$ (11,000) \$	(2,000) \$	(30,000)
2020	(11,000)	(2,000)	(30,000)
2021	(11,000)	(2,000)	(30,000)
2022	(11,000)	(1,000)	(30,000)
2023	(7,000)	(1,000)	(21,000)
Thereafter	(4,000)	-	(8,000)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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

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

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - General State Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - JRS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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%

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

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	_	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$	2,942,426
Plan Fiduciary Net Position		1,437,586
Employers' Net GLI OPEB Liability (Asset)	\$ _	1,504,840
Plan Fiduciary Net Position as a Percentage		
of the Total GLI OPEB Liability		48.86%

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

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

Note 17—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%
*E	7.30%		

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

Note 17—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		Current Discount		1% Increase	
	(6.00%)		(7.00%)		(8.00%)	
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 533,000	\$	412,000	\$	314,000	
School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 62,000	\$	48,000	\$	37,000	
School Board (professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 1,229,000	\$	950,000	\$	724,000	

Group Life Insurance Program Fiduciary Net Position

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

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

Note 18—Medical, Dental, and Vision Insurance - Pay-as-you-Go (OPEB Plan):

County

Plan Description

In addition to the pension benefits described in Note 5, the County administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Vision 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. In addition, the County provides a fixed basic death benefit for all retirees.

Plan Membership

At July 1, 2016 (valuation date), the following employees were covered by the benefit terms:

Total active employees with coverage	106
Total retirees with coverage	1
Total	107

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County Board. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2018 was \$14,500.

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

Note 18—Medical, Dental, and Vision Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County: (Continued)

Total OPEB Liability

The County's total OPEB liability was measured as of July 1, 2017. 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 as of July 1, 2017

Salary Increases 2.50% per year for general salary inflations as of July 1, 2017

Discount Rate 3.56% for accounting and funding disclosures as of June 30, 2017

Healthcare Cost Trend Rates 7.0% for fiscal year ending June 30, 2018

Mortality rates for Active employees and healthy retirees were based on a RP-2014 Mortality Table fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2017.

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

Discount Rate

The discount rate has been set equal to 3.56% and represents GO AA 20-year yield curve rate as of June 30, 2017.

Changes in Total OPEB Liability

	_	Primary Government Total OPEB Liability
Balances at June 30, 2017	\$	614,000
Changes for the year:		
Service cost		22,200
Interest		22,400
Contributions - employer		(14,500)
Net changes	_	30,100
Balances at June 30, 2018	\$ _	644,100

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

Note 18—Medical, Dental, and Vision Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County: (Continued)

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

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

		Rate		
1% Decrease (2.56%)		Current Discount Rate (3.56%)		1% Increase (4.56%)
\$ 713,700	\$	644,100	\$	581,000

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

The following presents the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.00% decreasing by 0.25% annually to an ultimate rate of 4.00%) or one percentage point higher (8.00% decreasing by 0.25% annually to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

			Rates		
			Healthcare Cost		
	1% Decrease		Trend		1% Increase
(6.00% decreasing		(7.00% decreasing			(8.00% decreasing
to 4.00%)			to 5.00%)		to 6.00%)
\$	560,500	\$	644,100	\$	744,200

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

For the year ended June 30, 2018, the County recognized OPEB expense in the amount of \$44,600.

At June 30, 2018 the County did not have any deferred outflows of resources or deferred inflows of resources related to the OPEB plan.

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.

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

Note 18—Medical, Dental, and Vision Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board

Plan Description

In addition to the pension benefits described in Note 5, the School Board administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Vision 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. In addition, the School Board provides a fixed basic death benefit for all retirees.

Plan Membership

At July 1, 2016 (valuation date), the following employees were covered by the benefit terms:

Total active employees with coverage	243
Total retirees with coverage	32
Total	275

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2018 was \$129,900.

Total OPEB Liability

The School Board's total OPEB liability was measured as of July 1, 2017. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

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

Note 18—Medical, Dental, and Vision Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

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 as of July 1, 2017

Salary Increases 2.50% per year for general salary inflations as of July 1, 2017

Discount Rate 3.56% for accounting and funding disclosures as of June 30, 2017

Healthcare Cost Trend Rates 25.0% for fiscal year ending June 30, 2018

Mortality rates for Active employees and healthy retirees were based on a RP-2014 Mortality Table fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2017.

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

Discount Rate

The discount rate has been set equal to 3.56% and represents the Municipal GO-AA 20-year yield curve rate as of June 30, 2017.

Changes in Total OPEB Liability

	_	School Board Total OPEB Liability
Balances at June 30, 2017	\$	2,691,600
Changes for the year:		42.4 F00
Service cost		124,500 98,000
Interest Contributions - employer		(129,900)
Net changes	_	92,600
Balances at June 30, 2018	ş -	2,784,200
	=	

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

Note 18—Medical, Dental, and Vision Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

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

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

	Rate		
1% Decrease (2.56%)	Current Discount Rate (3.56%)		1% Increase (4.56%)
\$ 2,987,200	\$ 2,784,200	- \$	2,596,400

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (24.00% decreasing by 0.25% annually to an ultimate rate of 4.00%) or one percentage point higher (26.00% decreasing by 0.25% annually to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

			Rates		
			Healthcare Cost		
	1% Decrease		Trend		1% Increase
(24.00% decreasing		(25.00% decreasing			(26.00% decreasing
to 4.00%)			to 5.00%)		to 6.00%)
\$	2,520,500	\$	2,784,200	\$	3,090,700

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

For the year ended June 30, 2018, the School Board recognized OPEB expense in the amount of \$222,500. At June 30, 2018, the School Board did not have any deferred outflows of resources or deferred inflows of resources related to the OPEB plan.

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.

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

Note 19—Upcoming Pronouncements:

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

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

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

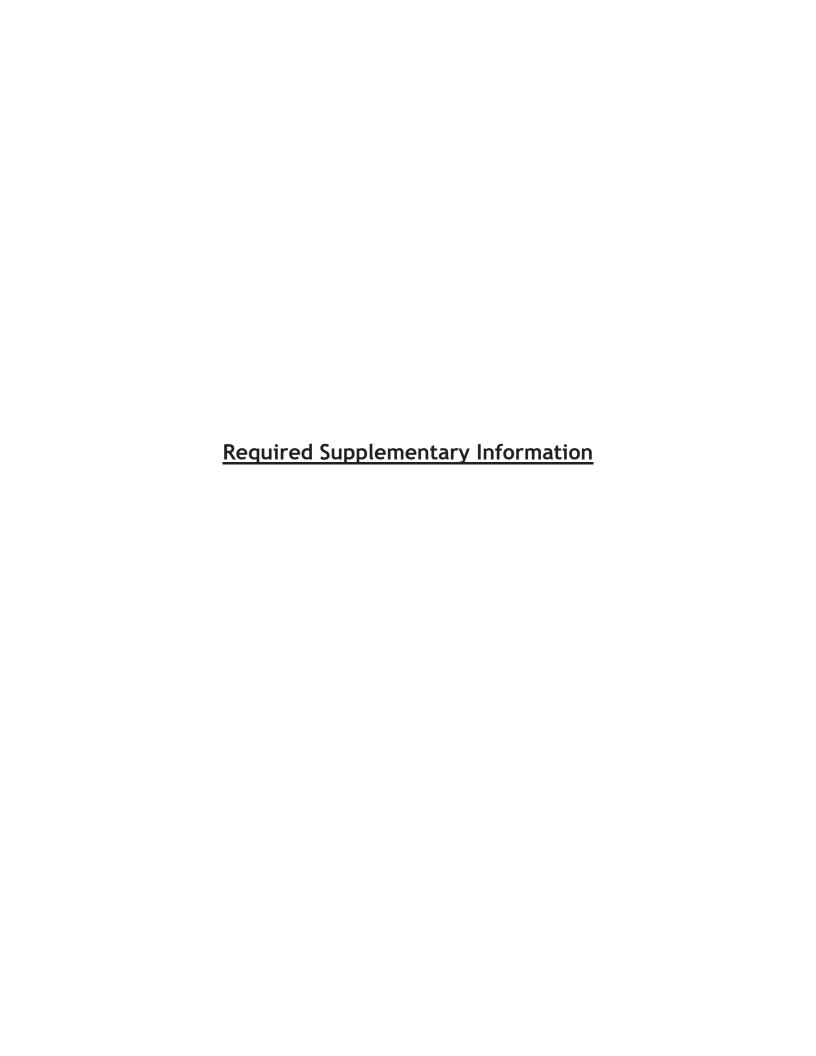
Management is currently evaluating the impact these standards will have on the financial statements when adopted.

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

Note 20—Adoption of Accounting Principles and Net Position Restatement:

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

		Primary Government	Component Unit	Component Unit
	-			Industrial
		Governmental	School	Development
		Activities	Board	Authority
Net Position, as reported at July 1, 2017	\$	4,838,290	(11,734,158) \$	2,076,082
Note receivable reclassifed to Component Unit Implementation of GASB Statement No. 75:		(612,193)	-	612,193
Health Insurance OPEB		(388,900)	(2,345,700)	-
Group Life Insurance OPEB		(464,000)	(1,152,000)	-
VRS Teacher Health Insurance OPEB	_		(1,833,000)	
Net Position, as restated at July 1, 2017	\$	3,373,197	(17,064,858) \$	2,688,275



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

	_	Budgeted Ar	mounts		Actual	Variance with Final Budget - Positive
		Original	Final		Actual	(Negative)
REVENUES General property taxes Other local taxes	\$	12,726,869 \$ 3,727,000	12,726,869 3,727,000	\$	13,311,281 \$ 3,930,605	584,412 203,605
Permits, privilege fees, and regulatory licenses Fines and forfeitures Revenue from the use of money and property Charges for services Miscellaneous		69,980 162,750 375,708 421,557 51,658	69,980 176,750 375,708 131,757 109,986		84,435 201,017 369,443 134,837 170,891	14,455 24,267 (6,265) 3,080 60,905
Recovered costs Intergovernmental: Commonwealth		95,500 5,690,768	95,500		98,397 5,517,010	2,897 (213,295)
Federal		1,512,834	1,544,722	_	1,697,047	152,325
Total revenues	\$	24,834,624 \$	24,688,577	\$	25,514,963 \$	826,386
EXPENDITURES Current: General government administration Judicial administration Public safety	\$	1,629,782 \$ 1,627,221 4,152,654	1,639,927 1,662,696 4,570,107	\$	1,612,576 \$ 1,624,483 3,924,029	27,351 38,213 646,078
Public safety Public works Health and welfare Education Parks, recreation, and cultural Community development		1,897,564 4,437,896 8,452,734 276,808 715,066	4,376,107 694,357 4,437,896 8,452,734 276,808 716,766		1,462,747 4,274,895 8,068,635 280,598 661,489	(768,390) 163,001 384,099 (3,790) 55,277
Nondepartmental Capital projects Debt service: Principal retirement Interest and other fiscal charges		180,670 310,350 597,668 265,038	148,623 547,901 597,668 265,038	_	104,186 535,553 648,407 265,038	44,437 12,348 (50,739)
Total expenditures	\$	24,543,451 \$	24,010,521	\$	23,462,636 \$	547,885
Excess (deficiency) of revenues over (under) expenditures	\$	291,173 \$	678,056	\$	2,052,327 \$	1,374,271
OTHER FINANCING SOURCES (USES) Transfers in Transfers out Issuance of lease revenue refunding bonds Premium on refunding bonds Payment to refunded bond escrow agent	\$	43,108 \$ (334,281)	43,108 (1,221,488) - - -	\$	- \$ (1,352,687) 2,391,777 390,793 (2,761,069)	(43,108) (131,199) 2,391,777 390,793 (2,761,069)
Total other financing sources (uses)	\$	(291,173) \$	(1,178,380)	\$	(1,331,186)	(152,806)
Net change in fund balances Fund balances - beginning	\$	- \$ -	(500,324) 500,324	\$	721,141 \$ 12,199,744	1,221,465 11,699,420
Fund balances - ending	\$_	- \$	-	\$	12,920,885 \$	12,920,885

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

For the Years Ended June 30, 2015 through June 30, 2018

		2017	2016	2015	2014
Total pension liability					
Service cost	\$	608,923 \$	583,283 \$	545,827 \$	555,966
Interest		1,517,955	1,509,879	1,462,131	1,383,489
Differences between expected and actual experience		(219,828)	(1,025,111)	(446,242)	-
Changes in assumptions		7,334	-	-	-
Benefit payments, including refunds of employee contributions		(996,413)	(908,946)	(850,241)	(781,769)
Net change in total pension liability	\$	917,971 \$	159,105 \$	711,475 \$	1,157,686
Total pension liability - beginning		22,183,281	22,024,176	21,312,701	20,155,015
Total pension liability - ending (a)	\$	23,101,252 \$	22,183,281 \$	22,024,176 \$	21,312,701
Plan fiduciary net position					
Contributions - employer	\$	437,632 \$	555,222 \$	567,774 \$	604,584
Contributions - employee	•	265,479	241,585	248,130	246,898
Net investment income		2,341,406	333,781	841,567	2,496,224
Benefit payments, including refunds of employee contributions		(996,413)	(908,946)	(850,241)	(781,769)
Administrative expense		(13,544)	(11,833)	(11,394)	(13,259)
Other		(2,082)	(141)	(176)	132
Net change in plan fiduciary net position	\$	2,032,478 \$	209,668 \$	795,660 \$	2,552,810
Plan fiduciary net position - beginning		19,273,622	19,063,954	18,268,294	15,715,484
Plan fiduciary net position - ending (b)	\$	21,306,100 \$	19,273,622 \$	19,063,954 \$	18,268,294
County's net pension liability (asset) - ending (a) - (b)	\$	1,795,152 \$	2,909,659 \$	2,960,222 \$	3,044,407
Plan fiduciary net position as a percentage of the total pension liability		92.23%	86.88%	86.56%	85.72%
Covered payroll	\$	5,030,792 \$	5,034,064 \$	4,994,453 \$	4,941,586
County's net pension liability (asset) as a percentage of covered payroll		35.68%	57.80%	59.27%	61.61%

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

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

		2017	2016	2015	2014
Total pension liability					
Service cost	\$	54,550 \$	53,998 \$	50,122 \$	74,756
Interest		279,919	266,348	266,930	257,300
Differences between expected and actual experience		(251,147)	74,389	(119,719)	-
Changes in assumptions		(14,912)	-	-	-
Benefit payments, including refunds of employee contributions		(197,298)	(204,429)	(206,875)	(182,074)
Net change in total pension liability	\$	(128,888) \$	190,306 \$	(9,542) \$	149,982
Total pension liability - beginning		4,097,491	3,907,185	3,916,727	3,766,745
Total pension liability - ending (a)	\$	3,968,603 \$	4,097,491 \$	3,907,185 \$	3,916,727
Plan fiduciary net position					
Contributions - employer	\$	52,589 \$	55,387 \$	56,512 \$	50,281
Contributions - employee		27,717	30,165	30,842	29,439
Net investment income		425,863	60,144	160,116	493,037
Benefit payments, including refunds of employee contributions		(197,298)	(204,429)	(206,875)	(182,074)
Administrative expense		(2,524)	(2,277)	(2,280)	(2,719)
Other	_	(376)	(26)	(33)	26
Net change in plan fiduciary net position	\$	305,971 \$	(61,036) \$	38,282 \$	387,990
Plan fiduciary net position - beginning		3,540,097	3,601,133	3,562,851	3,174,861
Plan fiduciary net position - ending (b)	\$	3,846,068 \$	3,540,097 \$	3,601,133 \$	3,562,851
School Division's net pension liability (asset) - ending (a) - (b)	\$	122,535 \$	557,394 \$	306,052 \$	353,876
Plan fiduciary net position as a percentage of the total pension liability		96.91%	86.40%	92.17%	90.97%
•					
Covered payroll	\$	582,130 \$	607,723 \$	602,654 \$	599,266
School Division's net pension liability (asset) as a percentage of covered payroll		21.05%	91.72%	50.78%	59.05%

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

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

	_	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)		0.14%	0.15%	0.16%	0.17%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$	17,958,000 \$	21,669,000 \$	20,311,000 \$	20,970,000
Employer's Covered Payroll		11,604,550	11,760,526	11,745,639	12,499,030
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll		154.75%	184.25%	172.92%	167.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		72.92%	68.28%	70.68%	70.88%

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

			(Contributions in Relation to	1			Contributions
		Contractually Required		Contractually Required		Contribution Deficiency	Employer's Covered	as a % of Covered
		Contribution		Contribution		(Excess)	Payroll	Payroll
Date		(1)		(2)		(3)	(4)	(5)
Primary Go	vern	ment						
2018	\$	475,366	\$	475,366	\$	-	\$ 5,191,889	9.16%
2017		448,244		448,244		-	5,030,792	8.91%
2016		573,883		573,883		-	5,034,064	11.40%
2015		569,368		569,368		-	4,994,453	11.40%
2014		605,344		605,344		-	4,941,586	12.25%
2013		603,669		603,669		-	4,927,907	12.25%
2012		459,960		459,960		-	4,549,559	10.11%
2011		465,177		465,177		-	4,601,161	10.11%
2010		430,761		430,761		-	4,651,842	9.26%
2009		427,997		427,997		-	4,622,000	9.26%
Componen	t Uni	t School Board (noı	nprofessional)				
2018	\$	56,736	\$	56,736	\$	-	\$ 590,719	9.60%
2017		55,128		55,128		-	582,130	9.47%
2016		55,607		55,607		-	607,723	9.15%
2015		55,143		55,143		-	602,654	9.15%
2014		51,178		51,178		-	599,266	8.54%
2013		68,018		68,018		-	796,467	8.54%
2012		49,452		49,452		-	831,125	5.95%
2011		49,421		49,421		-	830,612	5.95%
2010		50,279		50,279		-	805,757	6.24%
2009		52,248		52,248		-	837,304	6.24%
Componen	t Uni	t School Board (pro	ofessional)				
2018	\$	1,879,993	\$	1,879,993	\$	-	\$ 11,995,057	15.67%
2017		1,657,572		1,657,572		-	11,604,550	14.28%
2016		1,728,178		1,728,178		-	11,760,526	14.69%
2015		1,660,376		1,660,376		-	11,745,639	14.14%
2014		1,444,425		1,444,425		-	12,499,030	11.56%
2013		1,498,019		1,498,019		-	12,847,504	11.66%
2012		1,488,380		1,488,380		-	13,136,626	11.33%
2011		1,167,485		1,167,485		-	13,073,738	8.93%
2010		1,562,792		1,562,792		-	13,452,785	11.62%
2009		1,932,103		1,932,103		-	13,990,607	13.81%

Notes to Required Supplementary Information - Pension For the Year Ended June 30, 2018

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

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

Largest 10 - Non-Hazardous Duty:

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

Largest 10 - Hazardous Duty:

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

Collers (Non To Eargest) Trazardous Daty.	
Mortality Rates (pre-retirement, post-retirement	Updated to a more current mortality table - RP-2014 projected to 2020
healthy, and disabled)	
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
	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

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

					Employer's Proportionate Share	
		Employer's			of the Net HIC OPEB	
	Employer's	Proportionate			Liability (Asset)	Plan Fiduciary
	Proportion of the	Share of the		Employer's	as a Percentage of	Net Position as a
	Net HIC OPEB	Net HIC OPEB		Covered	Covered Payroll	Percentage of Total
Date	Liability (Asset)	Liability (Asset)		Payroll	(3)/(4)	HIC OPEB Liability
(1)	(2)	(3)	_	(4)	(5)	(6)
2017	0.14698% \$	1,865,000	\$	11,599,639	16.08%	7.04%

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

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

 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)
\$ 146,208	\$	146,208	\$	-	\$	11,992,549	1.22%
128,756		128,756		-		11,599,639	1.11%
124,966		124,966		-		11,789,274	1.06%
127,172		127,172		-		11,997,401	1.06%
140,852		140,852		-		12,689,326	1.11%
148,825		148,825		-		13,407,623	1.11%
78,820		78,820		-		13,136,626	0.60%
78,442		78,442		-		13,073,738	0.60%
105,080		105,080		-		10,103,888	1.04%
151,099		151,099		-		13,990,607	1.08%
_ ·	Required Contribution (1) \$ 146,208 128,756 124,966 127,172 140,852 148,825 78,820 78,442 105,080	Contractually Required Contribution (1) \$ 146,208 \$ 128,756 124,966 127,172 140,852 148,825 78,820 78,442 105,080	Contractually Required Contribution (1) Contribution Contribution (2) \$ 146,208 \$ 146,208 \$ 128,756 128,756 \$ 124,966 124,966 \$ 127,172 127,172 \$ 148,825 148,825 \$ 78,820 78,820 \$ 78,442 78,442 \$ 105,080 105,080	Relation to Contractually Required Contribution (1) (2) \$ 146,208 \$ 146,208 \$ 128,756 128,756 124,966 124,966 127,172 127,172 140,852 140,852 148,825 78,820 78,442 78,442 105,080 105,080	Contractually Required Contribution Required Required Contribution Contribution (Excess) (1) (2) (3) \$ 146,208 \$ 146,208 \$ - 128,756 128,756 - 124,966 124,966 - 127,172 127,172 - 148,825 148,825 - 78,820 78,820 - 78,442 78,442 - 105,080 105,080 -	Relation to Contractually Required Contribution Deficiency (Excess) (3)	Contractually Required Contribution (1) Required Contribution (2) Contribution (2) Contribution (2) Employer's Covered Payroll (2) \$ 146,208 \$ 146,208 \$ - \$ 11,992,549 \$ 128,756 \$ 11,7992,549 \$ 124,966 \$ 124,966 \$ - \$ 11,789,274 \$ 11,789,274 \$ 140,852 \$ 140,852 \$ - \$ 12,689,326 \$ 148,825 \$ - \$ 13,407,623 \$ 78,820 \$ 78,820 \$ - \$ 13,136,626 \$ 78,442 \$ 78,442 \$ - \$ 13,073,738 \$ 105,080 \$ 105,080 \$ - \$ 10,103,888

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

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

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

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

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)		Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)						
Primary Go	vernment											
2017	0.02738%	\$ 412,000	\$	5,051,155	8.16%	48.86%						
Component Unit School Board (nonprofessional)												
2017	0.00316%	\$ 48,000	\$	582,130	8.25%	48.86%						
Component	Component Unit School Board (professional)											
2017	0.06312%	\$ 950,000	\$	11,642,450	8.16%	48.86%						

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

Schedule of Employer Contributions Group Life Insurance Program For the Years Ended June 30, 2009 through June 30, 2018

Date	_	Contractually Required Contribution (1)		Contributions in Relation to Contractually Required Contribution (2)		Contribution Deficiency (Excess) (3)		Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)	
Primary Go	veri	nment								
2018	\$	27,288	\$	27,288	\$	-	\$	5,207,704	0.52%	
2017		26,266		26,266		-		5,051,155	0.52%	
2016		24,175		24,175		-		5,036,405	0.48%	
2015		23,986		23,986		-		4,997,028	0.48%	
2014		23,720		23,720		-		4,941,586	0.48%	
2013		23,701		23,701		-		4,937,736	0.48%	
2012		12,833		12,833		-		4,583,194	0.28%	
2011		12,883		12,883		-		4,601,161	0.28%	
2010		9,418		9,418		-		3,488,095	0.27%	
2009		12,479		12,479		-		4,622,000	0.27%	
Component	Component Unit School Board (nonprofessional)									
2018	\$	3,112	\$	3,112	\$	-	\$	598,180	0.52%	
2017		3,027		3,027		-		582,130	0.52%	
2016		2,917		2,917		-		607,723	0.48%	
2015		2,893		2,893		-		602,654	0.48%	
2014		2,882		2,882		-		600,508	0.48%	
2013		3,940		3,940		-		799,900	0.49%	
2012		2,327		2,327		-		831,125	0.28%	
2011		2,326		2,326		-		830,612	0.28%	
2010		1,633		1,633		-		604,792	0.27%	
2009		2,261		2,261		-		837,304	0.27%	
Componen	t Un	it School Board	(pr	ofessional)						
2018	\$	63,014	\$	63,014	\$	-	\$	12,063,055	0.52%	
2017		60,541		60,541		-		11,642,450	0.52%	
2016		56,945		56,945		-		11,863,594	0.48%	
2015		57,789		57,789		-		12,039,575	0.48%	
2014		60,969		60,969		-		12,701,952	0.48%	
2013		61,127		61,127		-		12,734,854	0.48%	
2012		37,116		37,116		-		13,255,553	0.28%	
2011		36,518		36,518		-		13,042,020	0.28%	
2010		27,233		27,233		-		10,086,326	0.27%	
2009		37,760		37,760		-		13,985,019	0.27%	

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

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

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

General State Employees

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

Teachers

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

SPORS Employees

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

VaLORS Employees

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

Page 2 of 2

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

JRS Employees

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

	,
Mortality Rates (pre-retirement, post-	Updated to a more current mortality table - RP-2014 projected
retirement healthy, and disabled)	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 a	
	and service year	
Disability Rates	Adjusted rates to better match experience	
Salary Scale	No change	
Line of Duty Disability	Decreased rate from 60% to 45%	

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

	 2018
Total OPEB liability	
Service cost	\$ 22,200
Interest	22,400
Benefit payments	(14,500)
Net change in total OPEB liability	\$ 30,100
Total OPEB liability - beginning	614,000
Total OPEB liability - ending	\$ 644,100
Covered payroll	\$ 4,870,600
County's total OPEB liability (asset) as a percentage of	
covered payroll	13.22%

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

Notes to Required Supplementary Information - County OPEB For the Year Ended June 30, 2018

Valuation Date: 1/1/2016 Measurement Date: 7/1/2017

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

Methods and assumptions used to determine OPEB liability:

•	•
Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.56% as of July 1, 2017
Salary Scale	2.50% as of July 1, 2017
Healthcare Trend Rate	14.0% for fiscal year 2017, 7.0% for fiscal year 2018, and
	7.25% for fiscal year 2019, decreasing .25% per year to
	an ultimate rate of 5.00%
Retirement Age	At least age 60 with at least 30 years of service
Mortality Rates	RP-2014 Mortality Table, fully generational with base
	year 2006, projected using two-dimensional mortality
	improvement scale MP-2017

Schedule of Changes in Total OPEB Liability and Related Ratios Component Unit - School Board For the Year Ended June 30, 2018

	 2018
Total OPEB liability	
Service cost	\$ 124,500
Interest	98,000
Benefit payments	(129,900)
Net change in total OPEB liability	\$ 92,600
Total OPEB liability - beginning	2,691,600
Total OPEB liability - ending	\$ 2,784,200
Covered payroll	\$ 10,339,900
School Board's total OPEB liability (asset) as a percentage of	
covered payroll	26.93%

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

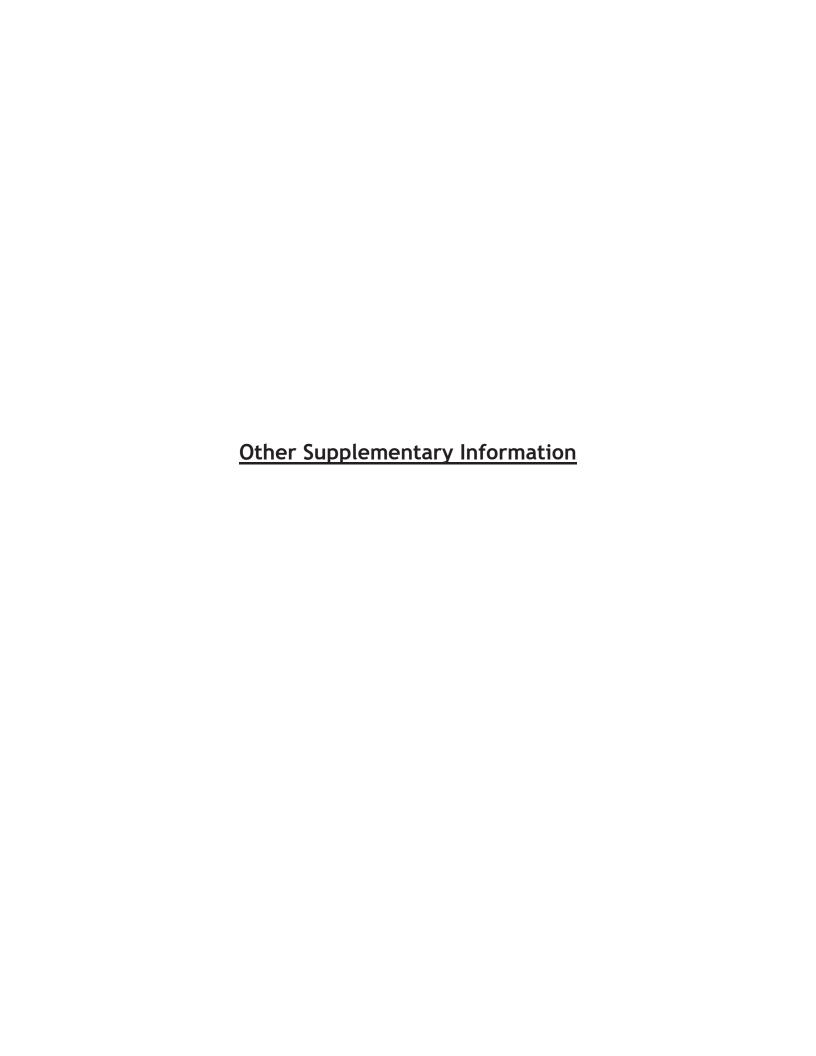
Notes to Required Supplementary Information - School Board OPEB For the Year Ended June 30, 2018

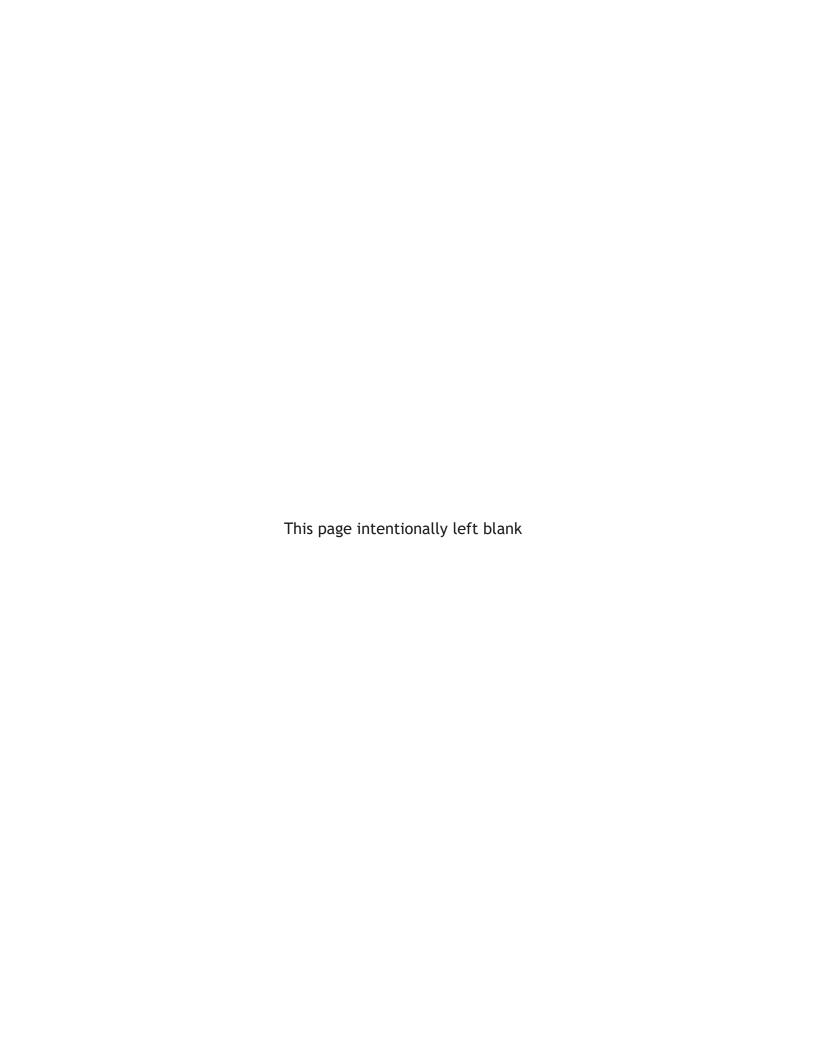
Valuation Date: 7/1/2016 Measurement Date: 7/1/2017

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.56% as of July 1, 2017
Salary Scale	2.50% as of July 1, 2017
Healthcare Trend Rate	14.0% for fiscal year 2017, 25.0% for fiscal year 2018,
	and 7.25% for fiscal year 2019, decreasing .25% per
	year to an ultimate rate of 5.00%
Retirement Age	At least age 60 with at least 30 years of service
Mortality Rates	RP-2014 Mortality Table, fully generational with base
	year 2006, projected using two-dimensional mortality improvement scale MP-2017







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

		Budgete	d Aı	mounts	_			Variance with Final Budget -
	_	Original		Final		Actual Amounts		Positive (Negative)
REVENUES								
Revenue from the use of money and property	\$	4,000	\$	4,000	\$	13,016	\$	9,016
Charges for services	_	250,000	_	250,000		319,952		69,952
Total revenues	\$_	254,000	\$_	254,000	\$_	332,968	\$	78,968
EXPENDITURES								
Current:								
Capital projects	\$_	254,000	\$_	254,000	. \$ -	-	\$_	254,000
Total expenditures	\$_	254,000	\$_	254,000	\$_	-	\$	254,000
Excess (deficiency) of revenues over (under)								
expenditures	\$_	-	\$_	-	\$_	332,968	\$_	332,968
Net change in fund balances	\$	-	\$	-	\$	332,968	\$	332,968
Fund balances - beginning	_	-	_	-		1,203,394		1,203,394
Fund balances - ending	\$_	-	\$_	-	\$	1,536,362	\$	1,536,362

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2018

	_	Special Revenue Funds		Capital Projects	_	Total
	_	Piedmont Court Services		Recreation Fund	_	Nonmajor Governmental Funds
ASSETS						
Cash and cash equivalents	\$_	337,551	\$	8,146	\$	345,697
Total assets	\$_	337,551	\$	8,146	\$	345,697
LIABILITIES						
Accounts payable	\$_	5,440	\$	-	\$	5,440
Total liabilities	\$_	5,440	\$	-	\$	5,440
FUND BALANCES Assigned:						
Recreation capital projects	\$	-	\$	8,146	\$	8,146
Special revenue	_	332,111		-	_	332,111
Total fund balances	\$_	332,111	\$	8,146	\$	340,257
Total liabilities and fund balances	\$_	337,551	\$	8,146	\$	345,697

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

For the Year Ended June 30, 2018

	_	Special Revenue Funds		Capital Projects Funds		Total
		Piedmont Court Services		Recreation Fund		Nonmajor Governmental Funds
REVENUES						
Revenue from the use of money and property	\$	1,109	\$	61	\$	1,170
Charges for services		64,809		-		64,809
Miscellaneous		399		-		399
Intergovernmental:						
Commonwealth	_	461,825		-		461,825
Total revenues	\$_	528,142	\$	61	\$	528,203
EXPENDITURES						
Public Safety	\$	502,643	\$	-	\$	502,643
Parks and Recreation	_	-		-		
Total expenditures	\$_	502,643	\$	-	\$	502,643
Excess (deficiency) of revenues over (under)						
expenditures	\$_	25,499	\$	61	\$	25,560
Net change in fund balances	\$	25,499	\$	61	\$	25,560
Fund balances - beginning	_	306,612		8,085		314,697
Fund balances - ending	\$	332,111	\$	8,146	\$	340,257
-	=		•	·	• •	·

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

		Capital Projects Funds								Special Revenue Funds								
				Recrea	tion F	und				Piedmont Court Services								
	Variance with Fina Budget Budgeted Amounts Positive					Final dget		Budgete	d A	mounts			Variance with Final Budget Positive					
	Or	riginal	F	inal	Act	ual	(Neg	(Negative)		Original	Original Fina			ctual	(Negative)			
REVENUES																		
Revenue from the use of money																		
and property	\$	- 9	\$	-	\$	61	\$	61	\$	800	\$	800	\$	1,109\$	309			
Charges for services		-		-		-		-		64,644		64,644		64,809	165			
Miscellaneous		-		-		-		-		-				399	399			
Intergovernmental:																		
Commonwealth		-		-		-		-	_	455,163		455,163	4	61,825	6,662			
Total revenues	\$		\$	-	\$	61	\$	61	\$_	520,607	\$_	520,607	\$ 5	28,142 \$	7,535			
EXPENDITURES																		
Public safety	\$	- 9	\$	-	\$	-	\$	_	\$	569,111	\$	569,111	\$ 5	02,643 \$	66,468			
Parks and recreation	·			-				-	· 	<u> </u>	· _			<u> </u>	<u> </u>			
Total expenditures	\$	- 9	\$	-	\$		\$	-	\$_	569,111	\$_	569,111	\$ 5	02,643 \$	66,468			
Excess (deficiency) of revenues																		
over (under) expenditures	\$		\$	-	\$	61	\$	61	\$_	(48,504)	\$_	(48,504)	\$	25,499 \$	74,003			
OTHER FINANCING SOURCES (USES)																		
Transfers in	\$	- 9	\$	-	\$	-	\$	-	\$	48,504	\$	48,504	\$	- \$	(48,504)			
Total other financing sources and uses	\$	- 9	\$	-	\$	-	\$	-	\$	48,504	\$	48,504	\$	- \$	(48,504)			
Net change in fund balances	\$	- 9	ŝ	-	\$	61	\$	61	\$		\$	-	\$	25,499 \$	25,499			
Fund balances - beginning				-		,085		8,085	· -	-	· _	-	-	06,612	306,612			
Fund balances - ending	\$	- 9	\$		\$ 8	,146	\$	8,146	\$	-	\$	-	\$ 3	32,111 \$	332,111			

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

	_	Special Welfare	· -	Piedmont Alcohol Safety Action Program	 Sales Tax Fund	 Total
ASSETS						
Cash and cash equivalents	\$_	-	\$	282,310	\$ 30	\$ 282,340
Total assets	\$_	-	\$	282,310	\$ 30	\$ 282,340
LIABILITIES						
Reconciled overdraft	\$	648	\$	-	\$ -	\$ 648
Amounts held for social services clients		(648)		-	-	(648)
Amounts held as sales tax to towns		-		-	30	30
Amounts held for Piedmont Alcohol Safety Action						
Program	_		-	282,310	 -	 282,310
Total liabilities	\$_	-	\$	282,310	\$ 30	\$ 282,340

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

		Balance Beginning of Year		Additions		Deletions		Balance End of Year
Special Welfare:	_		-		-		_	
Assets:								
Cash and cash equivalents	\$_	825	\$_	3,904	\$	4,729	\$_	-
Liabilities:								
Reconciled overdraft		-		648		-		648
Amounts held for social service clients	\$	825	\$	3,256	\$	4,729	\$	(648)
Total liabilities		825		3,904		4,729		-
Sales Tax:								
Assets:								
Cash and cash equivalents	\$_	30	\$	363,208	\$	363,208	\$	30
Liabilities:								
Sales tax payable to towns	\$_	30	\$	363,208	\$	363,208	\$	30
Piedmont Alcohol Safety Action Program: Assets:								
Cash and cash equivalents	\$_	324,782	\$_	317,053	\$_	359,525	\$_	282,310
Liabilities:								
Amounts held for Piedmont ASAP	\$_	324,782	\$_	317,053	\$	359,525	\$_	282,310
Totals All agency funds Assets:								
Cash and cash equivalents	\$	325,637	\$	684,165	\$	727,462	\$	282,340
Total assets	\$	325,637	\$	684,165	\$	727,462	\$	282,340
Liabilities:	_		-		-			
Reconciled overdraft	\$	_	\$	648	Ś	_	\$	648
Amounts held for social service clients	*	825	*	3,256	τ.	4,729	*	(648)
Amounts held as sales tax payable to towns		30		363,208		363,208		30
Amounts held for Piedmont ASAP		324,782		317,053		359,525		282,310
Total liabilities	\$_	325,637	\$	684,165	\$	727,462	\$	282,340

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

	-	School Operating Fund		School Cafeteria Fund		School Capital Projects Fund		Underground Storage Tank Fund		Total Governmental Funds
ASSETS										
Cash and cash equivalents Receivables (net of allowance for uncollectibles):	\$	1,106,180	\$	458,247	\$	- :	\$	20,000	\$	1,584,427
Accounts receivable		57,153		-		-		-		57,153
Due from other governmental units		863,343		17,597		-		-		880,940
Prepaid items	-	235,493		-			-	-		235,493
Total assets	\$_	2,262,169	\$	475,844	\$	-	\$_	20,000	\$	2,758,013
LIABILITIES										
Accounts payable	\$	22,081	\$	-	\$	- :	\$	-	\$	22,081
Accrued liabilities		1,171,626		36,029		-		-		1,207,655
Reconciled overdraft Due to primary government		1,068,462		-		50,900		-		50,900 1,068,462
Total liabilities	\$	2,262,169		36,029		50,900	_ د		\$	2,349,098
FUND BALANCES	٠,	2,202,109	- ۲	30,029	- ~ -	30,700	_ ب		- ~-	2,347,070
Nonspendable:										
Prepaid items	\$	235,493	\$	-	\$	-	\$	-	\$	235,493
Assigned: Cafeteria		_		439,815		_		_		439,815
Underground storage		-		-		-		20,000		20,000
Unassigned	_	(235,493)		-		(50,900)	_	-		(286,393)
Total fund balances	\$	-	\$	439,815	\$	(50,900)	\$_	20,000	\$_	408,915
Total liabilities and fund balances	\$	2,262,169	\$	475,844	\$	-	\$_	20,000	\$	2,758,013
Amounts reported for governmental act because:	ivities	in the state	me	ent of net	pos	ition (Exhibit	1) are different	:	
Total fund balances per above									\$	408,915
Capital assets used in governmental activare not reported in the funds.	ities a	re not financia	al ı	resources a	nd,	therefore,				
Capital assets Accumulated depreciation						:	\$ _	30,544,566 (20,751,671)	-	9,792,895
Deferred outflows of resources are not avexpenditures and, therefore, are not re				ent-period						
Pension related items						!	\$	2,201,244		2 442 570
OPEB related items							-	212,334	-	2,413,578
Long-term liabilities are not due and pay- reported in the funds.	able in	the current p	er	iod and, the	eref	ore, are not				
Net pension liability Net OPEB liability							\$ _	(18,080,535) (5,647,200)		(23,727,735)
Deferred inflows of resources are not not	due a	nd payable in	th	e current-p	eric	od				
and, therefore, are not reported in the	funds.						,	/ A E 40 00=1		
Pension related items OPEB related items							\$	(4,548,987) (264,000)		(4,812,987)
Net position of governmental activities							-	, , , , , , , , , , , , ,	\$	(15,925,334)
, 5										, -,· -j ·)

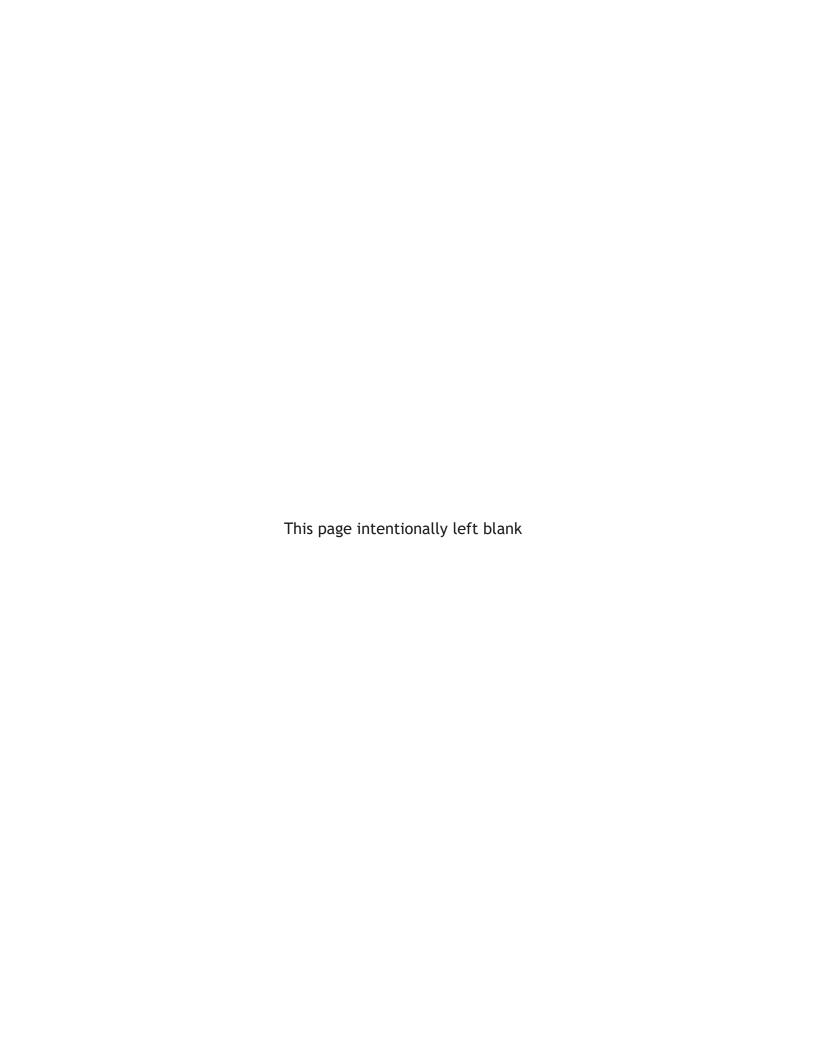
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds - Discretely Presented Component Unit - School Board For the Year Ended June 30, 2018

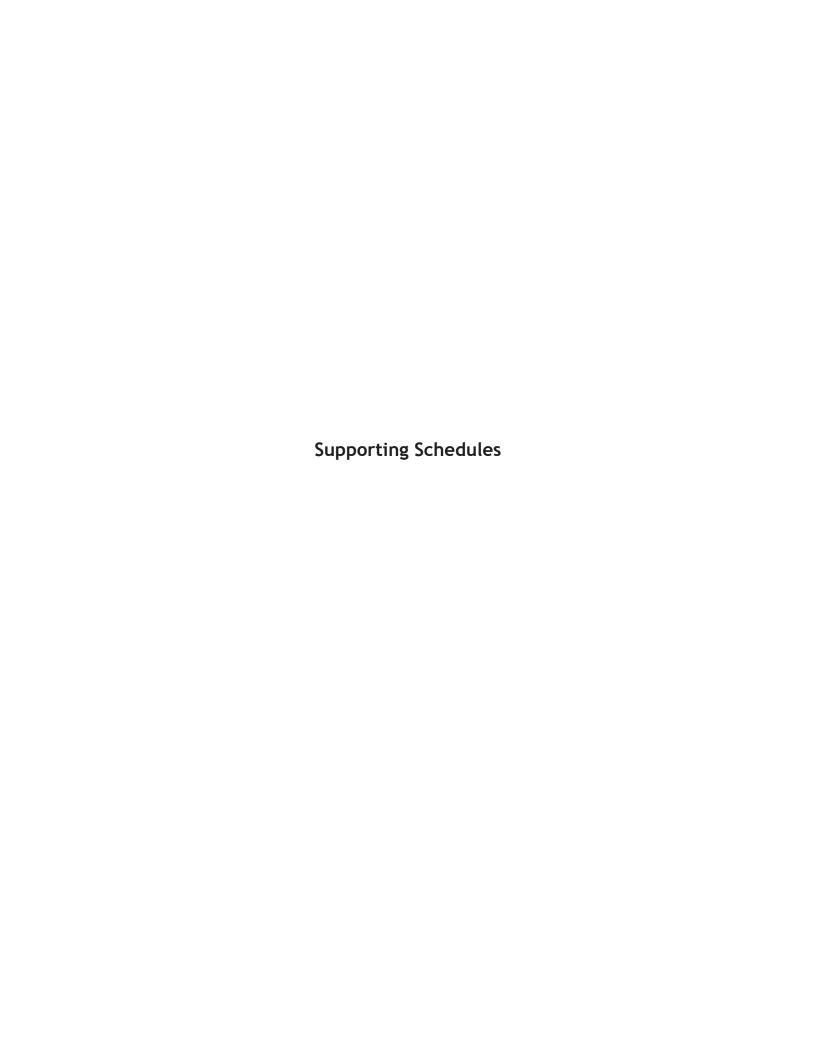
	_	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Underground Storage Tank Fund	Total Governmental Funds
REVENUES Powerup from the use of manay and preparty	ċ	31,868 \$	1,154 \$	- \$	- 9	22 022
Revenue from the use of money and property Charges for services	\$	235,585	136,736	- >		33,022 372,321
Miscellaneous		11,641	130,730	_	-	11,641
Recovered costs		78,176	-	_	_	78,176
Intergovernmental:		70,170				70,170
Local government		8,056,885	-	_	-	8,056,885
Commonwealth		14,170,036	17,357	_	-	14,187,393
Federal		1,987,167	1,085,377	_	-	3,072,544
Total revenues	\$	24,571,358 \$	1,240,624 \$	- \$	- 9	
EXPENDITURES	-		·····	·.		·
Current:						
Education	\$	24,082,773 \$	1,252,196 \$	- \$	- 9	25,334,969
Debt service:	·	, , .	, , .			, ,
Principal retirement		269,776	-	-	-	269,776
Interest and other fiscal charges	_	218,809	<u> </u>		-	218,809
Total expenditures	\$	24,571,358 \$	1,252,196 \$	- \$	- 9	25,823,554
Excess (deficiency) of revenues over (under) expenditures	\$_	- \$	(11,572) \$	- \$	- 5	5 (11,572)
Net change in fund balances	\$	- \$	(11,572)\$	- \$	- 9	(11,572)
Fund balances - beginning	_	<u> </u>	451,387	(50,900)	20,000	420,487
Fund balances - ending	\$_	<u> </u>	439,815 \$	(50,900) \$	20,000	408,915
Amounts reported for governmental activities in the stateme Net change in fund balances - total governmental funds - pe			it 2) are differer	nt because:	Ş	5 (11,572)
Governmental funds report capital outlays as expenditures of those assets is allocated over their estimated useful lives amount by which the depreciation exceeded capital outlays	and	reported as depre				
Capital asset additions				\$	208,081	
Net transfer of joint tenancy assets					199,461	
Depreciation expense					(718,206)	(310,664)
Some expenses reported in the statement of activities do no and, therefore are not reported as expenditures in government			ırrent financial r	resources		
Pension expense				\$	1,484,026	
OPEB expense				-	(22,266)	1,461,760
Change in net position of governmental activities				·		1,139,524

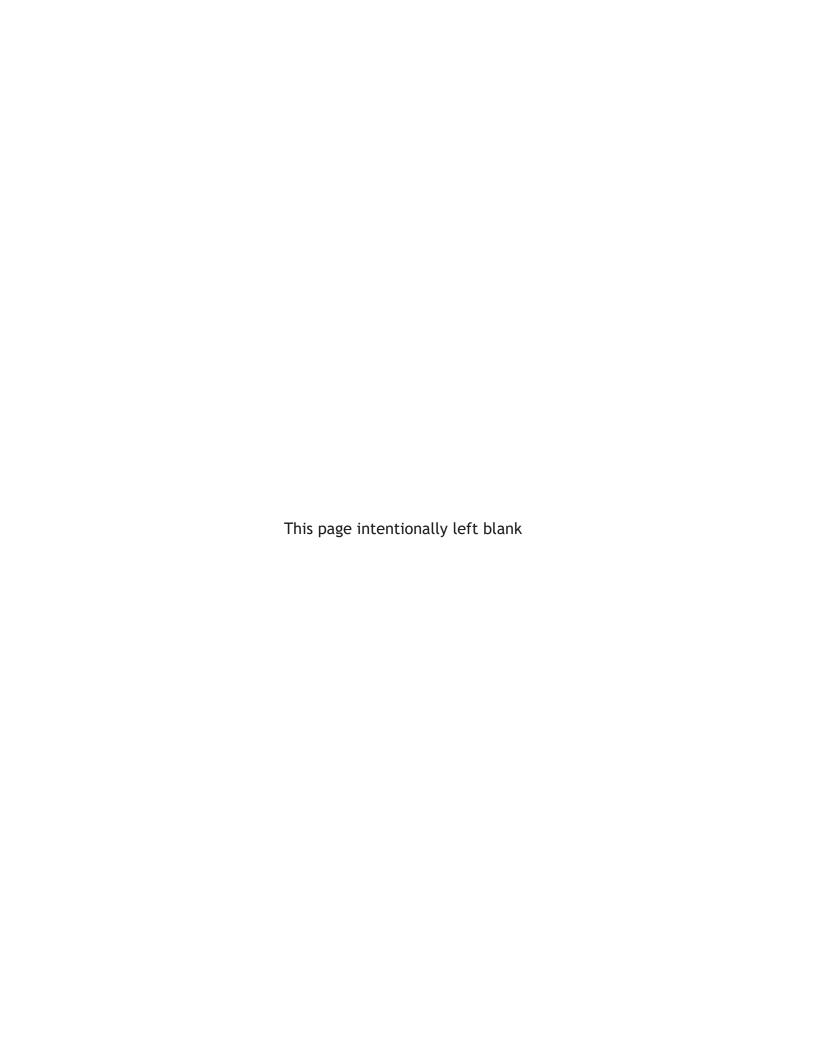
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Discretely Presented Component Unit - School Board For the Year Ended June 30, 2018

	_			School O	pera	ting Fund		
		Budget	ed A	mounts				Variance with Final Budget Positive
	-	Original		Final	•	Actual		(Negative)
	-						1	
REVENUES Revenue from the use of								
money and property	\$	20,000	\$	20,000	\$	31,868	\$	11,868
Charges for services	Ş	72,919	Ş	72,919	þ	235,585	Ş	162,666
Miscellaneous		118,000		118,000		11,641		(106,359)
Recovered costs		204,371		204,371		78,176		
Intergovernmental:		204,371		204,371		70,170		(126,195)
Local government		8,440,984		8,440,984		8,056,885		(384,099)
Commonwealth		14,762,949		14,807,444		14,170,036		(637,408)
Federal		2,074,751		2,074,751		1,987,167		(87,584)
rederat	-	2,074,731	. ,	2,074,731	. ,	1,707,107	<u>.</u>	(07,304)
Total revenues	\$_	25,693,974	\$	25,738,469	\$	24,571,358	\$	(1,167,111)
EXPENDITURES								
Current:								
Education	\$	25,092,287	\$	25,136,782	\$	24,082,773	\$	1,054,009
Debt service:								
Principal retirement		382,878		382,878		269,776		113,102
Interest and other fiscal charges	_	218,809		218,809		218,809		
Total expenditures	\$	25,693,974	\$	25,738,469	\$	24,571,358	\$	1,167,111
Excess (deficiency) of revenues								
over (under) expenditures	\$_	-	\$	-	\$	-	\$	-
Net change in fund balances	\$	-	\$	-	\$	-	\$	-
Fund balances - beginning	· -	-		-		-		
Fund balances - ending	\$	-	\$	-	\$	-	\$	-

_	School Cafeteria Fund									School Capital Projects Fund									
-	Budgete Original	Budgeted Amounts riginal Final A			Actual	Variance v Final Bud Positiv Actual (Negativ			Budgete Original	mounts Final		Actual	_	Variance with Final Budget Positive (Negative)					
\$	- 182,956	\$	- 182,956	\$	1,154 136,736	\$	1,154 (46,220)	\$	-	\$	-	\$	-	\$	-				
	10,000		10,000		-		(10,000)		-		-		-		-				
	- 18,903 863,053		- 18,903 863,053		- 17,357 1,085,377		- (1,546) 222,324		-				-		- -				
\$	1,074,912	\$_	1,074,912	\$	1,240,624	\$	165,712	\$	-	\$	-	\$	-	\$	-				
\$	1,094,912	\$	1,173,724	\$	1,252,196	\$	(78,472)	\$	-	\$	-	\$	-	\$	-				
	-		-		-		-		-		-		-		-				
\$	1,094,912	\$_	1,173,724	\$	1,252,196	\$	(78,472)	\$	-	\$	-	\$	-	\$	-				
\$	(20,000)	\$_	(98,812)	\$	(11,572)	\$	87,240	\$	-	\$	-	\$	-	\$					
\$	(20,000) 20,000	\$	(98,812) 98,812	\$	(11,572) 451,387	\$	87,240 352,575	\$	-	\$	-	\$	(50,900)		(50,900)				
\$		\$ _	-	\$	439,815	\$	439,815	\$	-	\$	-	\$	(50,900)	-	(50,900)				







Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual		Variance with Final Budget - Positive (Negative)
General Fund:								
Revenue from local sources:								
General property taxes:								
Real property taxes	\$	7,714,776	\$	7,714,776	\$	7,760,791	\$	46,015
Real and personal public service corporation taxes	·	540,000	·	540,000	·	529,479	•	(10,521)
Personal property taxes		3,707,093		3,707,093		4,125,556		418,463
Mobile home taxes		30,000		30,000		36,471		6,471
Machinery and tools taxes		40,000		40,000		71,203		31,203
Merchants' capital taxes		408,000		408,000		465,583		57,583
Penalties		162,000		162,000		170,655		8,655
Interest	_	125,000		125,000		151,543		26,543
Total general property taxes	\$_	12,726,869	\$_	12,726,869	\$_	13,311,281	\$	584,412
Other local taxes:								
Local sales and use taxes	\$	2,750,000	\$	2,750,000	\$	2,864,176	\$	114,176
Consumers' utility taxes		305,000		305,000		313,830		8,830
Gross receipts tax		65,000		65,000		63,944		(1,056)
Motor vehicle licenses		475,000		475,000		483,347		8,347
Taxes on recordation and wills	_	132,000		132,000		205,308		73,308
Total other local taxes	\$_	3,727,000	\$_	3,727,000	\$_	3,930,605	\$_	203,605
Permits, privilege fees, and regulatory licenses:								
Animal licenses	\$	10,000	\$	10,000	\$	9,781	\$	(219)
Permits and other licenses	_	59,980		59,980		74,654		14,674
Total permits, privilege fees, and regulatory licenses	\$_	69,980	\$_	69,980	\$_	84,435	\$	14,455
Fines and forfeitures:								
Court fines and forfeitures	\$_	162,750	\$_	176,750	\$_	201,017	\$_	24,267
Revenue from use of money and property:								
Revenue from use of money	\$	109,860	\$	109,860	\$	103,794	\$	(6,066)
Revenue from use of property	_	265,848		265,848		265,649		(199)
Total revenue from use of money and property	\$_	375,708	\$	375,708	\$	369,443	\$	(6,265)
Charges for services:								
Court costs	\$	1,921	\$	38,121	\$	23,531	\$	(14,590)
Charges for law library	·	6,500	·	6,500	·	7,510	·	1,010
Charges for courthouse maintenance		9,300		9,300		11,318		2,018
Charges for Commonwealth's Attorney		1,650		1,650		-		(1,650)
Miscellaneous fees		4,400		4,400		7,013		2,613
Charges for cannery		12,000		12,000		15,567		3,567
Charges for other protection		59,786		59,786		69,898		10,112
Charges for sanitation and waste removal	_	326,000		-		-	_	
Total charges for services	\$_	421,557	\$_	131,757	\$_	134,837	\$_	3,080

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual		Variance with Final Budget - Positive (Negative)
General Fund: (Continued)								
Revenue from local sources: (Continued)								
Miscellaneous:								
Expenditure refunds	\$	22,408	\$	22,408	\$	11,477	\$	(10,931)
Insurance recoveries		-		-		47,515		47,515
Miscellaneous	_	29,250		87,578	-	111,899		24,321
Total miscellaneous	\$_	51,658	\$_	109,986	\$	170,891	\$	60,905
Recovered costs:								
Other recovered costs	\$	75,500	\$	75,500	\$	98,397	\$	22,897
Circuit court judge	_	20,000		20,000		-		(20,000)
Total recovered costs	\$_	95,500	\$_	95,500	\$	98,397	\$	2,897
Total revenue from local sources	\$_	17,631,022	\$_	17,413,550	\$_	18,300,906	\$_	887,356
Intergovernmental: Revenue from the Commonwealth: Noncategorical aid:								
Motor vehicle carriers' tax	\$	70,000	\$	70,000	\$	818	\$	(69,182)
Mobile home titling tax		30,000		30,000		29,292		(708)
Motor vehicle rental tax		500		500		2,463		1,963
State recordation tax		40,000		40,000		54,067		14,067
Communications tax		290,000		290,000		284,657		(5,343)
Personal property tax relief funds	_	1,305,350		1,305,350		1,305,350		
Total noncategorical aid	\$_	1,735,850	\$_	1,735,850	\$_	1,676,647	\$	(59,203)
Categorical aid:								
Shared expenses:	÷	42.4.220	Ļ	42.4.220	ċ	422.004	ċ	(2.244)
Commonwealth's attorney	\$	424,220 1,054,031	\$	424,220 1,083,031	\$	422,004 1,083,043	\$	(2,216) 12
Sheriff Commissioner of revenue		94,626		94,626		94,185		(441)
Treasurer		91,397		91,397		91,446		49
Registrar/electoral board		36,231		36,231		37,398		1,167
Clerk of the Circuit Court	_	304,955		312,955		306,657		(6,298)
Total shared expenses	\$_	2,005,460	\$_	2,042,460	\$_	2,034,733	\$_	(7,727)
Other categorical aid:								
Emergency medical services	\$	28,436	\$	28,436	\$	-	\$	(28,436)
Welfare administration and assistance		887,105		887,105		965,082		77,977
Litter control grant		7,528		7,528		7,008		(520)

Fund, Major and Minor Revenue Source		Original Budget		Final Budget	_	Actual		Variance with Final Budget - Positive (Negative)
General Fund: (Continued) Intergovernmental: (Continued)								
Revenue from the Commonwealth: (Continued) Categorical aid: (Continued)								
Other Categorical aid: (Continued)					_		_	
Sheriff - jails Comprehensive services act	\$	39,149 915,240	\$	41,686 915,240	\$	57,729 5 701,515	\$	16,043 (213,725)
Victim-witness grant		70,000		70,000		17,500		(52,500)
Fire program funds		-		-		50,655		50,655
Other categorical	_	2,000		2,000	_	6,141	_	4,141
Total other categorical aid	\$_	1,949,458	\$_	1,951,995	\$_	1,805,630	\$_	(146,365)
Total categorical aid	\$_	3,954,918	\$	3,994,455	\$_	3,840,363	\$_	(154,092)
Total revenue from the Commonwealth	\$_	5,690,768	\$	5,730,305	\$_	5,517,010	\$_	(213,295)
Revenue from the federal government:								
Payments in lieu of taxes	\$_	75,500	\$	75,500	\$_	75,544	\$_	44
Categorical aid:								
Welfare administration and assistance	\$	1,437,334	\$	1,437,334	\$	1,547,169	\$	109,835
Emergency management performance grant		-		-		9,436		9,436
Bulletproof vest partnership program		-		9,117		4,559		(4,558)
Other federal revenue	_	-		22,771	_	60,339	_	37,568
Total categorical aid	\$_	1,437,334	\$	1,469,222	\$_	1,621,503	\$_	152,281
Total revenue from the federal government	\$_	1,512,834	\$	1,544,722	\$_	1,697,047	\$_	152,325
Total General Fund	\$_	24,834,624	\$	24,688,577	\$_	25,514,963	\$_	826,386
Capital Projects Funds: Landfill Construction Fund: Revenue from local sources: Revenue from use of money and property:								
Revenue from the use of money	\$_	4,000	\$_	4,000	\$_	13,016	\$_	9,016
Charges for services:								
Tipping fees - non-county users	\$_	250,000	\$	250,000	\$_	319,952	\$_	69,952
Total revenue from local sources	\$_	254,000	\$	254,000	\$_	332,968	\$_	78,968
Total Landfill Construction Fund	\$_	254,000	\$	254,000	\$_	332,968	\$_	78,968

Fund, Major and Minor Revenue Source		Original Budget		Final Budget	_	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (Continued)							
Recreation Fund: Revenue from local sources:							
Revenue from use of money and property:	¢		ċ		ċ		
Revenue from the use of money	\$_	-		-	·	61 5	
Total Pagestian Fund	\$_	-			.\$_	61 5	
Total Recreation Fund	^{\$} =	-	\$_	-	\$=	61	61
Special Revenue Funds: Piedmont Court Services Fund: Revenue from local sources: Revenue from use of money and property:							
Revenue from the use of money	\$_	800	\$_	800	\$_	1,109	309
Total revenue from use of money and property	\$_	800	\$	800	\$	1,109	309
Charges for services:							
Other charges for services	\$_	64,644	\$_	64,644	\$_	64,809	165
Total charges for services	\$_	64,644	\$_	64,644	\$_	64,809	165
Miscellaneous:							
Other miscellaneous	\$_	-	.\$_	-	\$_	399	399
Total miscellaneous	\$_	-	\$_	-	\$_	399	399
Total revenue from local sources	\$_	65,444	\$_	65,444	\$_	66,317	873
Intergovernmental: Revenue from the Commonwealth: Categorical aid							
DCJS - community corrections	\$_	455,163		455,163		461,825	
Total categorical aid	\$_	455,163	\$_	455,163	\$_	461,825	6,662
Total revenue from the Commonwealth	\$_	455,163	\$_	455,163	\$_	461,825	6,662
Total Piedmont Court Services Fund	\$ <u>_</u>	520,607	\$	520,607	\$	528,142	7,535
Debt Service Fund: School Debt Service Revenue from local sources: Revenue from use of money and property: Revenue from the use of money	\$	-	Ś	-	Ś	32,662	5 32,662
Total revenue from local sources	*_ \$	_		_	· -	32,662	
	· -		· —	<u> </u>	· -		
Total School Debt Service Fund	\$ <u></u>	-	\$_	-	\$	32,662	32,662
Total Primary Government	\$_	25,609,231	\$_	25,463,184	\$_	26,408,796	945,612

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual		Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: School Operating Fund: Revenue from local sources: Revenue from use of money and property:								
Revenue from the use of property	\$_	20,000	\$	20,000	\$	31,868	\$	11,868
Total revenue from use of money and property	\$_	20,000	\$	20,000	\$	31,868	\$	11,868
Charges for services: Charges for education	\$_	72,919	\$_	72,919	\$_	235,585	\$_	162,666
Miscellaneous: Other miscellaneous	\$_	118,000	\$_	118,000	\$	11,641	\$_	(106,359)
Recovered costs: Other recovered costs	\$_	204,371	\$	204,371	\$	78,176	\$	(126,195)
Total revenue from local sources	\$_	415,290	\$	415,290	\$	357,270	\$	(58,020)
Intergovernmental: Revenues from local governments: Contribution from County of Prince Edward, Virginia	\$	8,440,984	\$	8,440,984	\$	8,056,885	\$	(384,099)
Total revenues from local governments	\$	8,440,984	- \$	8,440,984	\$	8,056,885	\$	(384,099)
Revenue from the Commonwealth: Categorical aid: Share of state sales tax Basic school aid Other state funds	\$	2,946,914 6,268,303 5,547,732	\$	2,946,914 6,268,303 5,592,227	\$	2,776,324 5,940,220 5,453,492	\$	(170,590) (328,083) (138,735)
Total categorical aid	\$	14,762,949	\$	14,807,444	\$	14,170,036	\$	(637,408)
Total revenue from the Commonwealth	\$_	14,762,949	\$	14,807,444	\$	14,170,036	\$	(637,408)
Revenue from the federal government: Categorical aid: Title I Title II	\$	979,967 171,293	\$	979,967 171,293	\$	861,328 166,692	\$	(118,639) (4,601)
Title VI-B, special education flow-through Title VI-B, pre-school		620,894 19,410		620,894 19,410		764,407 19,410		143,513
Title V-A 21st Century Vocational education Other federal funds		47,940 174,891 57,521 2,835		47,940 174,891 57,521 2,835		20,589 131,234 23,507		(27,351) (43,657) (34,014) (2,835)
Total categorical aid	\$	2,074,751	 \$	2,074,751	\$	1,987,167	- \$	(87,584)
Total School Operating Fund	\$ <u></u>	25,693,974	\$	25,738,469	\$	24,571,358	\$	(1,167,111)

Fund, Major and Minor Revenue Source		Original Budget		Final Budget	_	Actual	Variance Final Bu Posit (Negat	dget - ive
Discretely Presented Component Unit - School Boar Special Revenue Fund: School Cafeteria Fund: Revenue from local sources: Revenue from use of money and property:	d: (Cont	inued)						
Revenue from the use of money	\$	-	\$	-	\$	1,154	,	1,154
Charges for services: Cafeteria sales	\$_	182,956	\$	182,956	\$	136,736	(4	46,220)
Recovered costs: Other recovered costs	\$_	10,000	\$_	10,000	\$_		(·	10,000)
Total revenue from local sources	\$_	192,956	\$_	192,956	\$_	137,890	(!	55,066)
Intergovernmental revenues: Revenue from the Commonwealth: Categorical aid: School food program grant	\$_	18,903	\$_	18,903	\$_	17,357	i.	(1,546)
Total categorical aid	\$	18,903	\$	18,903	\$	17,357		(1,546)
Total revenue from the Commonwealth Revenue from the federal government:	\$_	18,903	\$	18,903	\$	17,357		(1,546)
Categorical aid: School nutrition program	\$_	863,053	\$_	863,053	\$_	1,085,377	22	22,324
Total categorical aid	\$_	863,053	\$_	863,053	\$	1,085,377	22	22,324
Total School Cafeteria Fund	\$_	1,074,912	\$_	1,074,912	\$_	1,240,624	10	65,712
Total Discretely Presented Component Unit - School Board	\$_	26,768,886	\$_	26,813,381	\$_	25,811,982	(1,00	01,399)

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

Fund, Function, Activity, and Elements		Original Budget		Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:						
General government administration:						
Legislative: Board of supervisors	\$	125,665	\$	125,665 \$	126,423 \$	(758)
Canaral and financial administration.	_		_			
General and financial administration: County administrator	\$	517,755	¢	523,655 \$	517,113 \$	6,542
Legal services	Ţ	88,323	۲	88,323	72,976	15,347
Commissioner of revenue		290,905		290,905	296,735	(5,830)
Treasurer		334,577		334,577	315,556	19,021
Independent Auditor		43,847		43,847	46,490	(2,643)
Assessor		14,000		14,000	7,168	6,832
Other general and financial administration	_	88,400	_	88,400	87,495	905
Total general and financial administration	\$_	1,377,807	\$_	1,383,707 \$	1,343,533 \$	40,174
Board of elections:						
Electoral board and officials	\$	34,550	\$	34,550 \$	44,980 \$	(10,430)
Registrar		91,760		96,005	97,640	(1,635)
Total board of elections	\$_	126,310	\$_	130,555 \$	142,620 \$	(12,065)
Total general government administration	\$_	1,629,782	\$	1,639,927 \$	1,612,576 \$	27,351
Judicial administration: Courts:						
Circuit court	\$	55,272	\$	55,272 \$	50,885 \$	4,387
General district court		11,400		11,400	9,949	1,451
Office of the magistrates Clerk of the circuit court		3,525		3,525	1,845	1,680 31,240
Law library		511,751 6,000		519,751 6,000	488,511 7,156	(1,156)
Sheriff - courts					404,326	(2,531)
Victim and witness assistance		388,466 70,115		401,795 71,055	71,052	(2,531)
	_	•	_	<u> </u>		
Total courts	\$_	1,046,529	۵_	1,068,798 \$	1,033,724 \$	35,074
Commonwealth's attorney: Commonwealth's attorney	\$	580,692	ċ	593,898 \$	590,759 \$	3,139
			_			,
Total judicial administration	\$_	1,627,221	٤_	1,662,696 \$	1,624,483 \$	38,213
Public safety:						
Law enforcement and traffic control:						
Sheriff	\$	1,999,319	\$	2,162,591 \$	2,145,407 \$	17,184
Emergency services		17,996		17,996	16,641	1,355
Line of Duty Act payments		21,000		21,000	16,482	4,518
Total law enforcement and traffic control	\$_	2,038,315	\$_	2,201,587 \$	2,178,530 \$	23,057
Fire and rescue services:	-	_				
Fire department	\$	536,600	\$	783,921 \$	611,816 \$	172,105
Ambulance and rescue services		92,800		92,800	92,800	-
Forestry service	_	12,000	_	12,000	11,687	313
Total fire and rescue services	\$	641,400	\$_	888,721 \$	716,303 \$	172,418

Fund, Function, Activity, and Elements		Original Budget		Final Budget		Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)							
Public safety: (Continued) Correction and detention:							
Regional jail and juvenile detention	\$	1,285,000	\$	1,285,000	\$	830,246 \$	454,754
Inspections:	_						
Building	\$	55,866	\$_	56,366	\$	56,334 \$	32
Other protection:							
Animal control	\$	124,273	\$	130,633	\$	134,816 \$	(4,183)
Other protection		7,300		7,300		7,500	(200)
Medical examiner (coroner)	_	500		500		300	200
Total other protection	\$	132,073	\$_	138,433	\$	142,616 \$	(4,183)
Total public safety	\$	4,152,654	\$_	4,570,107	\$	3,924,029 \$	646,078
Public works:							
Sanitation and waste removal:							
Refuse collection and disposal	\$			-			
Litter control	_	7,452		7,452		-	7,452
Total sanitation and waste removal	\$_	1,220,659	\$_	7,452	\$	775,621 \$	(768,169)
Maintenance of general buildings and grounds:							
General properties	\$_	676,905	\$_	686,905	\$	687,126 \$	(221)
Total public works	\$	1,897,564	\$_	694,357	\$	1,462,747 \$	(768,390)
Health and welfare:							
Health:							
Supplement of local health department	\$_	169,846	_\$_	169,846	\$	163,542 \$	6,304
Mental health and mental retardation:							
Chapter X board	\$_	60,000	\$_	60,000	\$	60,000 \$	
Welfare:							
Welfare administration and assistance	\$	2,928,439	\$	2,928,439		3,055,301 \$	
Comprehensive services act		1,201,000		1,201,000		922,441	278,559
Other welfare programs	_	78,611		78,611	_	73,611	5,000
Total welfare	\$_	4,208,050		4,208,050		4,051,353 \$	
Total health and welfare	\$_	4,437,896	_\$_	4,437,896	\$	4,274,895 \$	163,001
Education:							
Other instructional costs:	ć	44 750	ċ	14 750	ċ	11 750 6	
Contributions to community college Contribution to County School Board	\$	11,750 8,440,984	>	11,750 8,440,984	\$	11,750 \$ 8,056,885	- 384,099
•	_			-	_		
Total education	\$_	8,452,734	- > _	8,452,734	۶	8,068,635 \$	384,099

Fund, Function, Activity, and Elements		Original Budget		Final Budget		Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)							
Parks, recreation, and cultural: Parks and recreation:							
Supervision of parks and recreation	\$	57,000	\$	57,000	\$	57,000 \$	-
Cultural enrichment:	_				_		
Museums	\$_	9,000	\$_	9,000	\$_	12,790 \$	(3,790)
Contribution to regional library	\$_	210,808	\$_	210,808	\$_	210,808 \$	-
Total parks, recreation, and cultural	\$_	276,808	\$_	276,808	\$	280,598 \$	(3,790)
Community development: Planning and community development: Planning	\$	194,074	\$	194,074	\$	126,671 \$	67,403
Community development		48,850		48,850		48,850	- (45.400)
Economic development Tourism		177,966 81,459		177,966 83,159		193,646 83,133	(15,680) 26
Other community development		43,368		43,368		43,368	-
Total planning and community development	\$	545,717	\$	547,417	\$	495,668 \$	51,749
Environmental management: Soil and water conservation	\$_	17,840	\$	17,840	\$	17,250 \$	590
Cooperative extension program:							
Cooperative extension program Cannery	\$	70,014 81,495	\$	70,014 81,495	\$	67,960 \$ 80,611	2,054 884
Total cooperative extension program	<u> </u>	151,509	 S	151,509	- S	148,571 \$	
Total community development	* <u>-</u> \$	715,066		716,766		661,489 \$	
Nondepartmental:	· <u>-</u> -	· · · · · · · · · · · · · · · · · · ·	- ' -	· · · · · · · · · · · · · · · · · · ·		· · ·	•
Other nondepartmental	\$	180,670	Ś	148,623	\$	104,186 \$	44,437
Total nondepartmental	· _ \$	180,670		148,623		104,186 \$	
•	*_	100,070	- ~ -	0,020	- Ť –	Ψ.	,
Capital projects: Sandy River reservoir project	\$	8,000	\$	8,000	\$	2,563 \$	5,437
Industrial site development		-		-		8,370	(8,370)
Other capital projects	_	302,350		539,901		524,620	15,281
Total capital projects	\$_	310,350	\$_	547,901	\$_	535,553 \$	12,348
Debt service:							
Principal retirement Interest and other fiscal charges	\$	597,668 265,038	\$	597,668 265,038	\$	648,407 \$ 265,038	(50,739)
Total debt service	_ \$	862,706	 S	862,706	 S	913,445 \$	(50,739)
Total General Fund	\$ \$	24,543,451		24,010,521		23,462,636 \$	
Special Revenue Fund: Piedmont Court Services Fund: Public safety: Correction and detention:	`=		=		=	`	,
Piedmont Court Services	\$_	569,111		569,111		502,643 \$	66,468
Total other protection	\$_	569,111	\$_	569,111	\$_	502,643 \$	66,468
Total public safety	\$_	569,111	\$_	569,111	\$_	502,643 \$	66,468
Total Piedmont Court Services Fund	\$_	569,111	\$_	569,111	\$	502,643 \$	66,468

Fund, Function, Activity, and Elements		Original Budget		Final Budget		Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Fund:							
Landfill Construction Fund							
Capital projects expenditures:							
Landfill construction	\$_	254,000	\$_	254,000	\$_	- \$	254,000
Total Landfill Construction Fund	\$_	254,000	\$_	254,000	\$_	- \$	254,000
Total Capital Projects Fund	\$_	254,000	\$_	254,000	\$_	<u> </u>	254,000
Total Primary Government	\$_	25,366,562	\$_	24,833,632	\$_	23,965,279 \$	868,353
Discretely Presented Component Unit - School Board School Operating Fund: Education:	=		_				
Instruction	\$	18,703,993	\$	18,643,993	\$	17,897,555 \$	746,438
Administration, attendance, and health		1,572,492		1,572,492		1,480,989	91,503
Pupil transportation services		1,892,860		1,892,860		1,795,274	97,586
Operation and maintenance services		1,675,318		1,675,318		1,557,052	118,266
Technology		1,097,624		1,097,624		1,097,619	5
Facilities	_	150,000		254,495		254,284	211
Total education	\$_	25,092,287	\$_	25,136,782	\$_	24,082,773 \$	1,054,009
Debt service:							
Principal retirement	\$	382,878	\$	382,878	\$	269,776 \$	113,102
Interest and other fiscal charges	_	218,809		218,809		218,809	
Total debt service	\$_	601,687	\$_	601,687	\$_	488,585	113,102
Total School Operating Fund	\$_	25,693,974	\$_	25,738,469	\$	24,571,358 \$	1,167,111
Special Revenue Funds: School Cafeteria Fund: Education: School food services: Administration of school food program	\$	1,094,912	\$	1,173,724	\$	1,252,196 \$	5 (78,472)
Total School Cafeteria Fund	\$	1,094,912		1,173,724		1,252,196 \$	
Total Discretely Presented Component Unit - School Board	\$ =	26,788,886	\$	26,912,193	\$	25,823,554 \$	

Statistical Section

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

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

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

	_	2009	2010	2011	2012	2013
Governmental activities Net investment in capital assets Restricted	\$	2,459,199 \$	2,534,819 \$	2,584,694 \$	1,520,646 \$	2,079,106
Unrestricted	_	1,428,178	1,538,199	4,090,425	6,750,994	9,844,776
Total governmental activities net position	\$_	3,887,377 \$	4,073,018 \$	6,675,119 \$	8,271,640 \$	11,923,882
Business-type activities						
Net investment in capital assets Unrestricted	\$	(31,482) \$	851,144 \$ (149,653)	480,268 \$ 52,852	(499,787) \$ 755,314	(428,489) 319,991
Total business-type activities net position	\$_	(30,661) \$	701,491 \$	533,120 \$	255,527 \$	(108,498)
Primary government						
Net investment in capital assets	\$	2,427,717 \$	3,385,963 \$	3,064,962 \$	1,020,859 \$	1,650,617
Restricted Unrestricted	_	1,428,999	1,388,546	4,143,277	7,506,308	10,164,767
Total primary government net position	\$_	3,856,716 \$	4,774,509 \$	7,208,239 \$	8,527,167 \$	11,815,384

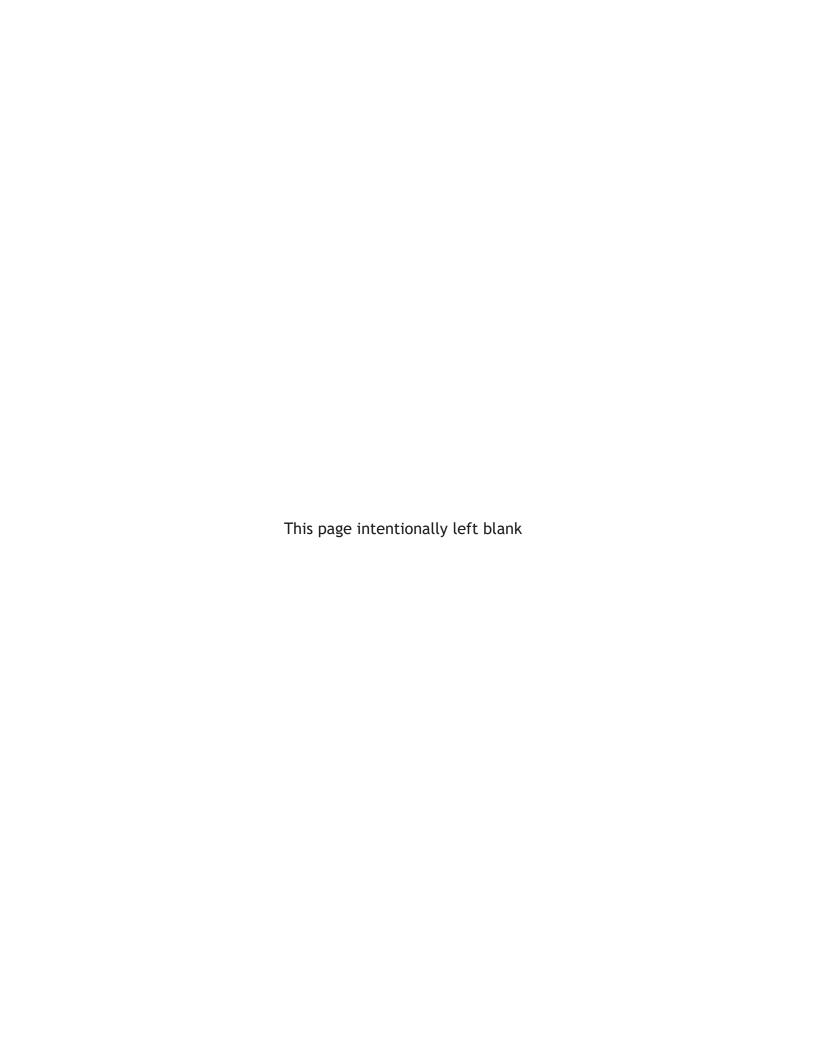
Table 1

	2014	2015	2016	2017	2018
\$	2,080,125 \$	2,289,146 \$	1,858,573 \$	228,916 \$	1,288,819
	-	95,258	95,258	87,685	88,483
	6,126,366	(476,746)	(105,149)	4,521,689	5,032,824
\$	8,206,491 \$	1,907,658 \$	1,848,682 \$	4,838,290 \$	6,410,126
\$	(353,000) \$	(275,337) \$	(191,305) \$	(97,927) \$	334,066
	(4,056)	(324,456)	(642,461)	(963,915)	(39,272)
\$_	(357,056) \$	(599,793) \$	(833,766) \$	(1,061,842) \$	294,794
\$	1,727,125 \$	2,013,809 \$	1,667,268 \$	130,989 \$	1,622,885
	-	95,258	95,258	87,685	88,483
	6,122,310	(801,202)	(747,610)	3,557,774	4,993,552
_					
\$_	7,849,435 \$	1,307,865 \$	1,014,916 \$	3,776,448 \$	6,704,920

(accrual basis of accounting)

		2009		2010		2011		2012
Expenses	·-		_		_		_	_
Governmental activities: General government administration Judicial administration Public safety	\$	1,878,951 1,557,012 2,718,405	\$	1,795,153 1,175,955 2,910,454	\$	1,869,443 1,147,492 3,118,622	\$	1,960,555 1,137,299 3,270,479
Public works Health and welfare Education Parks, recreation and cultural		2,641,623 3,948,690 7,039,437 3,274,724		2,105,782 3,894,723 7,082,604 293,485		2,228,299 4,382,927 7,695,814 94,271		2,058,022 4,094,036 7,440,879 290,155
Community development Interest on long-term debt	-	1,618,525 701,954	_	721,676 676,992		658,469 514,419	_	647,868 500,719
Total governmental activities expenses	\$_	25,379,321	\$_	20,656,824	\$_	21,709,756	\$_	21,400,012
Business-type activities: Water Sewer Landfill	\$	31,512 29,800	\$	69,875 83,078	\$	127,189 62,885	\$	200,571 78,869
Total business-type activities expenses	\$	61,312	\$	152,953	\$	190,074	\$	279,440
Total primary government expenses	\$	25,440,633	\$	20,809,777	\$	21,899,830	\$	21,679,452
Program Revenues Governmental activities: Charges for services:			. =		. =		_	
General government administration Judicial administration	\$	100 79,865	\$	100 77,250	\$	- 64,241	\$	- 63,456
Public safety		161,311		135,014		122,036		112,457
Public works		758,965		749,031		717,441		747,804
Community development Operating grants and contributions		19,396 5,662,902		12,456 5,272,050		12,518 5,217,595		14,311 4,781,772
Capital grants and contributions		5,002,702		5,272,030		668,002		390,000
Total governmental activities program revenues	\$	6,682,539	\$	6,245,901	\$	6,801,833	\$	6,109,800
Business-type activities: Charges for services: Water	\$	_	\$	1,289	Ś	1,386	s	628
Sewer Landfill	,	-		7,713	·	2,317	•	1,219
Capital grants and contributions	-	6,000	_	21,750		18,000	_	
Total business-type activities program revenues	\$_	6,000	\$_	30,752	\$_	21,703	\$	1,847
Total primary government program revenues	\$	6,688,539	\$_	6,276,653	\$	6,823,536	\$	6,111,647
Net (expense) / revenue Governmental activities	\$	(18,696,782)	\$_	(14,410,923)	\$	(14,907,923)	\$	(15,290,212)
Total primary government net expense	\$	(18,752,094)	\$	(14,533,124)	\$	(15,076,294)	\$	(15,567,805)
General Revenues and Other Changes in Net Position Governmental activities: Taxes								
Property taxes Local sales and use taxes	\$	10,338,674 2,683,336	\$	9,925,117 2,526,302	\$	10,796,720 2,558,209	\$	10,919,152 2,614,512
Taxes on recordation and wills		159,537		121,912		109,777		95,354
Motor vehicle licenses taxes		276,176		313,778		475,995		445,920
Consumer utility taxes Other local taxes		371,824 324,603		387,557 12		375,945		289,770 57,122
Unrestricted grants and contributions		1,325,103		1,619,326		1,664,644		1,564,362
Unrestricted revenues from use of money and property		450,348		329,506		374,912		379,221
Miscellaneous Gain (loss) on disposal of capital assets		451,992 99,113		126,880 100,277		169,346		125,734
Transfers		(24,651)		(854,103)		-		-
Total governmental activities	\$	16,456,055	\$	14,596,564	\$	16,525,548	\$	16,491,147
Business-type activities: Miscellaneous Transfers	\$	- 24,651	\$	250 854,103	\$	-	\$	-
Total business-type activities	ċ -	24,651	ς _	854,353	ς		<u> </u>	<u> </u>
	٠ د		۔ ^ب _ \$	15,450,917	-		۰ ډ	16,491,147
Total primary government	^ఫ -	10,400,700	= د	13,430,717	۔ -	10,323,346	٠ =	10,471,14/
Change in Net Position Governmental activities Business-type activities	\$	(2,240,727) (30,661)	\$	185,641 732,152	\$	1,617,625 (168,371)	\$	1,200,935 (277,593)
Total primary government	\$	(2,271,388)	\$	917,793	\$	1,449,254	\$	923,342
	-		_		_		_	

_	2013	_	2014	_	2015		2016	_	2017	_	2018
\$	1,940,807	ς	4,967,094	\$	1,836,885	\$	1,978,261	\$	1,879,121	\$	2,042,261
7	1,215,821	7	1,320,809	Y	1,228,338	7	2,183,197	7	1,230,677	7	1,315,062
	4,159,935		5,243,483		4,988,167		4,988,608		4,676,477		4,886,784
	2,065,013		2,032,088		1,991,833		1,783,830		1,900,935		1,798,146
	3,741,349		3,810,158		3,873,482		4,200,104		4,488,190		4,261,484
	7,728,685		8,126,108		11,968,460		8,197,715		9,217,509		7,669,358
	302,000		365,365		284,325		315,351		278,804		282,598
	722,579		906,637		572,714		660,282		450,083		638,456
_ s	385,095 22,261,284	<u> </u>	344,386 27,116,128	ς –	315,615 27,059,819		380,944 24,688,292	_	236,844	s –	387,718 23,281,867
٠ —	22,201,204	٠ <u> </u>	27,110,120	·	27,037,017		24,000,272	·	24,330,040	Ý –	23,201,007
\$		\$	181,343	\$	178,144	\$	170,631	\$	167,039	\$	121,832
	70,901		69,773		67,707		65,993		63,639		46,855
_		. —	-	_	•		-		<u> </u>	. –	366,017
^{\$} —	259,312	_	251,116	-	245,851		236,624	-	230,678	_	534,704
^{\$} —	22,520,596	\$ <u>_</u>	27,367,244	\$ _	27,305,670	\$ _	24,924,916	\$_	24,589,318	\$ _	23,816,571
\$		\$	-	\$	-	\$	-	\$	77,574	\$	922,028
	127,690		182,240		200,947		148,791		220,831		230,047
	186,172		202,472		194,988		187,308		179,619		223,106
	792,492		603,518		575,946		583,490		717,693		339,844
	10,660		11,600		14,308		13,985		13,096		11,591
	5,416,084 2,093,667		5,616,484 2,337		5,595,435		5,813,572		5,991,324		5,923,69
\$	8,626,765	\$	6,618,651	\$	6,581,624	\$	6,747,146	\$	7,200,137	\$	7,650,307
\$	4,332	\$	778	\$	1,134	\$	1,063	\$	862	\$	778
	1,790		1,780		1,980		1,588		1,740		1,516
	-		-				-		-		646,512
\$	6,122	\$	2,558	\$	3,114	\$	2,651	\$	2,602	\$	648,806
\$	8,632,887	\$	6,621,209	\$	6,584,738	\$	6,749,797	\$	7,202,739	\$	8,299,113
\$	(13,634,519)	\$	(20,497,477)	\$	(20,478,195)	\$	(17,941,146)	\$	(17,158,503)	\$	(15,631,560
\$	(13,887,709)	\$	(20,746,035)	\$	(20,720,932)	\$	(18,175,119)	\$	(17,386,579)	\$	(15,517,458
\$	11,103,740	Ś	11,076,090	\$	11,877,989	\$	11,867,596	Ś	12,934,371	\$	13,232,616
	2,691,630		2,585,962		2,722,713		2,714,379		2,807,361	·	2,864,176
	165,224		140,040		157,890		205,362		203,446		205,30
	464,581		460,643		548,133		417,138		492,489		483,34
	324,910		306,197		307,372		307,536		309,779		313,830
	69,784		71,768		60,260		65,589		64,690		64,40
	1,707,699		1,693,827		1,850,727		1,774,380		1,756,921		1,728,03
	356,455 165,620		341,618 103,941		360,957 128,268		331,892 198,298		336,954 42,697		832,17 ⁹ 187,12
	· -								· -		(1,242,534
, \$	17,049,643	, \$	16,780,086	\$	18,014,309	 \$	17,882,170	\$	18,948,708	\$	18,668,489
<u> </u>		\$		\$		\$		\$	_	\$	
ب 	<u> </u>	٠ _	<u>-</u>	ب	- -	ب	<u>-</u>	ب	<u> </u>	۰	1,242,534
\$		\$	-	\$	-	\$_	-	\$	-	\$_	1,242,534
\$_	17,049,643	\$	16,780,086	\$_	18,014,309	\$_	17,882,170	\$	18,948,708	\$	19,911,023
\$	3,415,124	\$	(3,717,391)	\$	(2,463,886)	\$	(58,976)	\$	1,790,205	\$	3,036,929
_	(253,190)	_	(248,558)		(242,737)		(233,973)		(228,076)	_	1,356,636
\$	3,161,934	\$	(3,965,949)	\$	(2,706,623)	\$	(292,949)	\$	1,562,129	\$	4,393,56
		_		_ =		- =		. =		=	



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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Recordation and Wills Tax	Total
2018 \$	13,311,281 \$	2,864,176 \$	313,830 \$	483,347 \$	205,308 \$	17,177,942
2017	12,934,371	2,807,361	309,779	492,489	203,446	16,747,446
2016	11,867,596	2,714,379	307,536	417,138	205,362	15,512,011
2015	11,877,989	2,722,713	307,372	548,133	157,890	15,614,097
2014	11,076,090	2,585,962	306,197	460,643	140,040	14,568,932
2013	11,103,740	2,691,630	324,910	464,581	165,224	14,750,085
2012	10,919,152	2,614,512	289,770	445,920	95,354	14,364,708
2011	10,796,720	2,558,209	375,945	475,995	109,777	14,316,646
2010	9,925,117	2,526,302	387,557	313,778	121,912	13,274,666
2009	10,338,674	2,683,336	371,824	276,176	159,537	13,829,547

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

		2009	_	2010	_	2011 (1)	 2012		2013
General fund									
Nonspendable:									
Prepaid items	\$	-	\$	-	\$	13,899	\$ -	\$	-
Restricted for:									
Retiree benefits		-		-		399	5,479		1,974
Community Development Authority		-		-		-	-		-
Unassigned		-		-		9,603,023	9,998,619		10,720,302
Reserved		12,078		1,106		-	-		-
Unreserved		9,207,233	_	8,774,360		-	 -	_	-
Total general fund	\$	9,219,311	\$	8,775,466	\$_	9,617,321	\$ 10,004,098	\$_	10,722,276
All other governmental funds									
Restricted:									
Debt service	\$	-	\$	-	\$	529,233	\$ 653,285	\$	780,277
Assigned:									
Landfill construction		-		-		898,059	1,225,075		1,482,743
Recreation capital projects		-		-		27,002	27,116		28,414
Special revenue		-		-		-	-		330,858
Reserved		289,712		408,069		-	-		-
Unreserved, reported in:									
Capital projects funds	_	377,012	-	639,629		-	 -	_	-
Total all other governmental funds	\$	666,724	\$	1,047,698	\$_	1,454,294	\$ 1,905,476	\$	2,622,292

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

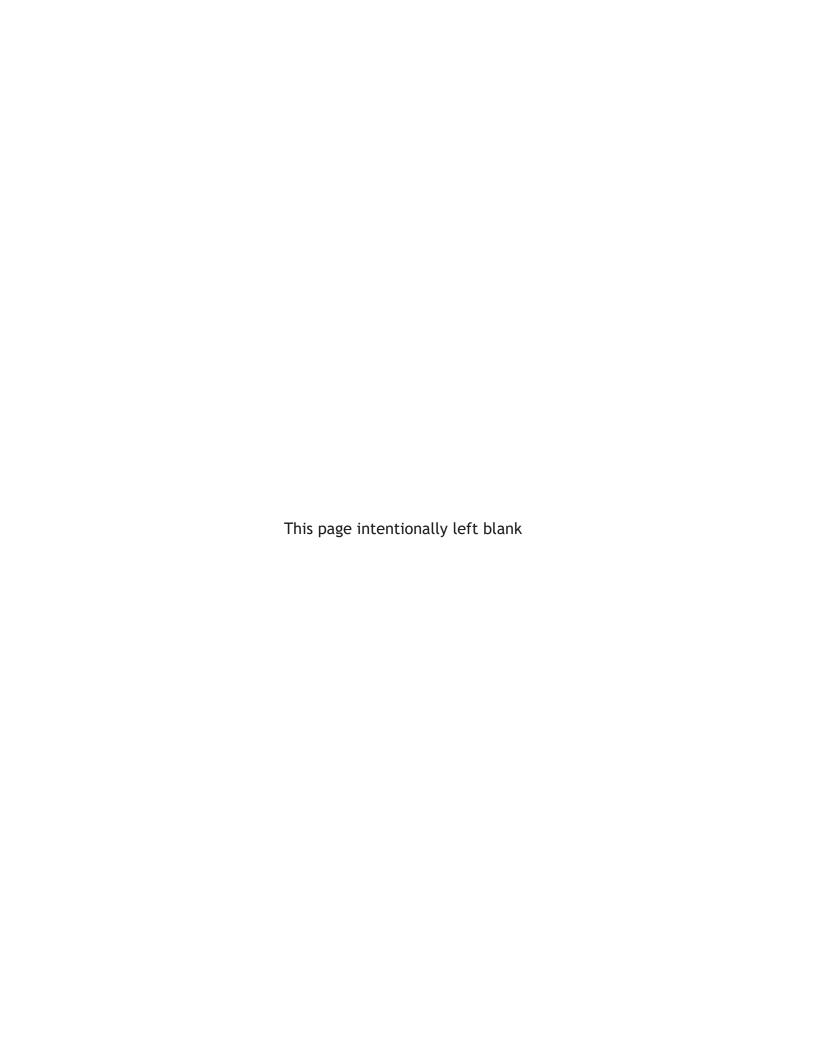
_	2014	 2015	 2016		2017	 2018
\$	-	\$ -	\$ -	\$	-	\$ -
	-	- 95,258	- 95,258		- 87,685	- 88,483
	9,038,328	-	-		-	-
	-	 9,811,281	 9,672,556		12,112,059	 12,832,402
\$_	9,038,328	\$ 9,906,539	\$ 9,767,814	\$_	12,199,744	\$ 12,920,885
\$	910,353	\$ 1,043,470	\$ 1,179,675	\$	1,319,176	\$ 1,461,991
	1,784,386	2,092,086	1,278,266		1,203,394	1,536,362
	20,468	20,492	14,038		8,085	8,146
	337,125	301,945	290,950		306,612	332,111
	-	-	-		-	-
_	-	 -	 -		-	
\$_	3,052,332	\$ 3,457,993	\$ 2,762,929	\$	2,837,267	\$ 3,338,610

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

		2009		2010	2011		2012
Revenues	_	<u> </u>				_	
General property taxes	\$	10,097,051	Ś	9,911,626	\$ 10,548,439	Ś	10,561,257
Other local taxes	,	3,815,476	•	3,349,561	3,519,926	•	3,502,678
Permits, privilege fees and regulatory licenses		106,200		86,207	67,681		62,437
Fines and forfeitures		44,006		47,822	38,770		41,216
Revenue from use of money and property		450,348		329,506	374,912		379,217
Charges for services		869,431		839,822	809,785		834,375
Miscellaneous		1,041,105		231,167	216,177		200,465
Recovered costs		99,018		45,111	266,220		130,380
Intergovernmental:							
Commonwealth		5,674,148		5,432,928	5,594,185		5,019,333
Federal	_	1,313,858		1,458,448	1,956,056		1,716,801
Total revenues	\$_	23,510,641	\$_	21,732,198	\$ 23,392,151	\$_	22,448,159
Expenditures							
General government administration	\$	1,620,699	\$	1,453,038	\$ 1,443,953	\$	1,525,092
Judicial administration		1,382,779		1,482,540	1,494,170		1,480,002
Public safety		2,846,153		2,516,411	2,672,181		2,914,040
Public works		1,864,186		1,786,034	1,776,525		1,665,056
Health and welfare		3,915,282		3,890,975	4,398,020		4,103,322
Education		7,446,574		7,451,833	7,955,280		7,696,610
Parks, recreation and cultural		307,159		293,159	274,659		295,383
Community development		1,409,598		478,134	526,537		754,145
Capital projects		3,911,158		592,857	533,202		1,925,793
Nondepartmental		-		136,046	126,189		155,200
Debt service							
Principal		438,613		589,253	552,298		296,615
Interest and other fiscal charges	_	309,311		390,686	390,686	_	456,027
Total expenditures	\$_	25,451,512	\$_	21,060,966	\$ 22,143,700	\$_	23,267,285
Excess (deficiency) of revenues over (under) expenditures	\$_	(1,940,871)	\$_	671,232	\$ 1,248,451	\$_	(819,126)
Other financing sources (uses)							
Transfers in	\$	332,153	Ś	110,153	\$ 110,153	Ś	110,153
Transfers out	,	(356,804)		(964,256)	(110,153)	т	(110,153)
Refunding bonds issued		-		-	-		7,203,798
Premium on bonds issued		-		-	-		983,512
Payments to refunded bond escrow agent		-			-		(6,530,225)
Issuance of debt	_	2,800,000		120,000			<u> </u>
Total other financing sources (uses)	\$_	2,775,349	\$	(734,103)	\$	\$_	1,657,085
Net change in fund balances	\$_	834,478	\$	(62,871)	\$ 1,248,451	\$_	837,959
Debt service as a percentage of							
noncapital expenditures		3.06%		4.89%	4.47%		3.53%

Note: Does not include discretely presented component unit.

	2013	2014	2015	2016	2017	2018
\$	10,949,252 \$ 3,716,129	10,868,709 \$ 3,564,610	12,164,324 \$ 3,796,368	11,988,352 \$ 3,710,005	12,659,333 \$ 3,877,548	13,311,281 3,930,605
	70,344	69,529	79,339	98,002	73,445	84,435
	106,409	156,204	171,827	120,200	192,680	201,017
	356,455	341,618	360,957	331,891	374,453	416,291
	940,261	774,097	735,023	715,374	865,332	519,598
	268,908	236,145	283,391	198,298	143,516	171,290
	122,337	119,153	101,411	124,292	79,193	98,397
	7,917,815	5,899,638	6,027,849	6,087,230	6,131,076	5,978,835
_	1,299,635	1,413,010	1,418,313	1,500,721	1,617,169	1,697,047
\$_	25,747,545 \$	23,442,713 \$	25,138,802 \$	24,874,365 \$	26,013,745 \$	26,408,796
\$	1,577,327 \$	1,788,018 \$	1,556,430 \$	1,564,514 \$	1,626,463 \$	1,612,576
•	1,581,018	1,712,847	1,640,931	1,645,993	1,607,932	1,580,707
	3,675,254	4,720,230	4,680,697	4,780,666	4,470,112	4,470,448
	1,909,601	1,926,912	2,074,408	1,875,840	1,763,373	1,462,747
	3,732,134	3,806,903	3,970,706	4,304,800	4,487,585	4,274,895
	7,899,254	8,301,411	8,031,503	8,303,927	7,393,077	8,068,635
	299,506	362,013	288,890	319,851	282,804	280,598
	687,859	844,138	579,448	650,874	478,395	661,489
	2,288,200	247,877	80,702	1,308,827	486,154	535,553
	73,454	74,015	65,554	67,188	32,560	104,186
	571,714	565,424	573,861	587,247	607,248	648,407
_	356,331	346,833	321,800	298,427	271,774	265,038
\$_	24,651,652 \$	24,696,621 \$	23,864,930 \$	25,708,154 \$	23,507,477 \$	23,965,279
\$_	1,095,893 \$	(1,253,908) \$	1,273,872 \$	(833,789) \$	2,506,268 \$	2,443,517
\$	110,153 \$	110,153 \$	110,153 \$	110,153 \$	110,153 \$	110,153
	(110,153)	(110,153)	(110,153)	(110,153)	(110,153)	(1,352,687)
	-	-	-	-	-	2,391,777
	-	-	-	-	-	390,793
	-	-	-	-	-	(2,761,069)
\$	- \$	- \$	- \$	- \$	- \$	(1,221,033)
\$	1,095,893 \$	(1,253,908) \$	1,273,872 \$	(833,789) \$	2,506,268 \$	
_						
	4.15%	3.73%	3.77%	3.63%	3.82%	3.98%



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

						Motor				
			Local sales		Consumer	Vehicle	Recordation		Gross	
Fiscal		Property	and use	Communication	Utility	License	and	E911	Receipts	
Year		Tax	Tax	Taxes (1)(2)	Tax (1)	Tax	Wills Tax	Tax (1)	Tax	Total
2019	ċ	42 244 204 ¢	2 0/4 47/ Ċ		242 020 ¢	402 247 ¢	205 200	ė ė	(2.044 Č	47 244 007
2018	>	13,311,281 \$	2,864,176 \$	- \$	/ 1	483,347 \$	205,308	\$ - \$	63,944 \$	17,241,886
2017		12,659,333	2,807,361	-	309,779	492,489	203,446	-	64,473	16,536,881
2016		11,988,352	2,714,379	-	307,536	417,138	205,362	-	65,590	15,698,357
2015		12,164,324	2,722,713	-	307,372	541,664	157,890	-	66,729	15,960,692
2014		10,868,709	2,585,962	-	306,197	460,643	140,040	-	71,768	14,433,319
2013		10,949,252	2,691,630	-	324,910	464,581	165,224	-	69,784	14,665,381
2012		10,561,257	2,614,512	-	289,770	445,920	95,354	-	57,122	14,063,935
2011		10,548,439	2,558,209	-	300,823	475,995	109,777	-	75,122	14,068,365
2010		9,911,626	2,526,302	-	297,025	313,778	121,912	12	90,532	13,261,187
2009		10,097,051	2,683,336	324,603	306,766	276,176	159,537	-	65,058	13,912,527

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

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

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

 Real Estate (1)	Personal Property (1)	Mobile Homes	Machinery and Tools
\$ 1,518,645,315 \$	122,819,551 \$	7,578,860 \$	1,047,631
1,501,993,440	119,922,383	7,460,730	1,067,695
1,476,787,676	109,881,928	7,201,680	909,060
1,593,856,675	105,257,875	9,292,235	737,600
1,584,918,225	105,312,817	9,283,568	910,900
1,576,717,255	104,873,820	9,574,543	623,875
1,566,410,640	101,614,604	9,646,985	706,975
1,554,835,140	99,133,100	9,618,210	791,825
1,528,365,240	94,930,963	10,293,720	770,925
1,042,385,745	104,258,239	12,209,314	879,950
\$	Estate (1) \$ 1,518,645,315 \$ 1,501,993,440 1,476,787,676 1,593,856,675 1,584,918,225 1,576,717,255 1,566,410,640 1,554,835,140 1,528,365,240	Estate (1) Property (1) \$ 1,518,645,315 \$ 122,819,551 \$ 1,501,993,440 119,922,383 1,476,787,676 109,881,928 1,593,856,675 105,257,875 1,584,918,225 105,312,817 1,576,717,255 104,873,820 1,566,410,640 101,614,604 1,554,835,140 99,133,100 1,528,365,240 94,930,963	Estate (1) Property (1) Homes \$ 1,518,645,315 \$ 122,819,551 \$ 7,578,860 \$ 1,501,993,440 119,922,383 7,460,730 1,476,787,676 109,881,928 7,201,680 1,593,856,675 105,257,875 9,292,235 1,584,918,225 105,312,817 9,283,568 1,576,717,255 104,873,820 9,574,543 1,566,410,640 101,614,604 9,646,985 1,554,835,140 99,133,100 9,618,210 1,528,365,240 94,930,963 10,293,720

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

Source: Commissioner of Revenue

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

 Merchants' Capital			Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value	
\$ 66,188,415 \$	98,806,317 \$	1,815,086,089 \$	1,815,086,089	100.00%	
58,950,650	103,798,120	1,793,193,018	1,793,193,018	100.00%	
55,491,150	94,692,680	1,744,964,174	1,744,964,174	100.00%	
57,499,650	94,140,180	1,860,784,215	1,860,784,215	100.00%	
56,631,950	89,731,651	1,846,789,111	1,846,789,111	100.00%	
54,574,800	83,433,739	1,829,798,032	1,829,798,032	100.00%	
59,275,350	66,704,405	1,804,358,959	1,804,358,959	100.00%	
60,034,150	67,442,018	1,791,854,443	1,791,854,443	100.00%	
65,748,650	67,095,810	1,767,205,308	1,767,205,308	100.00%	
50,551,200	43,708,760	1,253,993,208	1,253,993,208	100.00%	

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

Direct Rates

Fiscal Years	 Real Estate	 Personal Property	 Mobile Homes	 Machinery and Tools	 Merchants' Capital
2018	\$ 0.51	\$ 4.50	\$ 0.51	\$ 4.20	\$ 0.70
2017	0.51	4.50	0.51	4.20	0.70
2016	0.49	4.50	0.49	4.20	0.70
2015	0.47	4.50	0.47	4.20	0.70
2014	0.42	4.50	0.42	4.20	0.70
2013	0.42	4.50	0.42	4.20	0.70
2012	0.42	4.50	0.42	4.20	0.70
2011	0.42	4.50	0.42	4.20	0.70
2010	0.40	4.50	0.40	4.20	0.70
2009	0.57	4.50	0.57	4.20	0.70

⁽¹⁾ Per \$100 of assessed value

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2018 \$	14,313,148 \$	12,408,274	86.69% \$	903,007	\$ 13,311,281	93.00% \$	1,779,771	12.43%
2017	14,091,430	12,061,789	85.60%	597,544	12,659,333	89.84%	2,610,641	18.53%
2016	13,088,275	12,372,851	94.53%	612,200	12,985,051	99.21%	2,333,711	17.83%
2015	13,263,062	12,351,793	93.13%	797,023	13,148,816	99.14%	2,283,998	17.22%
2014	12,959,216	11,764,506	90.78%	409,553	12,174,059	93.94%	2,361,048	18.22%
2013	12,257,922	11,704,121	95.48%	550,481	12,254,602	99.97%	2,094,321	17.09%
2012	12,039,405	11,166,716	92.75%	422,421	11,589,137	96.26%	1,895,311	15.74%
2011	11,893,196	11,192,840	94.11%	725,383	11,918,223	100.21%	1,605,344	13.50%
2010	11,443,731	10,682,795	93.35%	379,748	11,062,543	96.67%	1,364,269	11.92%
2009	11,332,401	10,896,001	96.15%	279,186	11,175,187	98.61%	1,208,244	10.66%

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

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

Principal Property Taxpayers Current Year and the Period Nine Years Prior

		Fiscal Year	r 2018		Fiscal Year 2010			
Taxpayer		2017 Assessed Valuation	% of Total Assessed Valuation		2009 Assessed Valuation	% of Total Assessed Valuation		
Southside Community Nursing Shoppes of College Park, LLC	\$	21,580,900 8,047,400	1.18%	\$	12,739,500	0.99% 0.00%		
Longwood Village Shopping Center		7,892,200	0.43%		6,832,300	0.84%		
Southside Holding Wright, Patricia W.		4,926,800 3,610,600	0.27% 0.20%		3,118,900 2,001,200	0.25% 0.17%		
Davis Real Properties LLC Southgate Associates II		2,867,700 2,222,500	0.16% 0.12%		4,152,200 4,733,200	0.36% 0.39%		
Andrews, Larget & Whidden, Inc.		1,447,000	0.08%		-	0.00%		
Statewide Realty Co. Garnett, James		1,156,400 978,900	0.06% 0.05%		960,300 1,493,400	0.08% 0.17%		
Landon G. Atkins Revocable Trust Farmville Partners, LLC		-	0.00% 0.00%		793,700 4,778,400	0.09% 0.61%		
	\$ <u></u>	54,730,400	2.99%	\$ <u></u>	41,603,100	3.95%		

Source: Commissioner of Revenue

Ratios of Outstanding Debt by Types Last Ten Fiscal Years

					Business- Type			
		Govern	nmental Activiti	es	Activities			
	_	General	Other		Other	Total	Percentage	
Fiscal		Obligation	Notes/	Capital	Notes/	Primary	of Personal	Per
Years	_	Bonds	Bonds	Leases	Bonds	Government	Income (1)	Capita (1)
2018	\$	2,630,870 \$	2,949,582 \$	7,407,445 \$	3,589,760	\$ 16,577,657	2.38%	730
2017	7	4,366,506	4,599,074	5,103,197	3,825,118	17,893,895	2.56%	773
2016		5,117,798	4,798,254	5,123,382	4,005,461	19,044,895	2.73%	815
2015		5,852,125	4,991,985	5,123,382	4,176,457	20,143,949	2.99%	873
2014		6,569,847	5,182,084	-	4,341,086	16,093,017	2.53%	706
2013		7,297,699	5,427,677	-	4,503,541	17,228,917	2.79%	741
2012		8,028,021	5,668,629	-	4,661,803	18,358,453	2.97%	781
2011		5,157,837	7,696,025	-	3,750,000	16,603,862	3.33%	711
2010		5,778,724	8,181,343	-	2,500,000	16,460,067	4.06%	736
2009		6,426,063	8,552,832	-	1,281,482	16,260,377	4.01%	745

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

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

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2018	\$ 3,039,595 \$	610,689 \$	2,428,906	0.13%	107
2017	6,312,723	858,439	5,454,284	0.30%	236
2016	7,151,195	858,657	6,292,538	0.36%	269
2015	7,968,982	734,327	7,234,655	0.39%	314
2014	8,686,704	717,722	7,968,982	0.43%	349
2013	9,414,556	780,277	8,634,279	0.47%	372
2012	10,144,878	653,285	9,491,593	0.53%	404
2011	10,316,777	529,233	9,787,544	0.55%	419
2010	11,170,767	406,089	10,764,678	0.61%	481
2009	12,049,678	301,790	11,747,888	0.94%	538

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

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

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

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (1)	Per Capita Personal Income (1)	Median Age	School Enrollment (2)	Unemploy- ment Rate
2018	22,703 \$	697,704,000 \$	30,732	30.0	2,043	3.40%
2017	23,142	697,704,000	30,149	30.0	2,005	5.70%
2016	23,368	697,704,000	29,857	30.0	2,086	6.30%
2015	23,074	672,890,000	29,162	30.0	2,016	6.10%
2014	22,802	636,603,000	27,919	30.0	2,129	9.80%
2013	23,238	618,387,000	26,611	30.9	2,282	10.60%
2012	23,518	617,666,000	26,264	31.5	2,369	9.30%
2011	23,368	498,422,000	21,329	31.5	2,494	9.50%
2010	22,370	405,000,000	18,105	31.4	2,607	10.90%
2009	21,823	405,000,000	19,228	31.9	2,482	10.30%

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

⁽¹⁾ Information is not updated annually

⁽²⁾ School enrollment includes pre-K

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

Function	2009	2010	2011	2012	2013
General government administration	17.0	17.0	17.0	18.0	18.0
Judicial administration	25.0	22.5	22.5	22.5	22.5
Public safety					
Sheriffs department	30.5	31.0	31.0	32.0	32.0
Animal control	2.0	2.0	2.0	1.5	1.5
Building official	2.0	2.0	2.0	2.0	2.0
Public works					
General maintenance	7.5	6.5	6.5	6.5	6.5
Refuse Collection & Disposal	15.5	13.0	13.0	13.0	13.0
Landfill	-	-	-	-	-
Biosolids	1.0	1.0	1.0	1.0	1.0
Health and welfare					
Department of social services	31.0	32.0	32.0	32.0	32.0
Culture and recreation					
Parks and recreation	-	-	-	-	-
Community development					
Planning	2.0	2.0	2.0	2.0	2.0
Economic Development	2.0	2.0	2.0	2.0	2.0
Cannery	1.5	1.5	1.5	1.5	1.5
Extension	1.0	1.0	1.0	1.0	1.0
Totals	138.0	133.5	133.5	135.0	135.0

Source: Individual County departments

Table 14

2014	2015	2016	2017	2018
17.0	17.0	17.0	16.5	17.0
23.0	23.0	23.0	24.0	25.0
32.0	32.0	32.0	32.0	34.0
2.0	2.0	2.0	2.0	2.0
1.0	1.0	1.0	1.0	1.0
6.0	6.0	6.0	6.0	6.0
13.0	13.0	13.0	13.0	13.0
-	-	-	-	5.0
1.0	-	-	-	-
32.0	32.0	32.0	34.0	36.0
-	-	-	-	-
-	1.0	1.0	1.0	1.0
2.0	2.0	2.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
131.0	131.0	131.0	132.5	143.0

Operating Indicators by Function Last Ten Fiscal Years (1)

Function	2009	2010	2011	2012	2013
Public safety					
Sheriffs department:					
Physical arrests	2,164.0	1,396.0	1,325.0	335.0	353.0
Civil papers	9,890.0	9,124.0	8,812.0	8,994.0	8,664.0
Building inspections:					
Permits issued (2)	784.0	642.0	438.0	434.0	453.0
Public works					
Landfill:					
Refuse collected (tons/day)	80.0	78.0	71.0	85.0	77.0
Recycling (tons/day)	13.0	13.0	39.0	9.0	4.3
Health and welfare					
Department of Social Services:					
Caseload	8,100.0	8,817.0	8,058.0	7,548.0	8,162.0
Community development					
Planning:					
Zoning permits issued	119.0	112.0	93.0	75.0	67.0
Component Unit - School Board					
Education:					
Number of teachers	228.0	224.0	224.0	214.0	214.0
Local expenditures per pupil	2,718.0	2,858.0	2,927.0	3,359.0	3,707.0

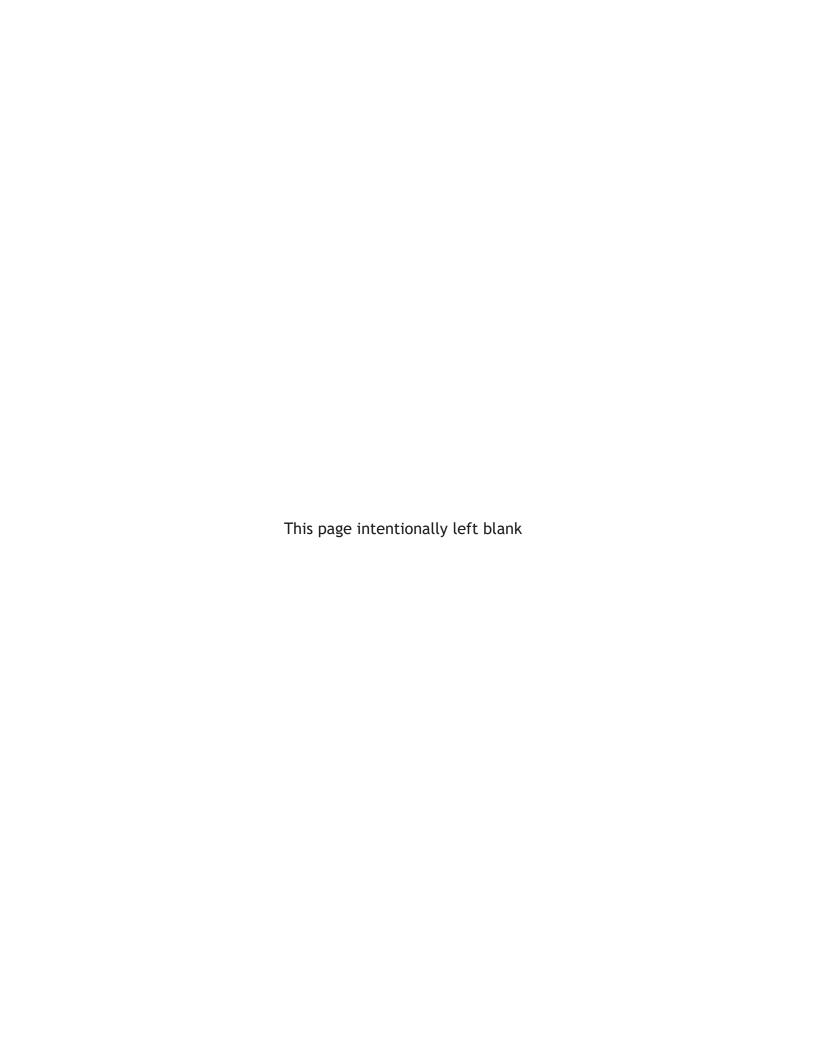
Source: Individual County departments

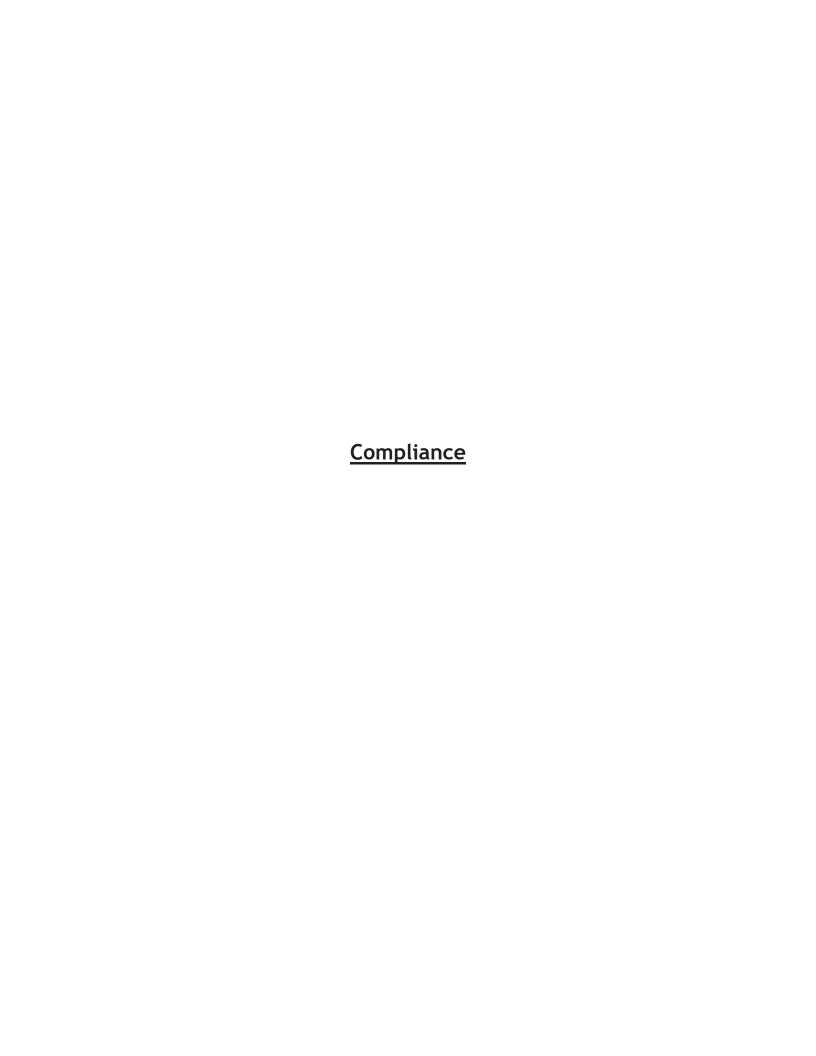
⁽¹⁾ Information has been reported where available.

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

Table 15

2015	2016	2017	2018
377.0	483.0	113.0	95.0
8,637.0	8,298.0	7,910.0	8,717.0
485.0	596.0	457.0	591.0
43.7	41.7	77.7	106.0
8.2	6.5	8.5	7.5
9,127.0	11,097.0	10,206.0	11,305.0
74.0	79.0	63.0	83.0
207.0	206.4	202.5	196.0
			4,088.0
	377.0 8,637.0 485.0 43.7 8.2	377.0 483.0 8,637.0 8,298.0 485.0 596.0 43.7 41.7 8.2 6.5 9,127.0 11,097.0 74.0 79.0	377.0 483.0 113.0 8,637.0 8,298.0 7,910.0 485.0 596.0 457.0 457.0 43.7 41.7 77.7 8.2 6.5 8.5 9,127.0 11,097.0 10,206.0 74.0 79.0 63.0





ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements

Performed in Accordance with Government Auditing Standards

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Prince Edward, Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise County of Prince Edward, Virginia's basic financial statements, and have issued our report thereon dated February 15, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness. [2018-001]

Compliance and Other Matters

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

County of Prince Edward, Virginia's Response to Findings

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

Purpose of this Report

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

Mobinson, farmer Cox Associates Charlottesville, Virginia

February 15, 2019

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County of Prince Edward, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

Hobinson, Farmy Cox Associates Charlottesville, Virginia

February 15, 2019, except for the Schedule of Findings and Questioned Costs,

as to which the date is August 14, 2020

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	_	Fede Expend	
Department of Health and Human Services:					
Pass Through Payments:					
Department of Social Services:					
Promoting Safe and Stable Families	93.556	0950117/0950118		\$	9,205
Temporary Assistance to Needy Families (TANF)	93.558	0400117/0400118		2	224,225
Refugee and Entrant Assistance - State Administered Programs	93.566	0500117/0500118			324
Low-income Home Energy Assistance	93.568	0600417/0600418			28,974
Child Care Mandatory and Matching Funds of the Child Care and					
Development Fund	93.596	0760117/0760118			34,988
Stephanie Tubbs Jones Child Welfare Services Programs	93.645	0900117/0900118			622
Foster Care - Title IV-E	93.658	1100117/1100118		1	172,690
Adoption Assistance	93.659	1120117/1120118		2	244,722
Social Services Block Grant	93.667	1000117/1000118		1	151,345
Chafee Foster Care Independence Program	93.674	9150117/9150118			1,398
Children's Health Insurance Program	93.767	0540117/0540118			12,600
Medical Assistance Program	93.778	1200117/1200118		3	323,770
Total Department of Health and Human Services				\$ 1,2	204,863
Department of Agriculture:					
Pass Through Payments:					
Department of Agriculture:					
Fresh Fruit and Vegetable Program Child Nutrition Cluster:	10.582	2017IL160341/2018IL160341		\$	7,694
Department of Agriculture:					
Food Distribution - Child Nutrition Cluster	10.555	Unknown	\$ 78,643		
Department of Education:					
National School Lunch Program - Child Nutrition Cluster	10.555	2017IN109941/2018IN109941	668,824	7	747,467
School Breakfast Program - Child Nutrition Cluster	10.553	2017IN109941/2018IN109941		3	330,216
Total Child Nutrition Cluster				\$	077,683
Department of Social Services:					
State Administrative Matching Grants for the Supplemental					
Nutrition Assistance Program	10.561	0010117/0010118/0040117/0040118		3	316,723
Pilot Projects to Reduce Dependency and Increase Work					
Requirements and Work Effort under SNAP	10.596	006011/			25,584
Total Department of Agriculture				\$	427,684
Department of Justice:					
Pass Through Payments:					
Department of Criminal Justice Services:					
Crime Victims Assistance	16.575	Unknown		\$	52,371
Bulletproof Vest Partnership Program	16.607	Unknown			4,559
Total Department of Justice				S	56,930
rotat bepartment of Justice					50,750

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Transportation: Pass through payments: Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	Unknown	\$ 1,767
Highway Safety Cluster:			
State and Community Highway Safety	20.600	Unknown	4,269
National Priority Safety Program	20.616	Unknown	1,931
Total Highway Safety Cluster			\$ 6,200
Total Department of Transportation			\$ 7,967
Department of Homeland Security Pass Through Payments: Department of Homeland Security:			
Emergency Management Performance Grants	97.042	7750100	\$9,436
Department of Education:			
Pass Through Payments:			
Department of Education:	0.4.040	5494447094445949449944	.
Title I - Grants to Local Educational Agencies Special Education Cluster:	84.010	S101A170046/S010A180046	\$ 861,328
Special Education-Grants to States	84.027	H027A170107/H027A180107	764,407
Special Education-Preschool Grants	84.173	H173A170112/H173A180112	19,410
Total Special Education Cluster			\$ 783,817
Career and Technical Education Basic Grants to States	84.048	V048A180046	23,507
Twenty-First Century Community Learning Centers	84.287	S287C180047	131,234
Rural Education	84.358	\$358B180046	20,589
Supporting Effective Instruction State Grant	84.367	S367A170044/S367A180044	166,692
Total Department of Education			\$1,987,167
Total Expenditures of Federal Awards			\$ 4,694,047

See accompanying notes to Schedule of Expenditures of Federal Awards.

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

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

- (1) Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Donation

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

Note 4 - Subrecipients

No awards were passed through to subrecipients.

Note 5 - De Minimis Cost Rate

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

Note 6 - Loan Balances

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

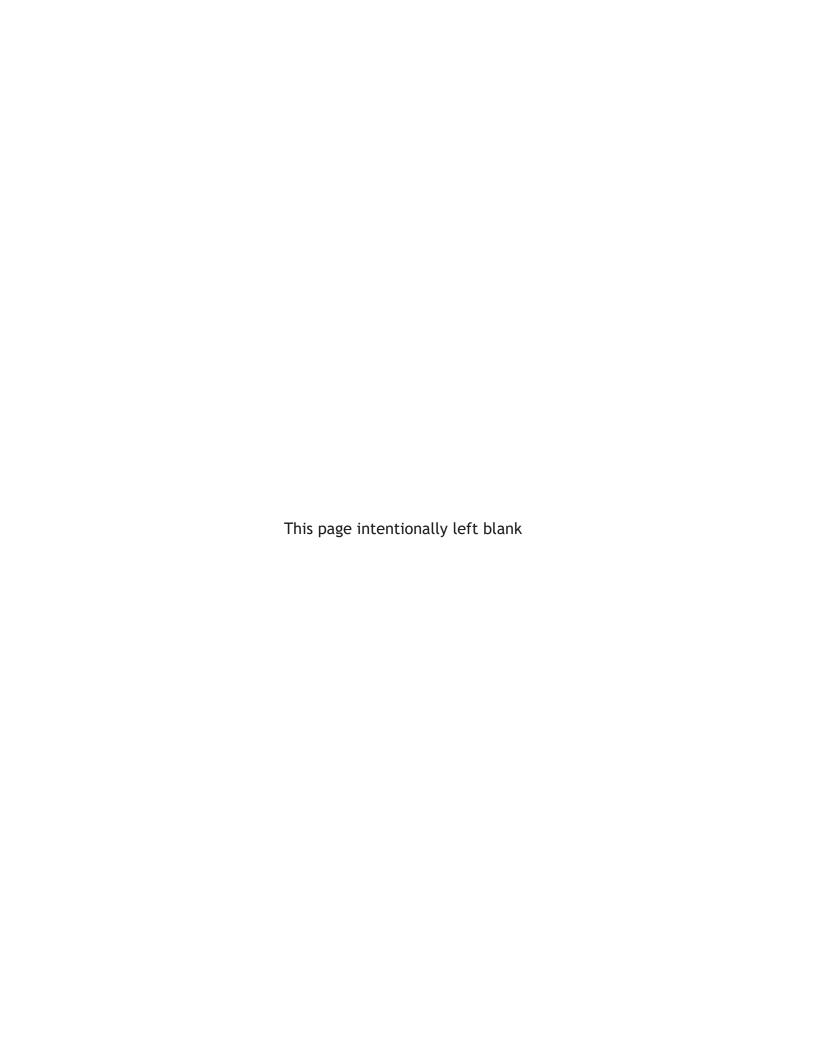
Note 7 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 1,697,047
Less: Amounts not recorded on Schedule of Expenditures of Federal Awards	
Payment in Lieu of Taxes	 (75,544)
Total primary government	\$ 1,621,503
Component Unit School Board:	
School Operating Fund	\$ 1,987,167
School Cafeteria Fund	 1,085,377
Total Component Unit School Board	\$ 3,072,544
Total federal expenditures per basic financial statements	\$ 4,694,047
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 4,694,047



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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes

Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

None reported Significant deficiency(ies) identified?

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

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster	
93.778	Medical Assistance Program	
84.010	Title I - Grants to Local Educational Agencies	
84.027 / 84.173	Special Education Cluster	

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

2018-001 Material Weakness - School Board Accounts Receivable

Condition:

The School Board did not request reimbursement for State funding related to the Juvenile Detention Center in a timely manner, resulting in unreimbursed expenses of \$103,918 for the year ended June 30, 2018.

Criteria:

Juvenile Detention Center expenses are to be reimbursed by Commonwealth of Virginia on a reimbursement basis. The School Board is required to submit for reimbursement within the specified time period, or the expenses are unallowable.

Cause of Condition:

The School Board did not submit for reimbursement for Juvenile Detention Center expenses in a timely manner.

Effect of Condition:

The loss of reimbursed expenses in the amount \$103,918 for the year ended June 30, 2018.

Recommendation:

The School Board should establish procedures for submitting reimbursements on a routine and timely basis.

Management's response:

Management concurs with the recommendation, and will develop procedures to ensure reimbursement requests are made. Reimbursement has been requested, and is expected to be received in fiscal year 2019.

Section III - Federal Award Findings and Questioned Costs

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

Schedule of Findings and Questioned Costs (reissued) (Continued) For the Year Ended June 30, 2018

Section IV - Prior Year Audit Findings

2017-001

Condition:

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

Criteria:

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

Cause of Condition:

The County was not removing access to terminated employees within three business days.

Effect of Condition:

Noncompliance with the Auditor of Public Accounts specifications.

Recommendation:

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

Management's response:

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