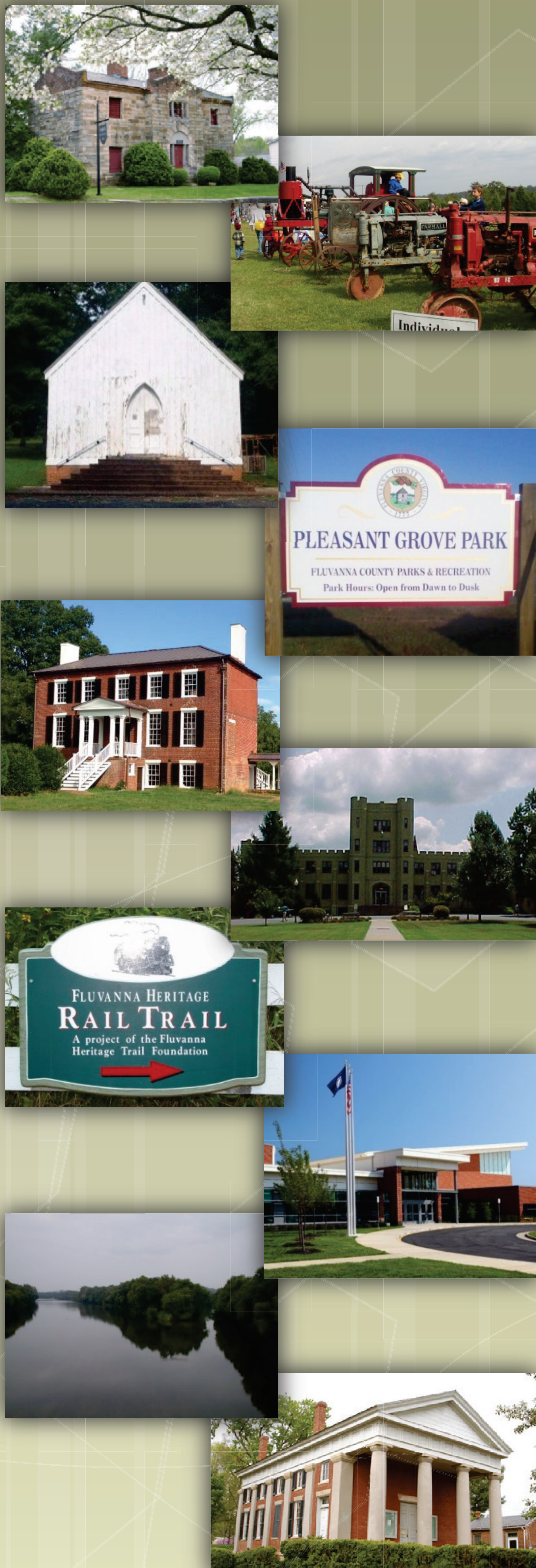


County of Fluvanna, Virginia

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2019

A great place to live, learn, work, and play!

COUNTY OF FLUVANNA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2019

Prepared By:

Department of Finance
County of Fluvanna, Virginia
Mary Anna Twisdale, Liz McIver, Tori Melton, Cyndi Toler, Star Pua'auli

COUNTY OF FLUVANNA, VIRGINIA

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2019

TABLE OF CONTENTS

COUNTY OF FLUVANNA, VIRGINIA

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2019

TABLE OF CONTENTS
(Continued)

TABLE OF CONTENTS
(Continued)

COUNTY OF FLUVANNA, VIRGINIA

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2019

TABLE OF CONTENTS
(Continued)

132 Main Street
P.O. Box 540
Palmyra, VA 22963
(434) 591-1910
Fax (434) 591-1911
www.fluvannacounty.org

COUNTY OF FLUVANNA

"Responsive & Responsible Government"

November 30, 2019

To the Citizens of Fluvanna County, Virginia
To the Honorable Members of the Board of Supervisors of Fluvanna County

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the County of Fluvanna (the "County") for the fiscal year ended June 30, 2019. The *Code of Virginia* requires that local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. This report has been prepared by the Department of Finance in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB) where applicable, and the Auditor of Public Accounts (APA).

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and fairness of presentation of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed to ensure compliance with applicable laws, regulations and County policies, to safeguard the County's assets, and to compile sufficient reliable information for the preparation of the County financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and accurate in all material respects, and presents fairly the financial position and results of operations of the various funds and component units of the County

This report is intended to provide informative and relevant financial information for the citizens of the County, the Board of Supervisors (the Board), investors, creditors and other concerned readers. All are encouraged to contact the Department of Finance with any comments or questions concerning this report.

The County's financial statements have been audited by Robinson, Farmer, Cox, Associates, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

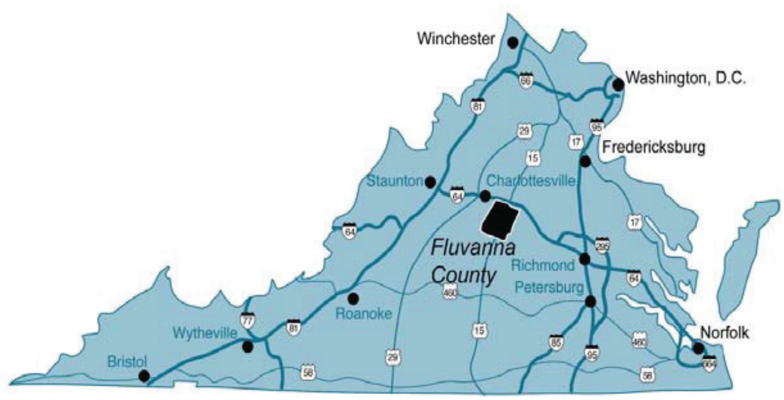
The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2019 are fairly presented in all material respects, in conformity with GAAP. The auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the County's compliance with the financial and administrative requirements applicable to each of the County's major federal programs. These reports are available in the Compliance Section of this report.

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

PROFILE OF THE COUNTY

The County was established in 1777 after several divisions from other counties with the final division from Albemarle County. Fluvanna County was once part of Henrico County, one of the original shires of the Virginia Colony. In 1727, Henrico County was divided and Fluvanna County became a part of Goochland County. Goochland County was divided in 1744 and Fluvanna became a part of Albemarle County. In 1777, Albemarle County was divided to create Fluvanna County. The County was named for the Fluvanna River, the name given to the James River west of Columbia. Fluvanna is Latin for "Anne's River" – in honor of Queen Anne of England. Palmyra was made the county seat in 1828 and remains the county seat today. It quickly became a thriving town after the courthouse was completed in 1830. While Palmyra has changed and modernized over the years, it still possesses an aura of tranquility.



The County operates under the traditional board form of government as defined under Virginia law. The governing body of the County is the Board of Supervisors, which establishes policies for the administration of the County. The Board of Supervisors consists of five members representing the five electoral districts in the County: Columbia, Cunningham, Fork Union, Palmyra, and Rivanna. The Board of Supervisors appoints a County Administrator to serve as the administrative manager of the County. The County Administrator serves at the pleasure of the Board of Supervisors, carries out the policies established by the Board of Supervisors, and directs business and administrative procedures within the County government. The County has taxing powers subject to statewide restriction and tax limits.

Fluvanna County is centrally located in the heart of Virginia, 120 miles south of Washington, D.C., 60 miles west of Richmond, Virginia, and 25 miles southeast of Charlottesville, Virginia. The location of the County can be described as the Piedmont Plateau Physiographic Province and is characterized by gently rolling hills. The County encompasses a land area of 282 square miles. Two U.S. primary and two State primary routes traverse the County. The County is bounded, in effect, by Interstate 64 to the north and by the James River to the south. The Rivanna River, the Commonwealth's first designated "Scenic River", bisects the county and joins the James at the historic town of Columbia. Agriculture remains important in Fluvanna's economy. Two-thirds of the county's land is forested with most open land devoted to farming and grazing.

In addition to the elected Board of Supervisors, five constitutional officers are elected. These officers include the Clerk of the Circuit Court, the Sheriff, the Commonwealth's Attorney, the Treasurer, and the Commissioner of the Revenue. Two officials are elected to serve as County representatives on the Thomas Jefferson Soil & Water Conservation District Board. Five officials are elected to serve as the Fluvanna County School Board.

The departments of the Board of Supervisors, County Administrator, County Attorney, Commissioner of the Revenue, Treasurer, Information Technology, Finance, Registrar, and Human Resources constitute the general government administration of the County. The County Administrator, Constitutional officers, along with the Directors of the various departments, implement the laws and policies of the County by developing and executing the procedures that are necessary in order to provide general support services to County residents.

The Court system is made up of the Circuit Court, General District Court, Juvenile and Domestic Relations Court, Clerk of the Circuit Court, Court Services, and Commonwealth's Attorney. The public safety operations of the County include the Sheriff, Emergency Communications, Emergency Management, Fire and Rescue Squads, Animal Control, Building Inspections, Blue Ridge Juvenile Detention, and Central Virginia Regional Jail.

Public Works is comprised of the departments of Facilities, Utilities, and Public Works which administers capital projects of the County and oversees solid waste management, Sewer, the Zion Crossroads Water and Sewer System and the Fork Union Sanitary District.

The Department of Social Services determines eligibility for public assistance programs, which are mandated by federal and state law. The Community Services Board provides mental health, mental retardation, and substance abuse services. In addition, it provides adult services, group home services, and supervised living services. Fluvanna is served by the Thomas Jefferson Health District along with Charlottesville, and Albemarle, Greene, Louisa, and Nelson counties.

Parks and Recreation provides and promotes leisure services including park activities, educational and hobby programs, senior citizen activities, youth programs, adult athletic leagues, special events, and other activities for County residents. The Fluvanna County Library provides public library service to the County.

The Planning and Zoning Department provides numerous services that relate to the well-being and orderly development of the community. Primary areas of responsibility include the Comprehensive Plan, current and long range planning, and code enforcement. This Department also maintains the geographic information system (GIS) for developing, maintaining, and distributing geographic related data sets and applications. The Economic Development Department has responsibility for attracting and retaining high quality business and industry.

The County provides education through its own school system administered by the Fluvanna County School Board (the School Board). The County promotes commerce through the Economic Development Authority of Fluvanna County, Virginia (the EDA). These agencies have been classified as discretely presented component units in the financial reporting entity because they are legally separate entities for which the County is financially accountable. The EDA has the power to issue tax-exempt industrial development revenue bonds on behalf of qualifying enterprises wishing to utilize that form of financing, as well as to finance County facilities. Those bonds do not constitute a debt or pledge of the faith and credit of the County but represent limited obligations of the EDA payable solely from the revenue and receipts derived from the projects funded with the proceeds.

The School Board administers its own appropriations within the categories defined by the Commonwealth of Virginia. The Board of Supervisors' financial accountability over the School Board is also limited to approving transfers to the education funds and authorizing school debt issuances. The Fluvanna County Public Schools is the single largest service provided by the County. The elected School Board is composed of five members who represent the five electoral districts. The School Board appoints a Superintendent to administer the policies of the School Board. The school system is comprised of one high school, one middle school, and three elementary schools. The K-12 End-of-Year Membership as of June 2019 totaled 3,444 students. The Fluvanna High School Completion Rate is 93.8% (VA On-Time Graduation Rate) with 80% of graduates seeking higher education.

Virginia law requires the County to maintain a balanced budget in each fiscal year. The annual budget serves as the foundation of the County's financial planning and control. These budgetary controls ensure compliance with provisions embodied in the annual appropriated budget approved by the Board of Supervisors. Activities of the general fund and capital projects fund are included in the annual appropriated budget. All agencies and departments of the County are required to submit requests for appropriation to the County Administrator by the date established in the budget calendar. The County Administrator uses these requests as the starting point for developing a proposed budget. Then, the County Administrator presents the proposed budget to the Board who begin a series of work sessions. The Board is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30th, the close of the County's fiscal year, as required by 15.2-2503, Code of Virginia of 1950, as amended. A budget is not required for fiduciary funds. The appropriated budget is prepared by fund and function (e.g., public safety) with the appropriations resolution adopted by the Board placing legal restrictions on expenditures at the fund and function level.

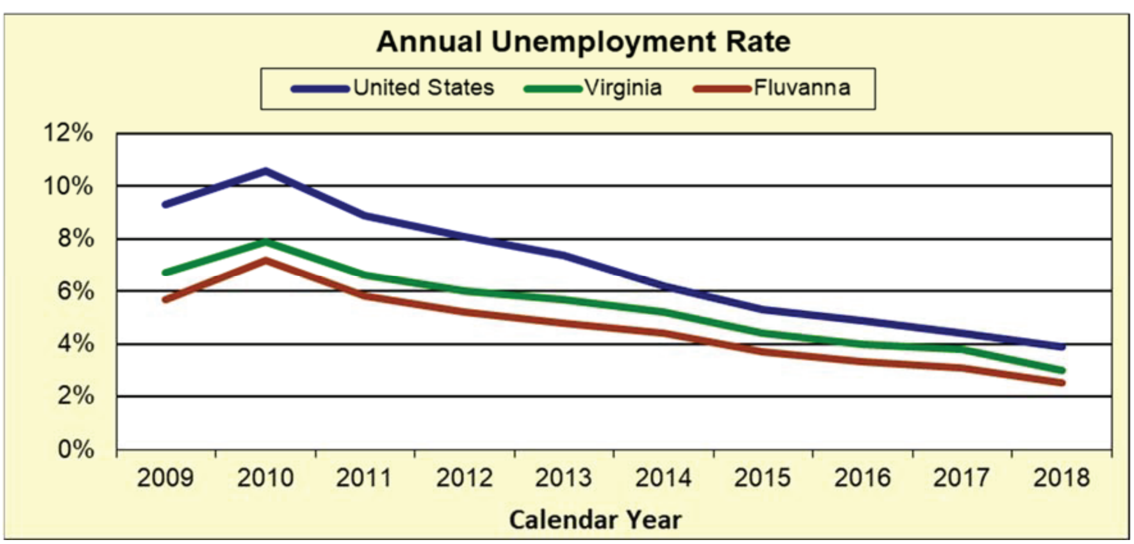
When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with 15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is monitored and reported at the department level. The budget is implemented through appropriations that the Board makes annually, with supplemental appropriations made as required. These appropriations, except those to incur mandated expenditures, may be greater or less than contemplated in the budget.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Fluvanna County operates.

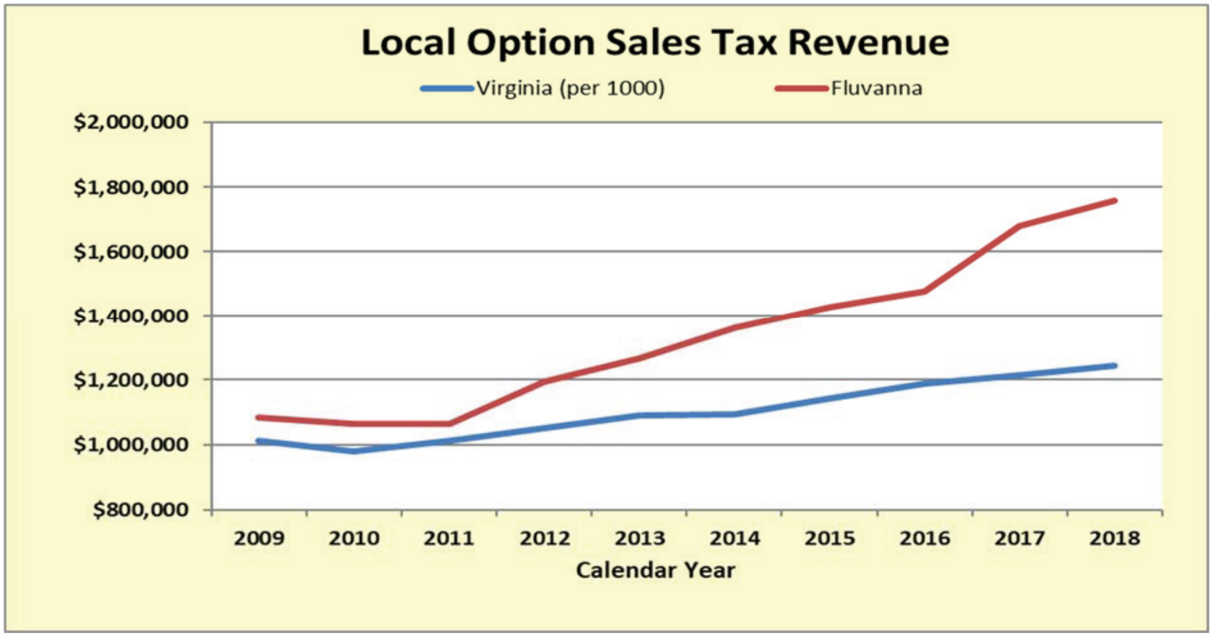
Local Economy

Based on available economic data, the annual local unemployment rate for 2018 was 2.5%, 0.6% lower than the 3.1% annual local unemployment rate for 2017. The local unemployment rate compares favorably to the state and national rate of 3.0% and 3.9%, respectively. The predominant industries are government, education, administrative and support services, health care, and retail trade. As seen in the chart below, unemployment in Fluvanna County has continued on a downward trend since 2011.



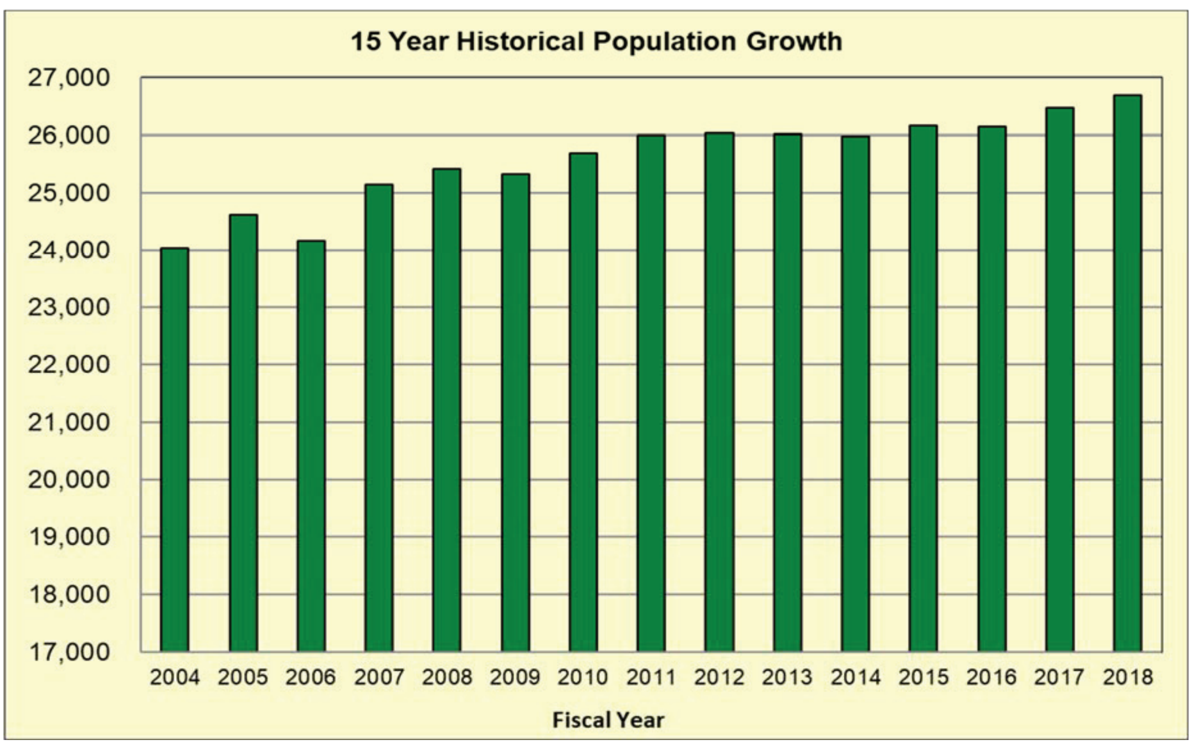
Source: Virginia Employment Commission, Local Area Unemployment Statistics - Annual, Not Seasonally Adjusted

Sales tax revenue can also be an indicator of the overall condition of the County's economy. As seen in the chart below, there has been strong growth in the Local Option Sales Tax revenue in Fluvanna County over the past eight years. The effects of the recession are seen in 2009 and 2010; however, post-recession Local Option Sales Tax revenue has increased 47.0% from 2012 to 2018. In contrast, Virginia has seen a 18.1% increase during the same time period.



Source: Virginia Department of Taxation, Revenue Forecasting – Annual

The population growth in the County has increased over the years due to competitively priced housing, a rural setting, and approximation to major urban centers, including Charlottesville and Richmond. Fluvanna County saw an increase of 28.2% in population growth between the 2000 and the 2010 census. However, population growth has moderated from the 2010 census to 2018 population estimates at a rate of 3.9%.



Source: Weldon Cooper Center for Public Service, Demographics & Workforce Group - July 1st Estimates

The County received their first formal public credit ratings in July 2008. Standard & Poor's provided a rating of AA- with remarks of "strong wealth and income levels, developing local economy has access to the Charlottesville core based statistical area, and solid financial performance with positive operating results and strong reserves." Moody's provided a rating of Aa2 (recalibration of ratings under the Global Scale) with remarks of "favorable location along Interstate 64 between the major employment centers of Charlottesville (G.O. rated Aaa) and Richmond (G.O. rated Aa3/stable outlook) is expected to support ongoing growth, albeit at more moderate levels." In March 2012, Standard & Poor's affirmed its AA- rating with a stable outlook. In May 2014, Standard & Poor's upgraded its rating for the County from AA- to AA with a stable outlook.

Financial Policies

Fluvanna continues to adhere to a conservative fund balance policy that maintains unassigned fund balance at a minimum of 12% of General Fund revenues plus Component Unit School Fund revenues, less the operating transfer from the General Fund.

MAJOR INITIATIVES

For fiscal year 2019, following the priorities established by the County of Fluvanna Board of Supervisors, and with the assistance and guidance of the County Administrator, County staff and agencies implemented and continued a number of specific projects designed to provide County residents with cost efficient government while enhancing their home and employment environment. Major initiatives begun, continued, or completed during this fiscal year are:

- The Zion Crossroads Water and Sewer system will provide water and sewer infrastructure for Fluvanna County's growth corridor from the intersection of U.S. Route 250/Route 15, going west approximately 2.5 miles on U.S. Route 250 towards Charlottesville and going south approximately 1 mile on Route 15. The Board of Supervisors has to date appropriated $775,000 from unassigned fund balance for the design of the Zion Crossroads Water and Sewer System. In August 2017, a Water and Sewer Revenue Bond was issued, providing $8.5 million in project funds. The final design was completed and approved by the Board of Supervisors in November 2017. An Invitation for Bid for construction was issued in May 2018 and all bids were received in October 2018, coming in $1.0 million below estimates. Construction Notice to Proceed was issued for March 11 2019 and final completion is planned by October 31, 2020.

- James River Water Authority (JRWA) Water System is supported 50/50 and made up of the County of Fluvanna and the County of Louisa. This project will construct a raw water intake system and pipeline from the James River to serve the 50 year water supply needs of Fluvanna and Louisa County. The pipeline from the water intake system will stop at Route 6 in the southeast corner of Fluvanna County. Both County's will have access to the system and be responsible for building any future pipelines that connect to the system. In May 2016, a Revenue Bond was issued, providing $9.0 million in project funds. The project is currently in the permitting phase. The project will take 18 months to complete after construction begins.

- A Fork Union Fire Training Building is being built to provide Fluvanna County Fire and Rescue Volunteers with a training facility located inside the county. The building will be a 2 story metal building, approximately 1881 square foot, burning class A flammable material as fuel. It is being partially funded by a $480,000 grant from the Virginia Department of Fire Programs. Designs have been completed and an IFB for construction is scheduled to be issued.

- A County Wide Building and Program Feasibility and Assessment is being completed by Crabtree, Rohrbaugh & Associate. The goal of this study is to provide an assessment of the condition of the County facilities, program use of the facilities, and a potential future use of existing or acquired facilities and properties. This study is considered to be a benchmark report, developed to provide information and resources to be able to implement an improvement plan and guide facility maintenance, upgrades, renovations, additions, and/or possible new construction in the future.

FUTURE BUDGET CONSIDERATIONS

For fiscal year 2020, the Board of Supervisors approved an Operating Budget of $78.6 million inclusive of a General Fund budget of $53 million. The Board of Supervisors elected to decrease the real estate tax rate from $0.939 to $0.925 per $100 of assessed value for calendar year 2019.

Below is the real estate tax rate history for 15 years.

Awards and Acknowledgments

The Governmental Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting (CAFR) to the County of Fluvanna for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This is the tenth year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the cooperation and dedication of the staff of the Fluvanna County Finance Department, Robinson Farmer Cox Associates, and all County agencies and departments that assisted and contributed to the preparation of this Report. Credit also must be given to the Board of Supervisors for their unwavering support for maintaining the highest standards of professionalism in the management of Fluvanna County's finances.

Respectfully submitted,

EDahl

Eric M. Dahl
County Administrator

Mary Anna Twisdale

Mary Anna Twisdale
Director of Finance

This page intentionally left blank

COUNTY OF FLUVANNA, VIRGINIA

DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2019

Board of Supervisors

John M. Sheridan, Chair	Columbia District
Anthony P. O'Brien, Vice Chair	Rivanna District
Mozell H. Booker	Fork Union District
Patricia B. Eager	Palmyra District
Donald W. Weaver	Cunningham District
Caitlin Solis	Clerk

Constitutional Officers

Andrew M. Sheridan	Commissioner of Revenue
Linda H. Lenherr	Treasurer
Jeffrey W. Haislip	Commonwealth's Attorney
Eric B. Hess	Sheriff
Tristana Treadway.	Clerk of the Circuit Court

County Administrative Officials

Eric M. Dahl	County Administrator

School Board

Perrie Johsnon, Chair	Fork Union District
Brenda Pace, Vice Chair	Palmyra District
Charles Rittenhouse	Cunningham District
Andrew Pullen	Columbia District
Shirley Stewart	Rivanna District
Brandi Critzer	Clerk

School Administrative Officials

Chuck Winkler.	Superintendent of Schools

Social Services Board

Deborah T. Johnson, Chair	Fork Union District
Joe Chesser, Vice Chair	Rivanna District
Sandra Patterson	Columbia District
Martha Brown	Palmyra District
Linda Y. Mitchell	Cunningham District
Patricia B. Eager	Board of Supervisor's Representative

Social Services Administrative Official

Kimberly Mabe	Director of Social Services

Other Officials

Hon. Richard E. Moore	Judge of the Circuit Court
Hon. Claiborne H. Stokes, Jr.	Judge of the General District Court
Hon. Deborah S. Tinsley	Judge of the Juvenile and Domestic Relations District Court

This page intentionally left blank

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Fluvanna

Virginia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

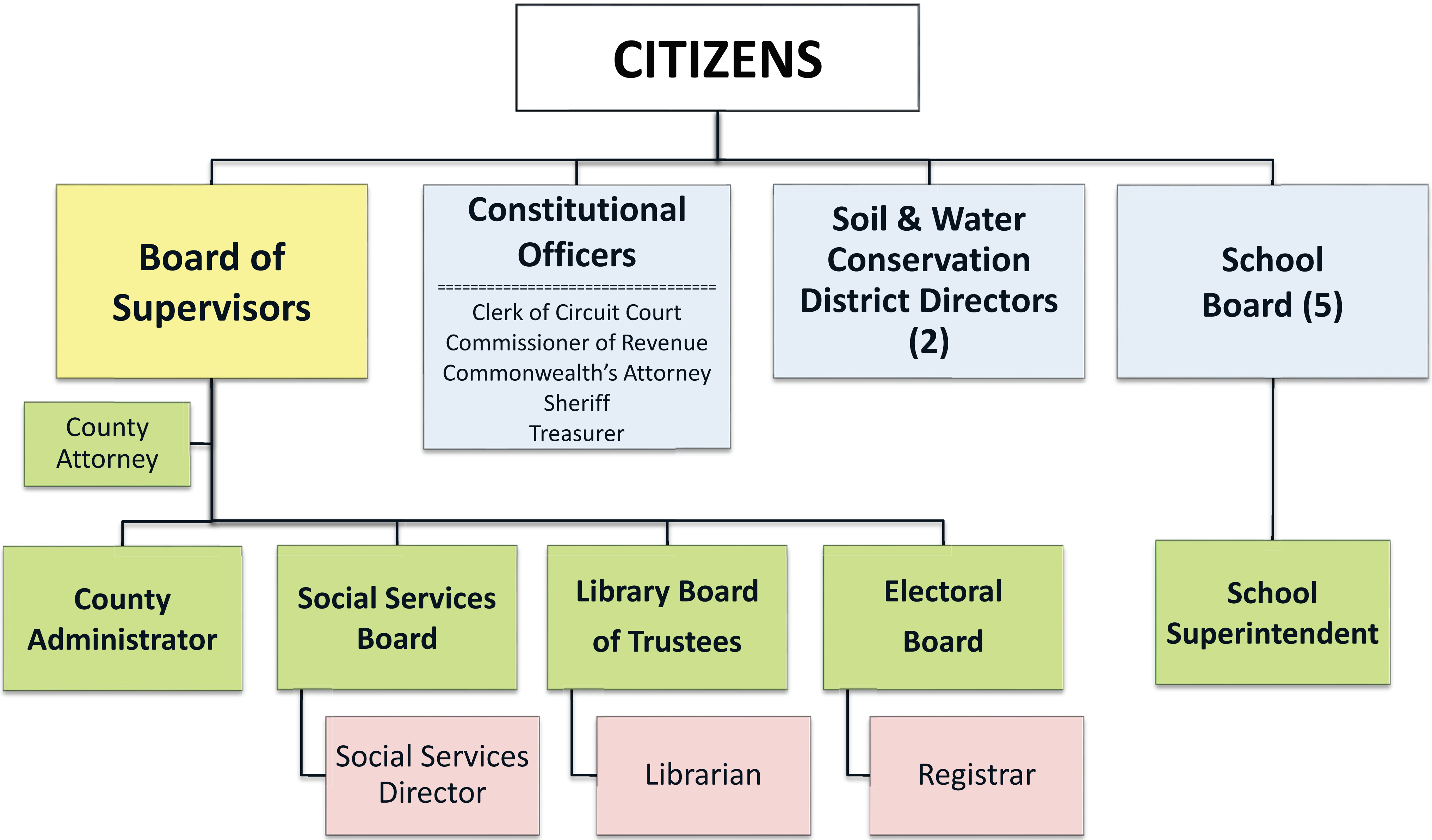
June 30, 2018

Christopher P. Morrill

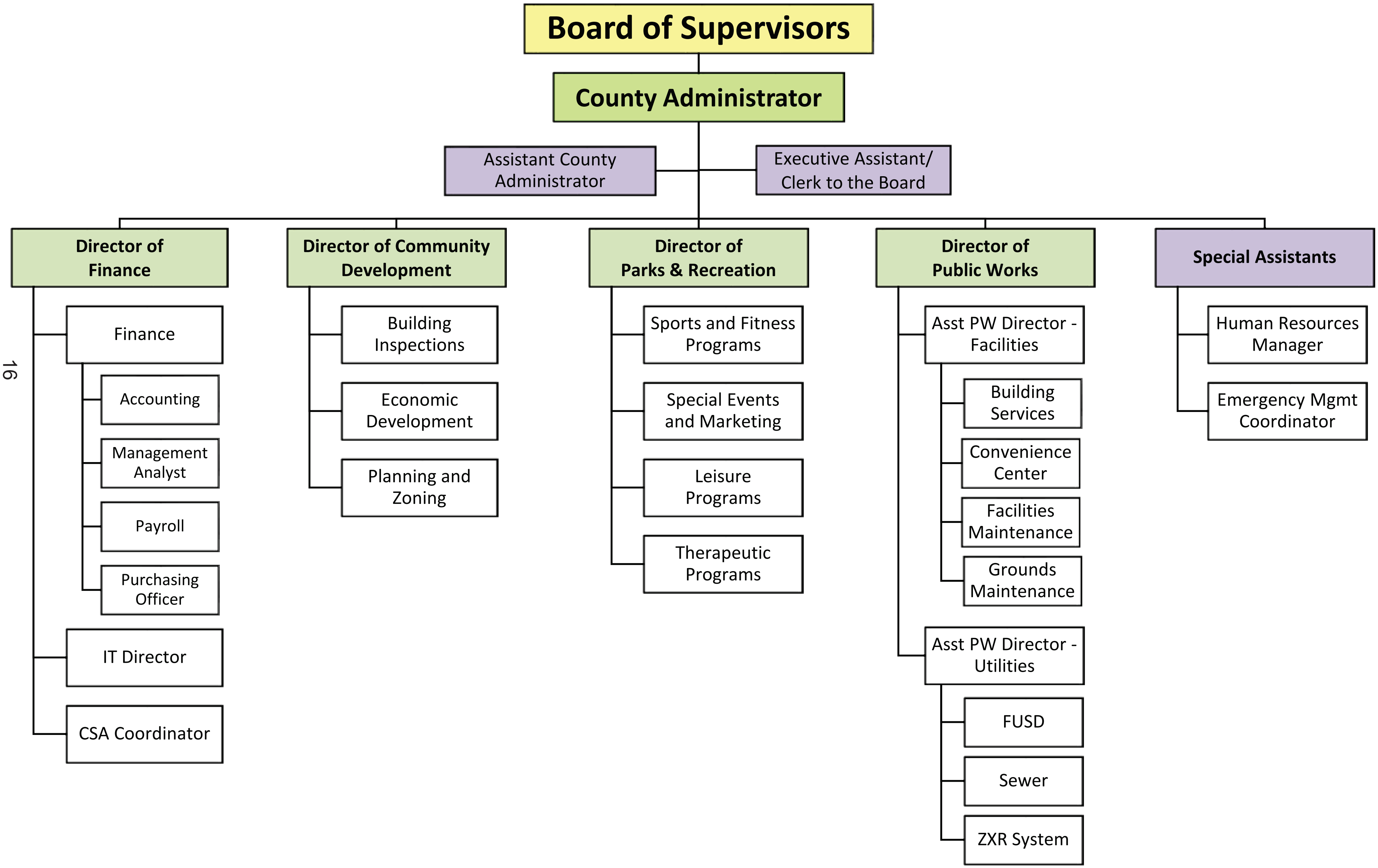
Executive Director/CEO

This page intentionally left blank

County Organization



County Administration Structure



Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

*Opinion*s

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 Fluvanna, Virginia, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 21 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Borrowing Direct Placements*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 19-28, 132, and 133-152 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 Fluvanna, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Matters: (Continued)

Supplementary and Other Information: (Continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019, on our consideration of the County of Fluvanna, 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 Fluvanna, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Fluvanna, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 26, 2019

This page intentionally left blank

To the Honorable Members of the Board of Supervisors
To the Citizens of Fluvanna County
County of Fluvanna, Virginia

The management of the County of Fluvanna, Virginia presents the following discussion and analysis as an overview of the County's financial activities for the fiscal year ended June 30, 2019. We encourage readers to read this discussion and analysis in conjunction with the transmittal letter in the Introductory Section of this report, and the County's financial statements which follow this discussion and analysis.

Financial Highlights

- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $46.0 million (net position). Of this amount, $25.5 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position increased by $2.0 million, of which the governmental activities increased by $1.4 million and business-type activities increased by $600,000.
- As of the close of fiscal year 2019, the County's governmental funds reported combined ending fund balances of $22.8 million. Approximately 72.8% of this amount ($16.6 million) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of committed, assigned, and unassigned components of fund balance) for the general fund was $22.4 million, or approximately 46.7% of total general fund expenditures.
- The total long-term obligations for Primary Government decreased by $6.8 million during fiscal year 2019 (Note 7). This decrease was the result of retirements on existing debt.

Overview of the Financial Statements

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

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

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

Government-Wide Financial Statements

The *government-wide financial statements* (Exhibits 1 and 2) are designed to report information about the County as a whole using accounting methods similar to those found in the private sector. They also report the County's net position and how it has changed during the fiscal year. These statements provide both short-term and long-term information about the County's overall financial status.

Overview of the Financial Statements: (Continued)

Government-Wide Financial Statements: (Continued)

The *statement of net position* (Exhibit 1) presents information on all of the County's assets, liabilities, and deferred inflows/outflows of resources including governmental activities, business-type activities, and component unit activities. Net position is the difference between assets and deferred outflows and liabilities and deferred inflows, which provides a measure of the County's financial health, or financial condition. Over time increases or decreases in the net position may serve as an indicator of whether the County's financial condition is improving or deteriorating. Other non-financial factors will also need to be considered, such as changes in the County's property tax base and the condition of the County's facilities.

The *statement of activities* (Exhibit 2) presents information using the accrual basis of accounting and shows how the County's net position changed during the fiscal year. All of the current year's revenues and expenses are shown in this statement, regardless of when cash is received or paid. The Statement of Activities presents expenses before revenues to emphasize that the government's revenue is generated for the express purpose of providing services.

In the government-wide financial statements, the County's activities are divided into three categories:

Governmental activities: Most of the County's basic services are reported here, including general governmental; judicial administration; public safety; public works; health and welfare; education; parks, recreation and cultural; and community development. These activities are financed primarily by property taxes, other local taxes, and Federal and State grants.

Business-type activities: The County charges fees to users to cover all, or a significant portion, of the costs associated with the provision of certain services. These business-type activities of Fluvanna County are intended to be self-supporting and include the Fork Union Sanitary District, Palmyra Sewer and the Zion Crossroads Water and Sewer System.

Component units: The County has two component units, the Fluvanna County Public Schools (School Board) and the Economic Development Authority of Fluvanna County, which are included in this annual financial report. Although legally separate, the discretely presented component units are important because the County is financially accountable for them. A primary government is accountable for an organization if the primary government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. The County approves debt issuances to finance School Board assets and provides significant funding for its operation. Additional information on the component units can be found in Note 1 of the Notes to Financial Statements section of this report.

Fund Financial Statements

These statements focus on individual parts of the County's government, reporting the County's operations in more detail than the government-wide statements. Funds are used to ensure compliance with finance-related legal requirements and are to keep track of specific sources of revenue and expenses for particular purposes. The County has three kinds of funds:

Overview of the Financial Statements: (Continued)

Fund Financial Statements: (Continued)

Governmental funds – Most of the County's basic services are included in governmental funds, which focus on (1) the in flows and out flows of cash and other financial assets that can be readily converted to cash, and (2) the balances remaining at year-end that are available for spending. The governmental funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided with the fund financial statements to explain the relationship (or differences). The County has two major funds, the General Fund and the Capital Projects Fund. The General fund is the main operating account of the County and therefore, the largest of the governmental funds. The Capital Projects Fund is used to account for major capital projects, primarily construction related. It provides control over resources that have been segregated for specific capital projects. All other governmental funds, which include special revenue funds, are collectively referred to as non-major governmental funds.

The County adopts an annual appropriated budget for its Governmental funds. A budgetary comparison statement has been provided for the General Fund and Capital Projects Fund to demonstrate compliance with this budget.

Proprietary funds – The County maintains two types of Proprietary Funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer programs. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer activities, which are considered to be major funds of the County. Internal service funds are an accounting device used to accumulate and allocate for the County's healthcare activities.

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

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

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

Government-wide Overall Financial Analysis

Statement of Net Position

Table 1 summarizes the Statement of Net Position (Exhibit 1 in the Financial Section of the CAFR) for the primary government as of June 30, 2019 and 2018.

Table 1

County of Fluvanna, Virginia
Summary of Net Position
($ in millions)

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 46.5	45.4	$ 7.1	$ 9.2	$ 53.6	$ 54.6
Capital assets	97.7	103.8	8.4	5.4	106.1	109.2
Total assets	$ 144.2	$ 149.2	$ 15.5	$ 14.6	$ 159.7	$ 163.8
Total deferred outflows of resources	-	14.3	-	-	-	14.3
Long-term liablilities outstanding	$ 89.6	96.1	$ 8.7	$ 9.1	$ 98.3	$ 105.2
Other liabilities	9.0	9.7	1.3	0.6	10.3	10.3
Total liabilities	$ 98.6	$ 105.8	$ 10.0	$ 9.7	$ 108.6	$ 115.5
Total deferred inflows of resources	19.0	18.6	-	-	19.0	18.6
Net position:						
Net investment in capital assets	$ 16.7	16.9	$ 3.7	$ 3.7	$ 20.4	$ 20.6
Restricted	0.1	0.1	-	-	0.1	0.1
Unrestricted	23.7	22.1	1.8	1.2	25.5	23.3
Total net position	$ 40.5	$ 39.1	$ 5.5	$ 4.9	$ 46.0	$ 44.0

As noted earlier, net position over time may serve as a useful indicator of a County's financial position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $46.0 million at the close of the most recent fiscal year. The County's overall net position increased $2.0 million from the prior year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

The County's investment in capital assets of $20.4 million, or 44.3% of total net position, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens, like schools, libraries, law enforcement, fire and emergency medical services. Consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets is of a permanent nature, as assets acquired are generally not sold or otherwise disposed of during their useful life).

Government-wide Overall Financial Analysis: (Continued)

Statement of Net Position: (Continued)

The remaining $25.6 million balance of net position contains $25.5 million unrestricted, which may be used to meet the County's ongoing obligations to citizens and creditors, and $100,000 restricted, due to an assets liability.

Statement of Activities

Table 2 summarizes the Statement of Activities (Exhibit 2 in the Financial Section of the CAFR) for the primary government.

Table 2

County of Fluvanna, Virginia
Changes in Net Position
($in millions)

	Primary Government					
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	$ 1.3	$ 1.3	$ 0.4	$ 0.4	$ 1.7	$ 1.7
Operating grants and contributions	5.9	6.1	-	-	5.9	6.1
General revenues:						
General property taxes	36.5	35.1	-	-	36.5	35.1
Other local taxes	3.7	3.6	-	-	3.7	3.6
Use of money and property	0.6	0.1	0.2	0.1	0.8	0.2
C/VA non-categorical aid	3.9	3.9	-	-	3.9	3.9
Other general revenues	0.2	0.9	-	-	0.2	0.9
Total revenues	$ 52.1	$ 51.0	$ 0.6	$ 0.5	$ 52.7	$ 51.5
Expenses:						
General government administration	$ 2.9	$ 2.5	$ -	$ -	$ 2.9	$ 2.5
Judicial administration	1.3	1.3	-	-	1.3	1.3
Public safety	9.3	9.0	-	-	9.3	9.0
Public works	2.7	2.3	-	-	2.7	2.3
Health and welfare	5.8	6.1	-	-	5.8	6.1
Education	22.9	25.1	-	-	22.9	25.1
Parks, recreation, and cultural	0.9	0.9	-	-	0.9	0.9
Community development	0.9	0.8	-	-	0.9	0.8
Interest and other fiscal charges	3.3	3.4	-	-	3.3	3.4
Fork Union Sanitary District	-	-	0.3	0.3	0.3	0.3
Zion Crossroads Water & Sewer	-	-	0.2	0.4	0.2	0.4
Palmyra Sewer	-	-	0.2	0.3	0.2	0.3
Total expenses	$ 50.0	$ 51.4	$ 0.7	$ 1.0	$ 50.7	$ 52.4
Increase in net position before transfers	$ 2.1	$ (0.4)	$ (0.1)	$ (0.5)	$ 2.0	$ (0.9)
Transfers	(0.7)	(1.3)	0.7	1.3	-	-
Increase in net position	$ 1.4	$ (1.7)	$ 0.6	$ 0.8	$ 2.0	$ (0.9)
Net position, July 1, 2018	39.1	40.8	4.9	4.1	44.0	44.9
Net position, June 30, 2019	$ 40.5	$ 39.1	$ 5.5	$ 4.9	$ 46.0	$ 44.0

Government-wide Overall Financial Analysis: (Continued)

The net position for governmental activities increased $1.4 million for the current fiscal year, for an ending balance of $40.5 million. Generally, net asset changes are the result of the difference between revenues and expenses. Total revenues exceeded expenses by $2.1 in the current fiscal year and transfers of $700,000 reduced the net position to $1.4 million. Revenues for fiscal year 2019 increased by $1.1 million over the previous and the key revenue elements include:

- General property taxes are the largest source of County revenue, totaling $36.5 million for fiscal year 2019, an increase of $1.4 million, or 3.9%, in comparison to fiscal year 2018. The County decreased the tax rate from $0.939 to $0.925 for calendar year 2019. Due to it being a reassessment year, this resulted in higher tax levies for the second half billing for fiscal year 2019. In addition, there was a higher than anticipated collection of current and delinquent real property and personal property taxes, as well as penalties and interest.

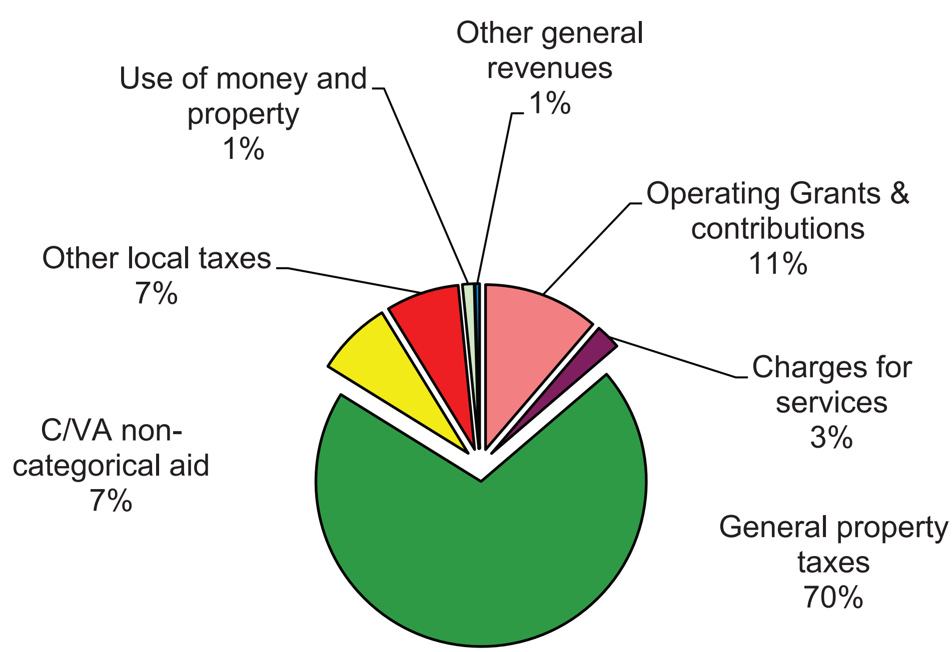
- Other general revenues decreased $200,000.

- Other local taxes increased $100,000 from the local sales and use tax.

- Use of money and property increased $500,000, due to a better investment strategy and interest rate environment.

- Operating grants and contributions decreased $700,000, while all other remaining revenues are unchanged.

Governmental Activities - Revenues by Source
For the Fiscal Year Ended June 30, 2019



Government-wide Overall Financial Analysis: (Continued)

For the fiscal year June 30, 2019, the expenses for governmental activities totaled $50.0 million, a decrease of $1.4 million compared to the prior fiscal year. Key expense elements include:

- Public Safety increased $300,000. $100,000 increase for the Sheriff from personnel costs and $200,000 for the Sheriff from contract services for animal sheltering services.

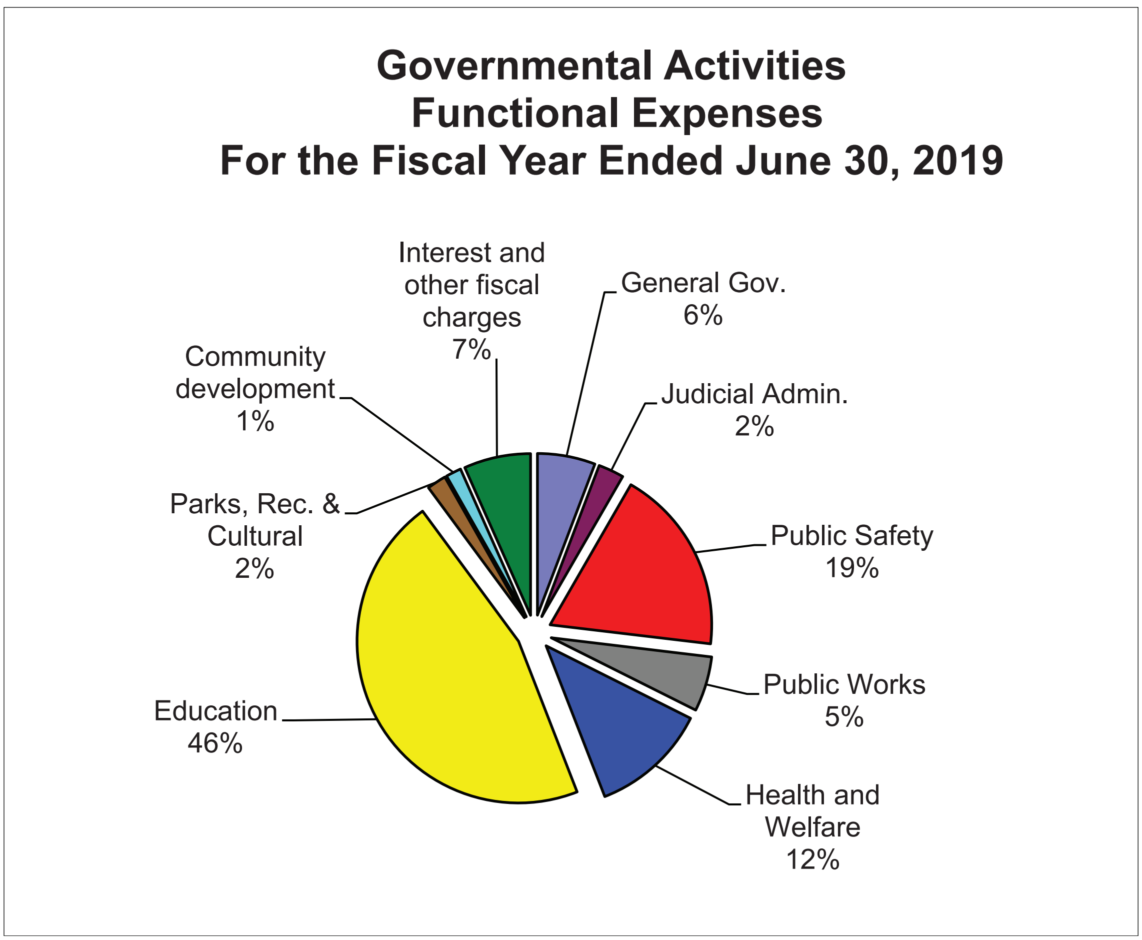
- Public Works increased $400,000 as a result of increased utility costs, increased costs to provide convenience center services and increased cost to maintain older buildings and facilities countywide.

- Education decreased $2.2 million over the previous fiscal year, with a $400,000 decrease in operational expenses and a $1.8 million decrease in capital expenses.

- General Government increased $400,000 as a result of timing of payments of reassessment costs, increased DMV stops, property tax billing increases and increased legal fees.

- Health and Welfare decreased $300,000 as a result of cost savings strategies and interagency cooperation within the CSA (Children's Services Act) division.

The following graph illustrates the County's expenses for each functional area comprising its governmental activities. Education continues to be the County's largest program and highest priority, with Public Safety and Health and Welfare the County's next two largest functional expenses.



Business-Type Activities – For the County's business-type activities, the net position for the current fiscal year increased $600,000 for an ending balance of $5.5 million. The addition of the Zion Crossroads Water and Sewer enterprise fund is the reason for the change this fiscal year. Expenses exceeded revenues by $100,000 for fiscal year 2019. A transfer from the General Fund of $700,000 resulted in the net position increasing.

Financial Analysis of the Governmental Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

Governmental Funds

At June 30, 2019, the County's governmental funds reported combined ending fund balances of $22.8 million (Exhibit 3), increasing in comparison with the prior year by $1.1 million. Of the $22.8 million fiscal year 2019 fund balance, $256,612 is nonspendable from pre-paid items; $122,795 is classified as restricted to indicate that it can only be spent for specific purposes as stipulated by external resource providers such as debt covenants; $5.0 million is classified as committed to indicate that it has been set aside for specific purposes by the County's Board of Supervisors; $806,610 is assigned to expenditures for capital outlays; and $16.6 million is unassigned or available for any purpose, but maintained at targeted levels in accordance with sound financial management practices.

The General Fund is the main operating fund of the County. The fund balance of the General Fund increased by $900,000 (Exhibit 4) at $21.7 million during fiscal year 2019, of which $5.0 million is committed and $16.6 million is unassigned. The excess of revenues over expenditures was $4.4 million, offset by $3.5 million of interfund transfers for the Capital Improvements Fund, Zion Crossroads Water and Sewer Fund and the Sewer Fund. General Fund revenues exceeded budget by $1.7 million; with $1.2 million coming from higher than anticipated collection of current and delinquent general property taxes, $505,310 from Revenue from use of money and property from increased return on investments. General Fund expenditures came in below budget by $2.4 million, with $1.9 million in savings from Public Safety, Health & Welfare and Education. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund revenues. Unassigned fund balance represents 31.8% of General Fund revenues for fiscal year 2019. The Board of Supervisors uses a policy to maintain unassigned General Fund balance at a minimum of 12% of the total General Fund revenues and component unit – school board operating revenues, reduced by the General Fund contribution. The unassigned fund balance policy minimum for June 30, 2019 is $9.1 million and the unassigned General Fund balance exceeds this policy by $7.5 million.

The fund balance in the Capital Projects Fund increased by $173,465, to a balance of $1,114,991 for fiscal year 2019.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Operations of the proprietary funds were included in the discussion of business-type activities.

General Fund Budgetary Highlights

General fund budget amendments resulted in a net increase of $536,887 between the original budget and the final budget. Significant changes included:

- $251,757 increase – General Government Administration
  - Increase due to conversion of a position from part-time to full time in the Registrar's Office
  - Increase in cost of DMV stops to collect delinquent taxes in the Treasurer's Office
  - Increase in cost of legal fees in the Board of Supervisor's budget
  - Increase due to timing of payments in Reassessment budget

- $316,423 increase – Public Safety
  - Carry forward due to delay in receipt of Fire apparatus ordered in FY18
  - Various requests for the Sheriff's Office, E911 and Fire & Rescue

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets as of June 30, 2019 totals $106.1 million, net of accumulated depreciation. This represents a decrease of $3.0 million, or 2.7% below fiscal year 2018. Capital assets are illustrated in Table 3 below.

Table 3

($ in millions)

	Governmental Activities	Business-type Activities	Totals at June 30 2019	Totals at June 30 2018
Land and improvements	$ 2.0	$ 0.3	$ 2.3	$ 2.3
Construction in progress - jointly owned	-	-	-	-
Construction in progress	1.0	3.8	4.8	0.9
Subtotal, capital assets not being depreciated	$ 3.0	$ 4.1	$ 7.1	$ 3.2
Buildings and improvements	$ 33.5	$ -	$ 33.5	$ 33.3
Equipment	9.2	0.2	9.4	9.4
Infrastructure	-	7.0	7.0	7.0
Jointly owned assets	80.4	-	80.4	84.7
Subtotal, capital assets being depreciated	$ 123.1	$ 7.2	$ 130.3	$ 134.4
Less: accumulated depreciation	$ 28.3	$ 3.0	$ 31.3	$ 28.5
Net capital assets being depreciated	$ 94.8	$ 4.2	$ 99.0	$ 105.9
Capital assets, net	$ 97.8	$ 8.3	$ 106.1	$ 109.1

Additional information on the County's capital assets can be found in Note 6 of this report.

Long-term debt

Table 4 illustrates the County's outstanding debt at June 30, 2019.

Table 4

($ in millions)

	Governmental Activities	Business-type Activities	Totals at June 30 2019	Totals at June 30 2018
General obligations bonds	$ 74.4	$ -	$ 74.4	$ 78.2
Qualified energy conservation revenue bonds	7.0	-	7.0	7.4
State moral obligation bonds	2.1	-	2.1	2.5
Revenue bonds	-	8.3	8.3	8.7
Capital lease obligations	6.0	-	6.0	7.1
Total	$ 89.5	$ 8.3	$ 97.8	$ 103.9

The County has adopted two debt ratios as a management tool. The first ratio adopted limits the annual general governmental debt service to no more than 12% of total General Fund revenues. In fiscal year 2019, the County's debt service to revenue ratio was 17.5%, which remained the same from the previous fiscal year (Table 11). The second ratio is the net general obligation of debt to assessed value which should not exceed 3.5%. This ratio measures the relationship between County's tax-supported debts to the taxable value of property in the County. In fiscal year 2019, this ratio decreased 0.3%, to 2.5% (Table 10).

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

Economic Factors and Next Year's Budgets and Rates

Economic Factors

The annual local unemployment rate was 2.8% for calendar year 2018, which is a 0.4% improvement from 3.2% for calendar year 2017. The local unemployment rate compares favorably to the State's rate of 3.0% and national rate of 3.9% for calendar year 2018.

Fiscal Year 2020 Budget and Rates

For the fiscal year ending June 30, 2020, the adopted total budget is $82.8 million, an increase of $5.2 million from fiscal year 2019. This net increase over the previous fiscal year was primarily the result of the following:

- $1.5 million increase for County operations
  - $54,000 increase for General Government
  - $188,000 increase for Public Works
  - $258,000 increase for Health & Welfare
  - $464,000 increase for Public Safety
  - $83,000 increase in Parks and Recreation
  - $453,000 increase for all others combined
- $2.1 million increase for Capital Projects
- $100,000 increase for Debt Service
- $1.4 million increase for Education
- $100,000 increase for Enterprise Funds

For calendar year 2019, the real estate tax rate decreased from $0.939 to $0.925 per $100 of assessed value.

Key factors that are expected to impact future budgets include:

- Continued gradual recovery of assessed property values
- Options for new revenue sources and enhancing existing sources
- State mandates on localities
- Economic Development opportunities for Zions Crossroads and the County as a whole
- Maintenance, repair and replacement of County government and school buildings
- Increases for Public Safety services, personnel, vehicles and equipment

Requests for Information

This financial report is designed to provide a general overview of the County of Fluvanna, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 132 Main Street, Fluvanna, Virginia 22963.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

Government-wide Financial Statements

This page intentionally left blank

Statement of Net Position
At June 30, 2019

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business Type Activities	Total	School Board	Fluvanna County EDA
ASSETS					
Current Assets					
Cash and cash equivalents	$ 20,709,231	$ 598,780	$ 21,308,011	$ 1,391,515	$ 62,369
Restricted assets	63,275	6,499,843	6,563,118	-	-
Receivables (net of allowance for uncollectibles):					
Property taxes	22,593,421	-	22,593,421	-	-
Accounts receivable	300,095	25,815	325,910	151,153	-
Notes receivable	-	-	-	-	-
Prepaid expenses	256,612	-	256,612	-	-
Due from other governments	2,467,654	-	2,467,654	1,164,114	-
Total Current Assets	$ 46,390,288	$ 7,124,438	$ 53,514,726	$ 2,706,782	$ 62,369
Noncurrent Assets					
Net other postemployment benefit asset	$ 131,363	$ -	$ 131,363	$ 554,745	$ -
Net pension asset	$ -	$ -	$ -	$ 671,279	$ -
Capital assets (net of accumulated depreciation):					
Land	$ 1,969,296	$ 296,176	$ 2,265,472	$ 359,782	$ -
Buildings and improvements	23,694,621	1,106	23,695,727	1,033,001	-
Infrastructure	-	4,208,639	4,208,639	-	-
Equipment	2,298,038	-	2,298,038	2,927,655	-
Jointly owned assets	68,836,029	-	68,836,029	20,574,103	-
Construction in progress	955,430	3,844,708	4,800,138	827,516	-
Total capital assets	$ 97,753,414	$ 8,350,629	$ 106,104,043	$ 25,722,057	$ -
Total Noncurrent Assets	$ 97,884,777	$ 8,350,629	$ 106,235,406	$ 26,948,081	$ -
Total Assets	$ 144,275,065	$ 15,475,067	$ 159,750,132	$ 29,654,863	$ 62,369
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	$ 12,904,812	$ -	$ 12,904,812	$ -	$ -
OPEB deferrals	142,405	-	142,405	520,372	-
Pension deferrals	683,948	-	683,948	3,830,637	-
Total Deferred Outflows of resources	$ 13,731,165	$ -	$ 13,731,165	$ 4,351,009	$ -
Total Assets and Deferred Outflows of Resources	$ 158,006,230	$ 15,475,067	$ 173,481,297	$ 34,005,872	$ 62,369
LIABILITIES					
Current Liabilities					
Accounts payable and other current liabilities	$ 808,805	$ 851,316	$ 1,660,121	$ 2,252,188	$ -
Amounts held for others	205,381	-	205,381	-	-
Unearned revenue - grants	3,999	-	3,999	-	-
Accrued interest payable	1,288,342	76,732	1,365,074	-	-
Notes payable	-	-	-	-	-
Current portion of long-term obligations	6,672,014	432,191	7,104,205	199,395	-
Total Current Liabilities	$ 8,978,541	$ 1,360,239	$ 10,338,780	$ 2,451,583	$ -
Noncurrent Liabilities					
Noncurrent portion of long-term obligations	89,588,465	8,654,695	98,243,160	36,211,056	-
Total Liabilities	$ 98,567,006	$ 10,014,934	$ 108,581,940	$ 38,662,639	$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenues - taxes	$ 18,514,218	$ -	$ 18,514,218	$ -	$ -
Items related to measurement of net OPEB liability/asset	112,700	-	112,700	524,137	-
Items related to measurement of net pension liability/asset	346,221	-	346,221	4,412,807	-
Total Deferred Inflows of resources	$ 18,973,139	$ -	$ 18,973,139	$ 4,936,944	$ -
NET POSITION					
Net investment in capital assets	$ 16,707,620	$ 3,651,962	$ 20,359,582	$ 25,722,057	$ -
Restricted for:					
Debt service	59,520	-	59,520	-	-
Unrestricted	23,698,945	1,808,171	25,507,116	(35,315,768)	62,369
Total Net Position	$ 40,466,085	$ 5,460,133	$ 45,926,218	$ (9,593,711)	$ 62,369
Total Liabilities, Deferred Outflows of Resources, and Net Position	$ 158,006,230	$ 15,475,067	$ 173,481,297	$ 34,005,872	$ 62,369

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

COUNTY OF FLUVANNA, VIRGINIA

Statement of Activities
Year Ended June 30, 2019

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	$ 2,894,457	$ -	$ 294,053	$ -
Judicial administration	1,277,434	113,860	569,899	-
Public safety	9,282,343	948,948	1,384,150	-
Public works	2,749,824	98,192	8,499	-
Health and welfare	5,856,235	-	3,316,476	-
Education	22,902,730	-	-	-
Parks, recreation, and cultural	959,127	121,537	86,340	-
Community development	773,645	-	-	-
Interest on long-term debt	3,332,219	-	214,542	-
Total governmental activities	$ 50,028,014	$ 1,282,537	$ 5,873,959	$ -
Business-type activities:				
Fork Union Sanitary District	$ 329,122	$ 355,953	$ -	$ -
Zion Crossroads Water & Sewer	256,941	-	-	-
Sewer	244,110	29,898	-	-
Total business-type activities	$ 830,173	$ 385,851	$ -	$ -
Total primary government	$ 50,858,187	$ 1,668,388	$ 5,873,959	$ -
COMPONENT UNITS:				
School Board	$ 41,320,311	$ 766,221	$ 23,388,676	$ -
Fluvanna County EDA	14,518	1,750	-	-
Total component units	$ 41,334,829	$ 767,971	$ 23,388,676	$ -

General revenues:
General property taxes
Local sales and use taxes
Consumer utility taxes
Motor vehicle license taxes
Recordation taxes
Other local taxes
Commonwealth of Virginia non-categorical aid
Unrestricted revenues from use of money and property
Miscellaneous
Contribution from county
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning
Net position - ending

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	Component Unit
Governmental Activities	Business Type Activities	Total	School Board	Fluvanna County EDA
$ (2,600,404)	$ -	$ (2,600,404)	$ -	$ -
(593,675)	-	(593,675)	-	-
(6,949,245)	-	(6,949,245)	-	-
(2,643,133)	-	(2,643,133)	-	-
(2,539,759)	-	(2,539,759)	-	-
(22,902,730)	-	(22,902,730)	-	-
(751,250)	-	(751,250)	-	-
(773,645)	-	(773,645)	-	-
(3,117,677)	-	(3,117,677)	-	-
$ (42,871,518)	$ -	$ (42,871,518)	$ -	$ -
$ -	$ 26,831	$ 26,831	$ -	$ -
-	(256,941)	(256,941)	-	-
-	(214,212)	(214,212)	-	-
$ -	$ (444,322)	$ (444,322)	$ -	$ -
$ -	$ (444,322)	$ (43,315,840)	$ -	$ -
$ -	$ -	$ -	$ (17,165,414)	$ -
-	-	-	-	(12,768)
$ -	$ -	$ -	$ (17,165,414)	$ (12,768)
$ 36,546,338	$ -	$ 36,546,338	$ -	$ -
1,826,331	-	1,826,331	-	-
468,459	-	468,459	-	-
895,510	-	895,510	-	-
340,922	-	340,922	-	-
198,703	-	198,703	-	-
3,866,437	-	3,866,437	-	-
594,166	207,424	801,590	12,144	100
232,705	-	232,705	1,128,956	-
-	-	-	20,516,501	1,000
(736,338)	736,338	-	-	-
$ 44,233,233	$ 943,762	$ 45,176,995	$ 21,657,601	$ 1,100
$ 1,361,715	$ 499,440	$ 1,861,155	$ 4,492,187	$ (11,668)
39,104,370	4,960,693	44,065,063	(14,085,898)	74,037
$ 40,466,085	$ 5,460,133	$ 45,926,218	$ (9,593,711)	$ 62,369

Fund Financial Statements

This page intentionally left blank

Balance Sheet - Governmental Funds
At June 30, 2019

	Governmental Funds: General	Governmental Funds: Capital Projects	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 19,850,793	$ 858,438	$ 20,709,231
Cash in custody of others	-	63,275	63,275
Receivables (Net of allowance for uncollectibles):			
Taxes, including penalties	22,593,421	-	22,593,421
Accounts	300,095	-	300,095
Prepaid items	11,506	245,106	256,612
Due from other governmental units	2,467,654	-	2,467,654
Total assets	$ 45,223,469	$ 1,166,819	$ 46,390,288
LIABILITIES			
Accounts payable and accrued expenses	$ 756,977	$ 51,828	$ 808,805
Unearned revenue - grants	3,999	-	3,999
Amounts held for others	205,381	-	205,381
Total liabilities	$ 966,357	$ 51,828	$ 1,018,185
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	$ 22,563,843	$ -	$ 22,563,843
FUND BALANCES			
Nonspendable	$ 11,506	$ 245,106	$ 256,612
Restricted	59,520	63,275	122,795
Committed	4,989,493	-	4,989,493
Assigned	-	806,610	806,610
Unassigned	16,632,750	-	16,632,750
Total fund balances	$ 21,693,269	$ 1,114,991	$ 22,808,260
Total liabilities, deferred inflows of resources and fund balances	$ 45,223,469	$ 1,166,819	

Detailed explanation of adjustments from fund statements to government-wide statement of net position:

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the County as a whole.	$ 97,753,414
The net OPEB asset is not an available resource and, therefore, is not reported in the funds.	131,363
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,288,342)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues in the governmental funds and thus are not included in the fund balance.	
Unavailable revenue - property taxes	4,049,625
Items related to measurement of net pension liability/asset	(346,221)
Items related to measurement of net OPEB liability/asset	(112,700)
Deferred outflows - Pension deferrals	683,948
Deferred outflows - OPEB deferrals	142,405
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term--are reported in the statement of net position.	(83,355,667)
Net position of General Government Activities	$ 40,466,085

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

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

	Governmental Funds		
	General	Capital Projects	Total Governmental Funds
Revenues:			
General property taxes	$ 36,606,379	$ -	$ 36,606,379
Other local taxes	3,729,925	-	3,729,925
Permits, privilege fees and regulatory licenses	266,135	-	266,135
Fines and forfeitures	66,715	-	66,715
Revenue from use of money and property	590,296	3,870	594,166
Charges for services	949,687	-	949,687
Miscellaneous	120,081	112,624	232,705
Recovered costs	195,792	-	195,792
Intergovernmental:			
Commonwealth	8,039,911	-	8,039,911
Federal	1,700,485	-	1,700,485
Total revenues	$ 52,265,406	$ 116,494	$ 52,381,900
Expenditures:			
Current:			
General government administration	$ 2,928,940	$ 139,873	$ 3,068,813
Judicial administration	1,156,453	-	1,156,453
Public safety	8,111,487	1,072,065	9,183,552
Public works	2,464,093	379,981	2,844,074
Health and welfare	5,891,086	-	5,891,086
Education	16,544,579	1,054,926	17,599,505
Parks, recreation, and cultural	910,949	14,996	925,945
Community development	741,256	-	741,256
Nondepartmental	33,693	-	33,693
Debt service:			
Principal retirement	5,852,348	-	5,852,348
Interest and other fiscal charges	3,255,930	-	3,255,930
Total expenditures	$ 47,890,814	$ 2,661,841	$ 50,552,655
Excess (deficiency) of revenues over (under) expenditures	$ 4,374,592	$ (2,545,347)	$ 1,829,245
Other financing sources (uses):			
Transfers in	$ -	$ 2,718,812	$ 2,718,812
Transfers (out)	(3,455,150)	-	(3,455,150)
Total other financing sources (uses)	$ (3,455,150)	$ 2,718,812	$ (736,338)
Changes in fund balances	$ 919,442	$ 173,465	$ 1,092,907
Fund balances at beginning of year	20,773,827	941,526	21,715,353
Fund balances at end of year	$ 21,693,269	$ 1,114,991	$ 22,808,260

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

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

		Primary Government Governmental Funds
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds		$ 1,092,907
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. The following details support this adjustment.		
Capital outlay	$ 1,291,701	
Depreciation expense	(4,146,782)	(2,855,081)
Transfer of joint tenancy assets from Primary Government to the Component Unit		(3,160,834)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the change in unavailable taxes.		
Unearned revenue - property taxes	$ (60,041)	
(Increase) decrease in deferred inflows related to the measurement of the net OPEB liability	26,482	
(Increase) decrease in deferred inflows related to the measurement of the net pension liability	439,432	405,873
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. A summary of items supporting this adjustment is as follows:		
Principal retired on school general obligation bonds	$ 3,846,143	
Principal retired on public facility note	385,000	
Principal retired on qualified energy conservation revenue bonds	472,812	
Principal retired on capital lease obligations	1,148,393	
Landfill postclosure costs	28,309	5,880,657
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. The following is a summary of items supporting this adjustment:		
Change in compensated absences	$ (51,156)	
Change in net OPEB asset	11,628	
Deferred amount on refunding	(764,976)	
Amortization of bond discount	(31,697)	
Amortization of bond premium	638,893	
Change in net pension liability	(17,143)	
Change in net GLI OPEB liability	(21,000)	
Change in net HIC OPEB liability	(9,628)	
Change in deferred outflows related to pensions	128,292	
Change in deferred outflows related to OPEB	61,262	
Change in accrued interest payable	53,718	(1,807)
Change in net position of governmental activities		$ 1,361,715

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

Statement of Net Position
Proprietary Funds
At June 30, 2019

	Business-Type Activities - Enterprise Funds			
	Fork Union Sanitary District	Zion Crossroads Water & Sewer	Sewer	Totals
ASSETS				
Current Assets				
Cash and cash equivalents	$ 89,175	$ 19,053	$ 490,552	$ 598,780
Cash in custody of others	-	6,499,843	-	6,499,843
Accounts receivable	24,511	-	1,304	25,815
Total Current Assets	$ 113,686	$ 6,518,896	$ 491,856	$ 7,124,438
Noncurrent Assets				
Capital assets:				
Land and construction in progress	$ 11,736	$ 3,844,708	$ 284,440	$ 4,140,884
Other capital assets, net of depreciation	1,362,515	-	2,847,230	4,209,745
Total Noncurrent Assets	$ 1,374,251	$ 3,844,708	$ 3,131,670	$ 8,350,629
Total Assets	$ 1,487,937	$ 10,363,604	$ 3,623,526	$ 15,475,067
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	$ 13,276	$ 837,265	$ 775	$ 851,316
Accrued interest payable	-	76,732	-	76,732
Current portion of long-term obligations	43,584	328,607	60,000	432,191
Total Current Liabilities	$ 56,860	$ 1,242,604	$ 60,775	$ 1,360,239
Noncurrent Liabilities				
Noncurrent portion of long-term obligations	$ 330,375	$ 7,904,320	$ 420,000	$ 8,654,695
Total Liabilities	$ 387,235	$ 9,146,924	$ 480,775	$ 10,014,934
NET POSITION				
Net investment in capital assets	$ 1,000,292	$ -	$ 2,651,670	$ 3,651,962
Unrestricted	100,410	1,216,680	491,081	1,808,171
Total Net Position	$ 1,100,702	$ 1,216,680	$ 3,142,751	$ 5,460,133
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 1,487,937	$ 10,363,604	$ 3,623,526	$ 15,475,067

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

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

	Business-Type Activities - Enterprise Funds			
	Fork Union Sanitary District	**Zion Crossroads Water & Sewer**	**Sewer**	**Totals**
Operating revenues:				
Charges for services	$ 355,953	$ -	$ 29,898	$ 385,851
Total operating revenues	$ 355,953	$ -	$ 29,898	$ 385,851
Operating expenses:				
Contractual services	$ 189,816	20,322	134,118	344,256
Other charges	41,318	-	13,377	54,695
Depreciation	80,135	-	96,615	176,750
Total operating expenses	$ 311,269	$ 20,322	$ 244,110	$ 575,701
Operating income (loss)	$ 44,684	$ (20,322)	$ (214,212)	$ (189,850)
Nonoperating revenues (expenses):				
Interest income	$ -	$ 207,424	$ -	$ 207,424
Interest expense	(17,853)	(236,619)	-	(254,472)
Total nonoperating revenues (expenses)	$ (17,853)	$ (29,195)	$ -	$ (47,048)
Income (loss) before contributions and transfers	$ 26,831	$ (49,517)	$ (214,212)	$ (236,898)
Transfers				
Transfers in	$ -	$ 580,330	$ 156,008	$ 736,338
Change in net position	$ 26,831	$ 530,813	$ (58,204)	$ 499,440
Net position at beginning of year	1,073,871	685,867	3,200,955	4,960,693
Net position at end of year	$ 1,100,702	$ 1,216,680	$ 3,142,751	$ 5,460,133

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

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

	Business-Type Activities - Enterprise Funds			
	Fork Union Sanitary District	**Zion Crossroads Water & Sewer**	**Sewer**	**Totals**
Cash flows from operating activities:				
Receipts from customers and users	$ 352,047	$ -	$ 28,826	$ 380,873
Payments to suppliers	(236,301)	(20,322)	(148,597)	(405,220)
Payments to employees (including fringe benefits)	(18,129)	-	(14,371)	(32,500)
Net cash provided by (used for) operating activities	$ 97,617	$ (20,322)	$ (134,142)	$ (56,847)
Cash flows from noncapital financing activities:				
Transfers in	$ -	$ 580,330	$ 156,008	$ 736,338
Increase (decrease) in due to other funds	(67,100)	(11,774)	-	(78,874)
Net cash provided by (used for) noncapital financing activities	$ (67,100)	$ 568,556	$ 156,008	$ 657,464
Cash flows from capital and related financing activities:				
Construction and acquisition of capital assets	$ -	$ (2,263,380)	$ -	$ (2,263,380)
Interest expense	(17,853)	(313,906)	-	(331,759)
Retirement of indebtedness	(41,667)	(250,000)	(60,000)	(351,667)
Net cash provided by (used for) capital and related financing activities	$ (59,520)	$ (2,827,286)	$ (60,000)	$ (2,946,806)
Cash flows from investing activities:				
Interest income	$ -	$ 207,424	$ -	$ 207,424
Increase (decrease) in cash and cash equivalents	$ (29,003)	$ (2,071,628)	(38,134)	$ (2,138,765)
Cash and cash equivalents at beginning of year	118,178	8,590,524	528,686	9,237,388
Cash and cash equivalents at end of year	$ 89,175	$ 6,518,896	$ 490,552	$ 7,098,623
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ 44,684	$ (20,322)	$ (214,212)	$ (189,850)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:				
Depreciation	$ 80,135	$ -	$ 96,615	$ 176,750
Changes in operating assets, liabilities, and deferred inflows/outflows of resources:				
(Increase)/decrease in accounts receivable	(3,906)	-	(1,072)	(4,978)
Increase/(decrease) in compensated absences	(18,129)	-	(14,371)	(32,500)
Increase/(Decrease) in accounts payable and accrued expenses	(5,167)	-	(1,102)	(6,269)
Total adjustments	$ 52,933	$ -	$ 80,070	$ 133,003
Net cash provided by (used for) operating activities	$ 97,617	$ (20,322)	$ (134,142)	$ (56,847)
Noncash investing, capital, or Financing transactions:				
Capital Contributions	$ -	$ -	$ -	$ -

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

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

	Other Post - Employment Benefits Trust	Agency Fund
ASSETS		
Cash and cash equivalents	$ -	$ 191,703
Investments:		
Fixed income	447,971	
Stocks	1,151,926	
Real Estate	149,323	
Alternative investments	383,975	-
Total investments	$ 2,133,195	$ -
Total assets	$ 2,133,195	$ 191,703
LIABILITIES		
Amounts held for social services clients	$ -	$ 191,703
Total liabilities	$ -	$ 191,703
NET POSITION		
Restricted - postemployment benefits other than pensions	$ 2,133,195	$ -
Total liabilities and net position	$ 2,133,195	$ 191,703

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

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2019

		Other Post - Employment Benefits Trust
ADDITIONS		
Contributions:		
Employer	$	138,068
Total contributions	$	138,068
Investment income or (loss)		
Net increase in the fair market value of investments	$	93,868
Total investment earnings	$	93,868
Total additions	$	231,936
DEDUCTIONS		
Benefits	$	138,068
Administrative expenses		2,719
Total deductions	$	140,787
Change in net position	$	91,149
Net Position Restricted for Postemployment Benefits other than Pensions		
Net position - beginning		2,042,046
Net position - ending	$	2,133,195

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The County of Fluvanna, Virginia is governed by an elected five member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include sheriff and volunteer fire protection, recreational activities, cultural events, education, and social services.

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its components unit. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position

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

Statement of Activities

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are 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.

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

Fund Financial Statements

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

Budgetary Comparison Schedules

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the requirement to report the government's original budget in addition to the comparison of 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 basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Fluvanna, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended component Units:

The County has no blended component units.

Discretely Presented Component Units:

School Board: The School Board operates the County Public School System. Members are currently elected by popular vote. The School Board adopts an annual budget for the schools. The School Board submits an appropriation request to the Board of Supervisors. The Board of Supervisors can decline to fund the entire appropriation which they adopt (as modified) in the annual County Budget. A separate financial report for the School Board is not prepared.

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

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units: (Continued)

Economic Development Authority: The Economic Development Authority of Fluvanna County, Virginia (the EDA) was established by the Fluvanna County Board of Supervisors pursuant to the Industrial Development and Revenue Bond Act (Chapter 33, Title 15.1, Code of Virginia of 1950, as amended) so that such authorities may be able to promote industry and develop trade in the Commonwealth. The County appoints the board members of the EDA. The County may significantly influence the fiscal affairs of the Authority. The EDA does not issue separate financial statements.

Other Related Organizations included in the County's CAFR: None

C. 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 financial statements. Agency funds have no measurement focus. 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.

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

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

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

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

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

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following major 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 transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board.

b. Capital Projects Fund

The Capital Projects Fund (Capital Improvements) 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.

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

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

2. Proprietary Funds

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

Enterprise Funds

Enterprise Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Enterprise funds consist of Fork Union Sanitary District (F.U.S.D.), Sewer, Zion Crossroads Water and Sewer.

3. 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. Fiduciary funds are not included in the government-wide financial statements. The County's only Agency Fund is the Special Welfare Fund. The County's only Trust Fund is the Other Post Employment Benefits Fund.

D. 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.

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

D. Budgets and Budgetary Accounting: (Continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the function level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; and 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 for the General Fund and the Capital Project Fund. The School Fund is integrated only at the level of legal adoption.

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. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

E. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

F. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents. Investments consist of assets held by a trustee. Bond proceeds are maintained to comply with the provisions of the Internal Revenue Tax Code and various bond indentures. Bond proceeds are deposited in the State Non-Arbitrage Program (SNAP). Values of shares in the SNAP reflect fair value. Capital lease proceeds are held in escrow and deposited in money market funds.

State statutes authorize the County government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool.

G. Receivables and Payables

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

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

G. Receivables and Payables: (Continued)

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 $375,701 at June 30, 2019 and is comprised of the following:

Fork Union Sanitary District	$	30,796
Sewer		10,060
Property Taxes		334,845
Total	$	375,701

Property Tax Calendar

The County collects real and personal property taxes semiannually. Real and personal property taxes are levied as of January 1 for a calendar year and are due on June 5 and December 5; penalties and interest accrue on all unpaid balances as of these dates. Unpaid real and personal property taxes constitute a lien against the property as of the due date of the tax. The County bills and collects its own property taxes.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The County records prepaids using the consumption method.

I. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure are reported in the applicable governmental or business-type activities 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 five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

I. Capital Assets: (Continued)

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

Assets	Years
Buildings	40 to 50
Building improvements	30 to 40
Vehicles and equipment	5 to 10
Water and sewer system	20 to 50
Buses	12

J. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Long-term Obligations

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

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

L. Fund Balances

Financial Policies

The Board of Supervisors meets on a monthly basis to manage and review cash financial activities and to ensure compliance with established policies. It is the County's policy to fund current expenditures with current revenues and the County's mission is to strive to maintain a diversified and stable revenue stream to protect the government from problematic fluctuations in any single revenue source and provide stability to ongoing services. The County's unassigned General Fund balance will be maintained to provide the County with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing.

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

L. Fund Balances: (Continued)

Financial Policies: (Continued)

Fund balances are required to be reported according to the following classifications:

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, long-term receivables and corpus of a permanent fund.

Restricted fund balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed fund balance – Amounts that can only be used for specific purposes because of a formal action (resolution) by the government's highest level of decision-making authority.

Assigned fund balance – Amounts that are constrained by the County's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Unassigned fund balance – This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The Board of Supervisors may also assign fund balance as it does through the adoption or amendment of the budget as intended for specific purpose. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. Please see detail of County's Fund Balances on the following page.

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

L. Fund Balances: (Continued)

Category	General Fund	Capital Projects Fund	Component Unit School Board Cafeteria Fund
Nonspendable:			
Prepaid Items	$ 11,506	$ 245,106	$ -
Total Nonspendable	$ 11,506	$ 245,106	$ -
Restricted:			
Unexpended Bond Proceeds - School	$ -	$ -	$ -
Unexpended Bond Proceeds - VA Saves Energy Project	-	63,275	-
USDA Debt Reserve	59,520	-	-
Total Restricted	$ 59,520	$ 63,275	$ -
Committed:			
Capital Projects:			
Historic Courthouse	$ 250,130	$ -	$ -
Old HS WW treatment plant PH I-FY12	7,595	-	-
County Fiber Infrastructure	25,976	-	-
School Fiber Infrastructure	244,886	-	-
County Capital Reserve	450,854	-	-
School Capital Reserve	467,566	-	-
Schools Computer Instructional Technology and Infrastructure	250,461	-	-
School Board Office Renovations	106,591	-	-
Self Contained Breathing Apparatus (SCBA)	200,000	-	-
Access Control Monitoring	9,519	-	-
Building Assessment	1,628	-	-
Library & Public Safety - Combined Water System	50,000	-	-
Computer Aided Dispatch/Records Management System	122,775	-	-
County VoIP Phone Equipment	24,263	-	-
Facilities Security Upgrade	4,840	-	-
F&R Personal Protective Equipment	4,461	-	-
F&R Apparatus and Vehicles	83,000	-	-
F&R Thermal Imaging Camera Replacement	11,279	-	-
Recoat Central WW Treatment Plant	70,000	-	-
Carysbrook School Renovation	706,256	-	-
Farm Heritage Museum	13,310	-	-
Carysbrook Softball Field	12,070	-	-
Pleasant Grove Road Paving	98,000	-	-
County Government Vehicles	85,468	-	-
Schools Floor Covering Replacement	13,935	-	-
Sheriff Reserve for Vehicles	271,702	-	-
Social Services Vehicles	50,163	-	-
School Buses	200,001	-	-
School Transportation & Facility Vehicles	89,072	-	-
Fire Hydrant Installation	37,500	-	-
Columbia Sewer Study	34,593	-	-
Courthouse security system	75,640	-	-
Heart Monitor Replacement	100,000	-	-
Burn Building	975	-	-
FY18 Budget - Use of Fund Balance	375,000	-	-
Other Carryforwards	439,984	-	-
Total Committed	$ 4,989,493	$ -	$ -
Assigned:			
Other capital projects	$ -	$ 806,610	$ -
Cafeteria	-	-	454,594
Total Assigned	$ -	$ 806,610	$ 454,594
Unassigned:	$ 16,632,750	$ -	$ -
Total Fund Balance	$ 21,693,269	$ 1,114,991	$ 454,594

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

M. Net Position

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

N. Use of Estimates

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

O. Component Unit – School Board Capital Asset and Debt Presentation

By law, the School Board does not have taxing authority and, therefore, it cannot incur debt through general obligation bonds to fund the acquisition, construction or improvement of its capital assets. That responsibility lies with the County who issues the debt on behalf of the School Board. However, the Code of Virginia requires the School Board to hold title to the capital assets (buildings and equipment) due to their responsibility for maintaining the asset.

In the Statement of Net Position, this scenario presents a dilemma for the County. Debt issued on behalf of the School Board is reported as a liability of the primary government, thereby reducing the net position of the County. The corresponding capital assets are reported as assets of the Component Unit-School Board (title holder), thereby increasing its net position.

The Virginia General Assembly amended the Code of Virginia to allow a tenancy in common with the School Board whenever the locality incurs a financial obligation which is payable over more than one fiscal year for any school property. The tenancy in common terminates when the associated debt has been paid in full. For financial reporting purposes, the legislation permits the locality to report the portion of the school property related to any outstanding financial obligation, thus eliminating a potential deficit from financing capital assets with debt.

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

Q. Deferred Outflows/Inflows of Resources

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

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

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

R. Pensions

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

S. Other Postemployment Benefits (OPEB)

Group Life Insurance

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

Political Subdivision and Teacher Employee Health Insurance Credit Program

The County and Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Programs were established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee 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 OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the Programs' OPEB, and the related OPEB expenses, information about the fiduciary net position of the County and VRS Teacher Employee HIC Programs; and the additions to/deductions from the County and VRS Teacher Employee HIC Programs' 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.

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 and School Board Component Unit 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). Bond proceeds subject to arbitrage rebate are invested in the State Non-Arbitrage Program (See Note 1). Capital lease proceeds are held in escrow and invested in money market funds.

Credit Risk of Debt Securities

The County limits the investment of funds in Debt Securities to those with credit ratings of at least Aa3/AA-.

The County’s rated debt investments as of June 30, 2019 were rated by Standard & Poor’s and the ratings are presented below using Standard & Poor’s rating scale.

Rated Debt Investments' Values

Rated Debt Investments	Fair Value	AAAm	AA+f
Virginia Investment Pool	$ 2,314,010	$ -	$ 2,314,010
Money Market Mutual Funds (SNAP)	6,563,118	6,563,118	-
Total	$ 8,877,128	$ 6,563,118	$ 2,314,010

NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

The County Investment Policy requires that investment cash flows be optimized to match expected cash flow needs and are limited to investments with an average life of 5 years or less.

	Investment Maturities (in years)		
Investment Type	Fair Value	Less Than 1 Year	1 - 5 Years
Virginia Investment Pool	$ 2,314,010	$ -	$ 2,314,010
Money Market Mutual Funds (SNAP)	6,563,118	6,563,118	-
Total	$ 8,877,128	$ 6,563,118	$ 2,314,010

Custodial Credit Risk

The County's investments are all insured, registered in the County's name and held in an account in the County's name, or invested in an external investment pool.

Fair Value Measurements:

Fair value of the Virginia Investment Pool is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County has measured fair value of the above investments at the net asset value (NAV). There are no withdrawal limitations or restrictions imposed on participants.

External Investment Pool:

The fair values of the positions in the SNAP is the same as the value of the pool shares. As these pools are not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. SNAP is amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS:

Receivables due from other governmental units consist of the following at June 30, 2019:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	$ 362,263	$ -
Communication tax	113,433	-
Public assistance and welfare administration	25,281	-
State sales tax	-	520,035
PPTRA	1,438,261	-
Shared expenses	152,002	-
Children's services	294,725	-
Other	-	433,771
Federal Government:		
School grants	-	210,308
Public assistance and welfare administration	81,689	-
Other	-	-
Totals	$ 2,467,654	$ 1,164,114

NOTE 4 - INTERFUND OBLIGATIONS/TRANSFERS:

There were no Interfund obligations at June 30, 2019.

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

Fund	Transfers In	Transfers Out
Primary Government		
General Fund	$ -	$ 3,455,150
Sewer	156,008	-
Zion Crossroads Water & Sewer	580,330	
Capital Projects Fund	2,718,812	-
Total	$ 3,455,150	$ 3,455,150

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

NOTE 5 - DUE TO/FROM PRIMARY GOVERNMENT/COMPONENT UNIT:

There were no interfund obligations between the primary government and its component unit.

NOTE 6 - CAPITAL ASSETS:

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

	Beginning Balance July 1, 2018	Additions	Deletions	Ending Balance June 30, 2019
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 1,968,230	$ 1,066	$ -	$ 1,969,296
Construction in progress	258,809	749,216	52,595	955,430
Total capital assets not being depreciated	$ 2,227,039	$ 750,282	$ 52,595	$ 2,924,726
Capital assets being depreciated:				
Buildings and improvements	$ 33,300,855	$ 259,704	$ 1	$ 33,560,558
Equipment	9,261,900	334,310	413,040	9,183,170
Jointly owned assets	84,691,576	-	4,257,489	80,434,087
Total capital assets being depreciated	$ 127,254,331	$ 594,014	$ 4,670,530	$ 123,177,815
Less accumulated depreciation for:				
Buildings and improvements	$ 8,586,278	$ 1,279,660	$ 1	$ 9,865,937
Equipment	6,573,441	724,731	413,040	6,885,132
Jointly owned assets	10,552,322	2,142,391	1,096,655	11,598,058
Total accumulated depreciation	$ 25,712,041	$ 4,146,782	$ 1,509,696	$ 28,349,127
Total capital assets being depreciated, net	$ 101,542,290	$ (3,552,768)	$ 3,160,834	$ 94,828,688
Governmental activities capital assets, net	$ 103,769,329	$ (2,802,486)	$ 3,213,429	$ 97,753,414

Tenancy in Common – State legislation enacted in 2002, Section 15.2-1800.1 of the Code of Virginia, (1950), as amended, granted the County a tenancy in common with the School Board when the County incurs a financial obligation for school property which is payable over more than one fiscal year. For financial reporting purposes, the net book value of School capital assets financed by the County guaranteed debt is shown under the County up to the amount of outstanding debt. At June 30, 2019, the School component unit capital assets financed by the outstanding County guaranteed debt with a book value of $68,836,029 were reported in the Primary Government as tenant in common with the School Board.

NOTE 6 - CAPITAL ASSETS: (CONTINUED)

	Beginning Balance July 1, 2018	Additions	Deletions	Ending Balance June 30, 2019
Business-type Activities:				
Fork Union Sanitary District:				
Capital assets, not being depreciated:				
Land	$ 11,736	$ -	$ -	$ 11,736
Total capital assets not being depreciated	$ 11,736	$ -	$ -	$ 11,736
Capital assets being depreciated:				
Buildings and improvements	$ 18,079	$ -	$ -	$ 18,079
Infrastructure	3,106,057	-	-	3,106,057
Equipment	163,911	-	-	163,911
Total capital assets being depreciated	$ 3,288,047	$ -	$ -	$ 3,288,047
Less accumulated depreciation for:				
Buildings and improvements	$ 16,752	$ 221	$ -	$ 16,973
Infrastructure	1,664,734	79,914	-	1,744,648
Equipment	163,911	-	-	163,911
Total accumulated depreciation	$ 1,845,397	$ 80,135	$ -	$ 1,925,532
Total capital assets being depreciated, net	$ 1,442,650	$ (80,135)	$ -	$ 1,362,515
Fork Union Sanitary District capital assets, net	$ 1,454,386	$ (80,135)	$ -	$ 1,374,251
Zion Crossroads Water & Sewer:				
Capital assets, not being depreciated:				
Construction in progress	$ 744,063	$ 3,100,645	$ -	$ 3,844,708
Total capital assets not being depreciated	$ 744,063	$ 3,100,645	$ -	$ 3,844,708
Zion Crossroads Water & Sewer capital assets, net	$ 744,063	$ 3,100,645	$ -	$ 3,844,708

NOTE 6 - CAPITAL ASSETS: (CONTINUED)

	Beginning Balance July 1, 2018	Additions	Deletions	Ending Balance June 30, 2019
Business-type Activities: (continued)				
Sewer Fund:				
Capital assets, not being depreciated:				
Land	$ 284,440	$ -	$ -	$ 284,440
Total capital assets not being depreciated	$ 284,440	$ -	$ -	$ 284,440
Capital assets being depreciated:				
Infrastructure	$ 3,864,580	$ -	$ -	$ 3,864,580
Total capital assets being depreciated	$ 3,864,580	$ -	$ -	$ 3,864,580
Less accumulated depreciation for:				
Infrastructure	$ 920,735	$ 96,615	$ -	$ 1,017,350
Total accumulated depreciation	$ 920,735	$ 96,615	$ -	$ 1,017,350
Total capital assets being depreciated, net	$ 2,943,845	$ (96,615)	$ -	$ 2,847,230
Sewer capital assets, net	$ 3,228,285	$ (96,615)	$ -	$ 3,131,670
Business-type activities capital assets, net	$ 5,426,734	$ 2,923,895	$ -	$ 8,350,629

NOTE 6 - CAPITAL ASSETS: (CONTINUED)

	Beginning Balance July 1, 2018	Additions	Deletions	Ending Balance June 30, 2019
Discretely Presented Component-Unit School Board:				
Capital assets, not being depreciated:				
Land	$ 359,782	$ -	$ -	$ 359,782
Construction in progress	786,830	510,608	469,922	827,516
Total capital assets not being depreciated	$ 1,146,612	$ 510,608	$ 469,922	$ 1,187,298
Capital assets being depreciated:				
Buildings and improvements	$ 8,915,248	$ 95,666	$ -	$ 9,010,914
Equipment	7,373,724	798,666	5,750	8,166,640
Jointly owned assets	28,119,996	4,257,489	-	32,377,485
Total capital assets being depreciated	$ 44,408,968	$ 5,151,821	$ 5,750	$ 49,555,039
Less accumulated depreciation for:				
Buildings and improvements	$ 7,041,055	$ 936,858	$ -	$ 7,977,913
Equipment	4,607,803	636,932	5,750	5,238,985
Jointly owned assets	10,706,727	1,096,655	-	11,803,382
Total accumulated depreciation	$ 22,355,585	$ 2,670,445	$ 5,750	$ 25,020,280
Total capital assets being depreciated, net	$ 22,053,383	$ 2,481,376	$ -	$ 24,534,759
School Board capital assets, net	$ 23,199,995	$ 2,991,984	$ 469,922	$ 25,722,057

NOTE 6 - CAPITAL ASSETS: (CONTINUED)

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

Governmental Activities:		
General government administration	$	208,601
Judicial administration		189,029
Public safety		1,289,034
Public works		125,300
Health and welfare		31,293
Education		2,142,391
Parks, recreation and cultural		86,409
Community development		74,725
Total	$	4,146,782
Business-Type Activities:		
Fork Union Sanitary District	$	80,135
Sewer	$	96,615
Component Unit School Board	$	2,670,445 (1)
(1) Depreciation Expense	$	1,573,790
Accumulated depreciation on joint tenancy asset transfer		1,096,655
Total additions to accumulated depreciation	$	2,670,445

NOTE 7 - LONG-TERM OBLIGATIONS:

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

	Balance July 1, 2018	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2019	Amounts Due Within One Year
Governmental Activities:					
Direct Borrowings and Direct Placements:					
School general obligation bonds	$ 78,238,142	$ -	$ 3,846,143	$ 74,391,999	$ 3,956,834
Premium on general obligation bonds	5,237,254	-	566,242	4,671,012	549,398
Discount on general obligation bonds	(285,270)	-	(31,697)	(253,573)	(31,697)
Infrastructure and state moral obligation revenue bonds	2,480,000	-	385,000	2,095,000	400,000
Premium on infrastructure revenue bonds	258,593	-	72,651	185,942	59,170
Qualified energy conservation revenue bonds	7,417,740	-	472,812	6,944,928	478,320
Landfill postclosure costs	702,779	7,189	35,498	674,470	35,498
Capital leases	7,126,966	-	1,148,393	5,978,573	1,163,885
Net pension liability	361,661	2,488,235	2,471,092	378,804	-
Net OPEB liability:					
Net Group Life Insurance OPEB liability	$ 535,000	$ 124,000	$ 103,000	$ 556,000	$ -
Net Health Insurance Credit OPEB liability	21,636	21,330	11,702	31,264	-
Total net pension liability	$ 556,636	$ 145,330	$ 114,702	$ 587,264	$ -
Compensated absences	554,904	106,646	55,490	606,060	60,606
Total governmental activities	$ 102,649,405	$ 2,747,400	$ 9,136,326	$ 96,260,479	$ 6,672,014

The general fund revenues are used to liquidate compensated absences and other long-term obligations.

	Balance July 1, 2018	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2019	Due Within One Year
Business-type Activities:					
Compensated absences	$ 32,500	$ -	$ 32,500	$ -	$ -
Direct Borrowings and Direct Placements:					
Water facilities bonds	415,626	-	41,667	373,959	43,584
Sewer system revenue bonds	540,000	-	60,000	480,000	60,000
Water and sewer system revenue bonds	7,715,000	-	250,000	7,465,000	255,000
Premium on revenue bonds	843,468	-	75,541	767,927	73,607
Total business-type activities	$ 9,546,594	$ -	$ 459,708	$ 9,086,886	$ 432,191
Total Primary Government	$ 112,195,999	$ 2,747,400	$ 9,596,034	$ 105,347,365	$ 7,104,205

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government

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

	Direct Borrowings and Direct Placments			
	General Obligation Bonds		Infrastructure and State Moral Obligation Revenue Bond	
Year	Principal	Interest	Principal	Interest
2020	$ 3,956,834	$ 2,600,794	$ 400,000	$ 94,168
2021	3,973,139	2,483,111	420,000	74,631
2022	4,114,442	2,327,283	440,000	54,069
2023	4,286,073	2,151,613	205,000	37,541
2024	4,292,128	1,959,676	220,000	26,650
2025	4,458,030	1,780,723	230,000	15,119
2026	4,624,210	1,611,025	180,000	4,612
2027	4,407,143	1,443,584	-	-
2028	4,195,000	1,276,646	-	-
2029	4,340,000	1,134,003	-	-
2030	4,480,000	989,337	-	-
2031	4,240,000	817,391	-	-
2032	4,415,000	645,883	-	-
2033	4,575,000	489,720	-	-
2034	4,535,000	353,025	-	-
2035	4,675,000	214,875	-	-
2036	4,825,000	72,375	-	-
Totals	$ 74,391,999	$ 22,351,064	$ 2,095,000	$ 306,790

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

	Direct Borrowings and Direct Placements				Direct Borrowings and Direct Placements					
					Revenue Bonds					
	Qualified Energy Conservation Revenue Bonds		Capital Leases		Water Facilities Bond		Sewer System Revenue Bond		Water and Sewer System Revenue Bond	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 478,320	$ 260,184	$ 1,163,885	$ 72,315	$ 43,584	$ 15,936	$ 60,000	$ -	$ 255,000	$ 305,866
2021	483,893	241,517	1,179,587	56,614	45,587	13,934	60,000	-	265,000	295,891
2022	489,530	222,632	1,195,500	40,701	47,681	11,839	60,000	-	280,000	283,250
2023	495,233	203,528	1,211,628	24,573	49,871	9,649	60,000	-	290,000	269,494
2024	501,002	184,201	1,227,973	8,227	52,162	7,358	60,000	-	305,000	256,147
2025	506,839	164,649	-	-	54,559	4,961	60,000	-	320,000	241,181
2026	512,744	144,869	-	-	57,065	2,455	60,000	-	335,000	225,397
2027	518,717	124,859	-	-	23,447	209	60,000	-	350,000	208,844
2028	524,760	104,615	-	-	-	-	-	-	370,000	190,394
2029	530,873	84,136	-	-	-	-	-	-	390,000	171,494
2030	537,058	63,418	-	-	-	-	-	-	410,000	153,210
2031	543,315	42,459	-	-	-	-	-	-	425,000	135,016
2032	549,644	21,255	-	-	-	-	-	-	445,000	117,184
2033	273,000	5,296	-	-	-	-	-	-	460,000	99,869
2034	-	-	-	-	-	-	-	-	480,000	81,881
2035	-	-	-	-	-	-	-	-	495,000	64,972
2036	-	-	-	-	-	-	-	-	510,000	49,269
2037	-	-	-	-	-	-	-	-	530,000	31,169
2038	-	-	-	-	-	-	-	-	550,000	10,519
Totals	$ 6,944,928	$ 1,867,618	$ 5,978,573	$ 202,430	$ 373,956	$ 66,341	$ 480,000	$ -	$ 7,465,000	$ 3,191,047

The total cost of equipment under current capital leases is $8,223,125.

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Detail of Long-Term Obligations

	Amount Outstanding	Amounts Due Within One Year
Governmental Activities:		
Direct Borrowings and Direct Placements:		
Infrastructure and State Moral Obligation Revenue Bonds:		
$3,520,000 Virginia Resources Authority Infrastructure and State Moral Obligation Revenue Bonds Series 2014C, issued November 19, 2014 maturing annually in installments ranging from $180,000 to $440,000 through October 1, 2025. Interest payable semiannually at ranging 3.007% to 5.125%.	$ 2,095,000	$ 400,000
Premium on School Bonds 2014C	185,942	59,170
Total infrastructure and state moral obligation revenue bonds	$ 2,280,942	$ 459,170
School General Obligation Bonds:		
$1,000,000 Refunding School Bonds, 1999A, issued May 13, 1999, maturing annually in installments of $50,000 through July 15, 2019, interest payable semiannually at 4.1%.	$ 50,000	$ 50,000
$6,411,957 School Bonds, 2005A, issued November 10, 2005, maturing annually in installments ranging from $273,104 to $372,067 through July 15, 2025, interest payable semiannually at 5.1%.	2,475,174	335,009

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Detail of Long-Term Obligations: (Continued)

	Amount Outstanding	Amounts Due Within One Year
School General Obligation Bonds: (continued)		
$5,420,000 School Bonds, 2009A, issued November 13, 2009, maturing annually in installments ranging from $135,500 to $387,143 through September 15, 2026. The interest rate is 0.0%.	$ 3,136,825	$ 426,825
Discount on School Bonds 2009A	(253,573)	(31,697)
$66,120,000 School Refunding Bonds, 2012B, issued December 20, 2012, maturing annually in installments ranging from $345,000 to $4,825,000 through June 30, 2036, interest payable semiannually at ranging from 1.25% to 5.00%.	62,480,000	2,630,000
Premium on School Bonds 2012B	4,138,079	451,965
$3,995,000 School Bonds, 2012, issued November 15, 2012, maturing annually in installments ranging from $135,000 to $305,000 through July 15, 2032, interest payable semiannually at ranging from 2.05% to 5.05%.	2,680,000	265,000
Premium on School Bonds 2012	143,235	31,657
$4,420,000 School Bonds, 2014C, issued November 20, 2014, maturing annually in installments ranging from $170,000 to $405,000 through July 15, 2029, interest payable semiannually at ranging from 2.05% to 5.05%.	3,570,000	250,000
Premium on School Bonds 2014C	389,698	65,776
Total school general obligation bonds	$ 78,809,438	$ 4,474,535

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Detail of Long-Term Obligations: (Continued)

	Amount Outstanding	Amounts Due Within One Year
Qualified Energy Conservation Revenue Bonds:		
$7,653,740 Qualified Energy Conservation Revenue Bonds, Series 2017, issued February 28, 2017, maturing annually in installments ranging from $236,000 to $549,644 through August 1, 2032, interest payable semiannually at 3.88%.	$ 6,944,928	$ 478,320
Capital Leases:		
$8,223,125 capital lease dated October 31, 2016 maturing annually in installments ranging from $1,096,159 to $1,227,973 through September 1, 2023. Interest payable semiannually at 1.34%. Lease is for Radio Equipment.	$ 5,978,573	$ 1,163,885
Total capital leases	$ 5,978,573	$ 1,163,885
Landfill postclosure costs	$ 674,470	$ 35,498
Net pension liability	$ 378,804	$ -
Net Group Life Insurance OPEB liability	$ 556,000	$ -
Net Health Insurance Credit OPEB liability	$ 31,264	$ -
Compensated absences	$ 606,060	$ 60,606
Total Governmental Activities	$ 96,260,479	$ 6,672,014
Business-type Activities:		
Direct Borrowings and Direct Placements:		
Water Facilities Bond:		
$1,000,000, Series 1998-A, authorized June 25, 1998, due in monthly installments of $4,960, including principal and interest. The interest rate is 4.5% and final payment is due December 31, 2030.	$ 373,959	$ 43,584
Sewer System Revenue Bond:		
$1,200,000, Series 2006, authorized August 1, 2006, due in semi-annual installments of $30,000, principal only. The interest rate is 0.0% and final payment is due March 1, 2027.	480,000	60,000
Water and Sewer System Revenue Bond:		
$7,715,000, Series 2017B, authorized August 16, 2017, due in annual installments ranging from $250,000 to $550,000 through October 1, 2037, interest payable semiannually at ranging from 2.825% to 5.125%	7,465,000	255,000
Premium on revenue bonds	767,927	73,607
Compensated absences	-	-
Total Business-type Activities Obligations	$ 9,086,886	$ 432,191
Total Primary Government	$ 105,347,365	$ 7,104,205

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

USDA Revenue Bond

Under the terms of the USDA Revenue Bonds, the County is required to establish a reserve equal to 10% of the monthly installments of principal and interest until an amount equal to twelve monthly installments has been established. The funds are not required to be held in a separate bank account. The County has established this reserve and has a balance of $59,520. The reserve had been reflected as restricted fund balance in the General Fund in the accompanying financial statements.

Component Unit School Board

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

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Amounts Due Within One Year
Compensated absences	$ 1,810,772	$ 364,257	$ 181,077	$ 1,993,952	$ 199,395
Net OPEB liability:					
Net Group Life Insurance OPEB liability	$ 1,790,900	$ 319,520	$ 321,370	$ 1,789,050	$ -
Net Health Insurance Credit OPEB liability	3,148,190	361,050	351,920	3,157,320	-
Total net OPEB liability	$ 4,939,090	$ 680,570	$ 673,290	$ 4,946,370	$ -
Net pension liability	30,715,053	6,859,943	8,104,867	29,470,129	-
Total	$ 37,464,915	$ 7,904,770	$ 8,959,234	$ 36,410,451	$ 199,395

The School Operating and School Cafeteria Funds are used to liquidate the School Board's compensated absences liability.

NOTE 8 - PENSION PLAN:

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Benefit Structures

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

a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.

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

c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

NOTE 8 - PENSION PLAN: (CONTINUED)

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

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

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	90	47
Inactive members:		
Vested inactive members	36	14
Non-vested inactive members	55	38
Inactive members active elsewhere in VRS	104	25
Total inactive members	195	77
Active members	144	94
Total covered employees	429	218

Contributions

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

The County’s contractually required contribution rate for the year ended June 30, 2019 was 8.14% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were $599,500 and $545,361 for the years ended June 30, 2019 and June 30, 2018, respectively.

NOTE 8 - PENSION PLAN: (CONTINUED)

Contributions (Continued)

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2019 was 3.16% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were $60,409 and $117,666 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability/Asset

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

Actuarial Assumptions – General Employees

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

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

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 – Non-Hazardous Duty:

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (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, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% – 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.

NOTE 8 - PENSION PLAN: (CONTINUED)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 – Hazardous Duty:

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits: (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 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:

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

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

NOTE 8 - 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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the County and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	$ 22,011,382	$ 21,649,721	$ 361,661
Changes for the year:			
Service cost	$ 774,664	$ -	$ 774,664
Interest	1,502,751	-	1,502,751
Differences between expected and actual experience	195,740	-	195,740
Contributions - employer	-	546,067	(546,067)
Contributions - employee	-	330,070	(330,070)
Net investment income	-	1,594,955	(1,594,955)
Benefit payments, including refunds of employee contributions	(1,087,007)	(1,087,007)	-
Administrative expenses	-	(13,651)	13,651
Other changes	-	(1,429)	1,429
Net changes	$ 1,386,148	$ 1,369,005	$ 17,143
Balances at June 30, 2018	$ 23,397,530	$ 23,018,726	$ 378,804

NOTE 8 - PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	$ 6,320,944	$ 6,642,874	$ (321,930)
Changes for the year:			
Service cost	$ 195,750	$ -	$ 195,750
Interest	433,621	-	433,621
Differences between expected and actual experience	(275,526)	-	(275,526)
Contributions - employer	-	110,969	(110,969)
Contributions - employee	-	104,890	(104,890)
Net investment income	-	491,976	(491,976)
Benefit payments, including refunds of employee contributions	(252,705)	(252,705)	-
Administrative expenses	-	(4,201)	4,201
Other changes	-	(440)	440
Net changes	$ 101,140	$ 450,489	$ (349,349)
Balances at June 30, 2018	$ 6,422,084	$ 7,093,363	$ (671,279)

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County			
Net Pension Liability (Asset)	$ 3,397,271	$ 378,804	$ (2,119,257)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	$ 157,844	$ (671,279)	$ (1,363,369)

NOTE 8 - PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2019, the County and Component Unit School Board (nonprofessional) recognized pension expense of $12,477 and ($124,866), respectively. At June 30, 2019, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 121,596	$ 140,189	$ 49,119	$ 318,818
Change in assumptions	-	13,598	-	28,160
Net difference between projected and actual earnings on pension plan investments	-	192,434	-	62,330
Employer contributions subsequent to the measurement date	562,352	-	60,409	-
Total	$ 683,948	$ 346,221	$ 109,528	$ 409,308

$562,352 and $60,409 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2020	$ (13,348)	$ (133,542)
2021	26,568	(143,742)
2022	(220,370)	(77,218)
2023	(17,475)	(5,687)
Thereafter	-	-

NOTE 8 - PENSION PLAN: (CONTINUED)

Component Unit School Board (professional)

Plan Description

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

Contributions

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

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Division were $3,030,222 and $3,187,199 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of $29,470,129 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was .25059% as compared to .24403% at June 30, 2017.

NOTE 8 - 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, 2019, the school division recognized pension expense of $1,419,927. Since there was a change in proportionate share between June 30, 2017 and June 30, 2018, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,520,537
Change in assumptions	351,664	-
Net difference between projected and actual earnings on pension plan investments	-	624,536
Changes in proportion and differences between employer contributions and proportionate share of contributions	339,223	858,426
Employer contributions subsequent to the measurement date	3,030,222	-
Total	$ 3,721,109	$ 4,003,499

$3,030,222 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2020	$ (584,726)
2021	(776,315)
2022	(1,434,857)
2023	(418,845)
Thereafter	(97,869)

NOTE 8 - 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, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

Mortality rates:

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

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

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

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

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

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

Net Pension Liability

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

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

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

NOTE 8 - 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 Asests	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

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

Discount Rate

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

NOTE 8 - 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		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	$ 45,015,513	$ 29,470,129	$ 16,602,037

Pension Plan Fiduciary Net Position

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

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	$ 683,948	$ 346,221	$ 378,804	$ 12,477	$ -	$ -	$ -	$ -
School Board Nonprofessional	-	-	-	-	109,528	409,308	(671,279)	(124,866)
School Board Professional	-	-	-	-	3,721,109	4,003,499	29,470,129	1,419,927
Totals	$ 683,948	$ 346,221	$ 378,804	$ 12,477	$ 3,830,637	$ 4,412,807	$ 28,798,850	$ 1,295,061

NOTE 9 - COMPENSATED ABSENCES:

The County has accrued the liability arising from outstanding claims and judgments and compensated absences.

NOTE 9 - COMPENSATED ABSENCES: (CONTINUED)

The County employees earn vacation and sick leave based on years of service at the rate of eight hours per month for each full-time employee with less than 5 years of service. Twenty-five percent of the unused sick leave or $2,500 for County or $5,000 for Social Services, whichever is less, will be paid to an employee who leaves county employment after five or more years of service. Accumulated vacation is paid upon termination based on length of employment as defined in the County's personnel policy. The County has accrued vacation and sick leave pay as follows:

Governmental Activities	$ 606,060
Component Unit School Board	$ 1,993,952

NOTE 10 - SELF INSURANCE/RISK MANAGEMENT:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County contracts with the Virginia Association of Counties Municipal Liability Pool to provide insurance coverage for these risk losses. The County pays an annual premium to the association for its general workers compensation insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

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

NOTE 11 - DEFERRED/UNAVAILABLE/UNEARNED REVENUE:

Deferred revenue /unavailable revenue represent 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.

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Primary Government:		
Deferred/Unavailable property tax revenue:		
Deferred/Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	$ -	$ 4,049,625
Tax assessments due after June 30	18,272,189	18,272,189
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	242,029	242,029
Total governmental activities	$ 18,514,218	$ 22,563,843

NOTE 12 - CONTINGENT LIABILITIES:

Federal assistance programs in which the County and its component units participate were audited in accordance with the provisions of the Uniform Guidance. Pursuant to the above provisions, major and nonmajor programs were tested for compliance with applicable grant requirements. While there are no items of non-compliance, as noted in the compliance report, the federal government may subject grant programs to additional compliance testing which may result in disallowances of current grant program expenditures. However, management believes that if any of these expenditures were disallowed it would be immaterial to the overall general-purpose financial statements.

NOTE 13 - LITIGATION:

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

NOTE 14 - LANDFILL CLOSURE AND POSTCLOSURE CARE COST:

The County of Fluvanna, Virginia owns and operates a landfill site. State and federal laws and regulations require the County to place a final cover on each phase of its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste. In accordance with Statement 18 of the Governmental Accounting Standards Board entitled *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $674,470 reported as a landfill closure and postclosure care liability at June 30, 2019, represents the cumulative amount reported based on the use of 100% of the estimated capacity used of the landfill. The County has closed the landfill. These amounts are based on what it would cost to perform all closures and postclosure care in 2019. Actual closure and postclosure care costs may be higher due to inflation, changes in technology, or changes in regulations.

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

The County plans to meet all federal laws, regulations and tests of financial assurance related to the financing of closure and postclosure care when they become effective.

NOTE 15 - SURETY BONDS:

Fidelity and Deposit Company of Maryland - Surety:	
Tristana Treadway, Clerk of the Circuit Court	$ 25,000
Linda H. Lenherr, Treasurer	$ 400,000
Andrew M. Sheridan, Commissioner of the Revenue	$ 3,000
Eric B. Hess, Sheriff	$ 30,000

The Department of Risk Management of the Virginia General Services Administration maintains a self-insurance plan which covers any duly elected Constitutional Officer required to present a bond and all deputies and/or employees of such Constitutional Officers. The coverage provided by the plan is $500,000.

Western Surety Company - Surety:	
Chuck Winkler, Superintendent of Schools	$ 10,000
Brandi Critzer, Clerk of the School Board	$ 10,000
Steven M. Nichols, County Administrator	$ 2,000
John M. Sheridan, Supervisor	$ 2,500
Anthony P. O'Brien, Supervisor	$ 2,500
Donald W. Weaver, Supervisor	$ 2,500
Mozell Booker, Supervisor	$ 2,500
Patricia B. Eager, Supervisor	$ 2,500
Continental Insurance Company - Surety:	
Social Services Department employees - blanket bond	$ 100,000
The Travelers - Surety:	
Manager, Fork Union Sanitary District	$ 10,500

NOTE 16—MEDICAL, DENTAL, AND LIFE INSURANCE – (OPEB PLAN):

County and School Board

Plan Description

The County Post-Retirement Medical Plan (CPRMP) is a single-employer defined benefit healthcare plan which offers health insurance for retired employees. Retirees are eligible for postretirement medical coverage if they are a full-time employee who retires directly from the County and is eligible for retirement from VRS. The County's post-retirement medical plan does not issue a separate, audited GAAP basis report.

The School Board Post-Retirement Medical Plan (CPRMP) is a single-employer defined benefit healthcare plan which offers health insurance for retired employees. Retirees are eligible for postretirement medical coverage if they are a full-time employee who retires directly from the County and is eligible for retirement from VRS. The School Board's Post-Retirement Medical Plan does not issue a separate, audited GAAP basis report.

NOTE 16—MEDICAL, DENTAL, AND LIFE INSURANCE – (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

Plan Description: (Continued)

Management of the CPRMP is vested in the County Finance Board, which consists of three members-the Chairman of the Board of Supervisors, the County Treasurer, and a Citizen of the County of proven integrity and business ability appointed by the current Court of the County.

Benefits Provided

The County of Fluvanna has established a irrevocable trust pursuant to Section 15.2-1544 of the Code of Virginia, as amended for the purpose of accumulated and investing assets to fund Other Postemployment Benefits (OPEB) and to participate in the Virginia Pooled OPEB Trust Fund and has established a Local Finance Board to become a Participating Employer in the Trust Fund. The Trust Fund provides administrative, custodial and investment services to the Participating Employers in the Trust Fund. The County participates in the Virginia Pooled OPEB Trust Fund, an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions. The Trust Fund issues a separate report, which can be obtained by requesting a copy from the plan administrator, Virginia Municipal League (VML) at P.O. Box 12164, Richmond, Virginia 23241.

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Life 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. Retirees pay 100 % of premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Life insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. The School Board Post-Retirement Medical Plan (SBPRMP) is a single-employer defined benefit healthcare plan which offers health insurance for retired employees. Retirees are eligible for postretirement medical coverage if they are a full-time employee who retires directly from the School Board and is eligible for retirement from VRS.

Plan Membership

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

	Primary Government	School Board
Total active employees with coverage	$ 131	$ 507
Total retirees with coverage	7	17
Total	$ 138	$ 524

NOTE 16—MEDICAL, DENTAL, AND LIFE INSURANCE – (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

Plan Description: (Continued)

Chapter 2 of the County Code grants the authority to establish and amend the contribution requirements of the County and plan members to the County Finance Board. The Board establishes rates based on an actuarially determined rate. For the year ended June 30, 2019, the County and School Board's average contribution rate was 0.48% percent of covered-employee payroll. For the year ended June 30, 2019 the County and School Board contributed $48,382 and $89,686, respectively, to the Plan. Plan members are not required to contribute to the plan.

Investment Policy

The County and School Board's policy in regard to the allocation of invested assets is established and may be amended by the County Finance Board by a majority vote of its members. It is the policy of the County Finance Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. FCRBP's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2019:

Asset Class	Target Percentage
Core Fixed Income	19.60%
High Yield Bonds	1.40%
Large Cap US Equities	26.00%
Small Cap US Equities	10.00%
Developed Foreign Equities	13.00%
Emerging Market Equities	5.00%
Private Equity	5.00%
Hedge Funds/Absolute Return	10.00%
Real Estate (REITS)	7.00%
Commodities	3.00%
Total	100.00%

Concentrations

The Trust does not hold investments in any one organization that represent five percent or more of the OPEB Trust's Fiduciary Net Position.

NOTE 16—MEDICAL, DENTAL, AND LIFE INSURANCE – (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 4.60 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Schedule of Investment Returns

Last 10 Fiscal Years

	Annual Money-Weighted Rate of Return Net of Investment Expense
6/30/2017	12.89%
6/30/2018	9.58%
6/30/2019	4.60%

The chart is intended to show information for 10 years. More data will be added as it becomes available.

Net/Total OPEB Liability

The County and School Board's net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

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%
Salary Increases	5.35% decreasing to 3.50% after 20 years
Discount Rate	6.50%
Investment Rate of Return	6.50%

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study at July 1, 2017.

NOTE 16—MEDICAL, DENTAL, AND LIFE INSURANCE – (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 (see the discussion of FCRBP's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Geometric Real Rate of Return
Core Fixed Income	2.02%
High Yield Bonds	3.54%
Large Cap US Equities	3.76%
Small Cap US Equities	4.11%
Developed Foreign Equities	4.59%
Emerging Market Equities	5.33%
Private Equity	5.57%
Hedge Funds/Absolute Return	1.66%
Real Estate (REITS)	3.13%
Commodities	1.42%
Assumed Inflation	2.60%
Portfolio Real Mean Return	3.95%
Portfolio Nominal Mean Return	6.65%
Portfolio Standard Deviation	10.85%
Long-Term Expected Rate of Return	**6.50%**

Discount Rate

Discount rate. The discount rate used to measure the total OPEB liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 16—MEDICAL, DENTAL, AND LIFE INSURANCE – (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

Changes in Net OPEB Liability

	Primary Government Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2018	$ 286,017	$ 405,752	$ (119,735)
Changes for the year:			
Service cost	22,815	-	22,815
Interest	19,953	-	19,953
Difference between expected and actual experience	-	-	-
Changes in assumptions	12,098	-	12,098
Contributions - employer	-	48,382	(48,382)
Net investment income	-	18,652	(18,652)
Administrative expenses	-	(540)	540
Benefit payments	(48,382)	(48,382)	-
Net changes	6,484	18,112	(11,628)
Balances at June 30, 2019	$ 292,501	$ 423,864	$ (131,363)

	School Board Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2018	$ 1,072,631	$ 1,636,294	$ (563,663)
Changes for the year:			
Service cost	55,308	-	55,308
Interest	75,870	-	75,870
Difference between expected and actual experience	-	-	-
Changes in assumptions	40,463	-	40,463
Contributions - employer	-	89,686	(89,686)
Net investment income	-	75,216	(75,216)
Administrative expenses	-	(2,179)	2,179
Benefit payments	(89,686)	(89,686)	-
Net changes	81,955	73,037	8,918
Balances at June 30, 2019	$ 1,154,586	$ 1,709,331	$ (554,745)

NOTE 16—MEDICAL, DENTAL, AND LIFE INSURANCE – (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

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

The following amounts present the net OPEB liability of the County and School Board, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current discount rate:

	Rate		
	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Primary Government	$ (104,632)	$ (131,363)	$ (154,787)
School Board	$ (468,567)	$ (554,745)	$ (633,949)

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

The following presents the net OPEB liability of the County and School Board, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.00%) or one percentage point higher (7.00%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (5.00%)	Healthcare Cost Trend (6.00%)	1% Increase (7.00%)
Primary Government	$ (166,381)	$ (131,363)	$ (89,569)
School Board	$ (681,767)	$ (554,745)	$ (407,080)

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

For the year ended June 30, 2019, the County and School Board recognized OPEB expense in the amount of $8,588 and ($18,093), respectively. At June 30, 2019, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		School Board	
	Deferred Outflows of Resouces	Deferred Inflows of Resources	Deferred Outflows of Resouces	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 51,716	$ -	$ 103,560
Changes in assumptions	29,038	-	32,828	88,918
Net difference between projected and actual earnings on OPEB plan investments	7,786	5,732	31,400	23,119
Employer contributions subsequent to the measurement date	-	-	-	-
Total	$ 36,824	$ 57,448	$ 64,228	$ 215,597

NOTE 16—MEDICAL, DENTAL, AND LIFE INSURANCE – (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

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

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

Year Ended June 30	Primary Government	School Board
2020	$ (6,336)	$ (36,984)
2021	(6,336)	(36,984)
2022	(6,335)	(36,985)
2023	(1,617)	(29,278)
2024	-	(11,138)
Thereafter	-	-

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

NOTE 17—HEALTH INSURANCE CREDIT (HIC) PROGRAM:

Plan Description

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

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

Eligible Employees

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

NOTE 17—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)

Benefit Amounts

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

HIC Program Notes

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

Employees Covered by Benefit Terms

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

	Number
Inactive members or their beneficiaries currently receiving benefits	15
Inactive members:	
Vested inactive members	4
Total inactive members	4
Active members	47
Total covered employees	66

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County's contractually required employer contribution rate for the year ended June 30, 2019 was 0.22% 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 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 County to the Health Insurance Credit Program were $5,048 and $4,823 for the years ended June 30, 2019 and June 30, 2018, respectively.

NOTE 17—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)

Net HIC OPEB Liability

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

Actuarial Assumptions

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

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

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

Mortality Rates – Largest Ten Locality Employers – General Employees

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

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

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

NOTE 17—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – Largest Ten Locality Employers – General Employees: (Continued)

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

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%

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

NOTE 17—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees: (Continued)

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

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 Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

NOTE 17—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)

Actuarial Assumptions: (Continued)

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

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

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

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

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

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

Post-Disablement:
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

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

NOTE 17—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

NOTE 17—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2017	$ 119,172	$ 97,536	$ 21,636
Changes for the year:			
Service cost	$ 2,414	$ -	$ 2,414
Interest	8,104	-	8,104
Differences between expected and actual experience	10,150	-	10,150
Contributions - employer	-	4,823	(4,823)
Net investment income	-	6,879	(6,879)
Benefit payments	(6,797)	(6,797)	-
Administrative expenses	-	(161)	161
Other changes	-	(501)	501
Net changes	$ 13,871	$ 4,243	$ 9,628
Balances at June 30, 2018	$ 133,043	$ 101,779	$ 31,264

Sensitivity of the County's Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Net HIC OPEB Liability	$ 43,138	$ 31,264	$ 21,041

NOTE 17—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)

Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB

For the year ended June 30, 2019, the ***County*** recognized Health Insurance Credit Program OPEB expense of $5,011. At June 30, 2019, the ***County*** reported deferred outflows of resources and deferred inflows of resources related to the County's Health Insurance Credit Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,235	$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	2,478
Change in assumptions	-	1,774
Employer contributions subsequent to the measurement date	5,048	-
Total	$ 13,283	$ 4,252

$5,048 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended	
2020	$ 567
2021	567
2022	567
2023	1,707
2024	575
Thereafter	-

Health Insurance Credit Program Plan Data

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

NOTE 18—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Program Notes

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

NOTE 18—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.23% 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, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Program were 244,801 and $244,784 for the years ended June 30, 2019 and June 30, 2018, 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, 2019, the school division reported a liability of $3,157,320 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, 2018 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was 0.248618% as compared to 0.2481202% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of $248,170. Since there was a change in proportionate share between June 30, 2017 and June 30, 2018, a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

NOTE 18—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, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 15,770
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	2,490
Change in assumptions	-	27,390
Change in proportion	5,810	58,930
Employer contributions subsequent to the measurement date	244,801	-
Total	$ 250,611	$ 104,580

$244,801 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2020	$ (17,430)
2021	(17,430)
2022	(17,430)
2023	(15,770)
2024	(16,600)
Thereafter	(14,110)

NOTE 18—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, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

Mortality Rates – Teachers

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

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

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

NOTE 18—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee 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, 2018, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

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

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

NOTE 18—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2018, 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, 2018 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.

NOTE 18—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	$ 3,525,840	$ 3,157,320	$ 2,842,750

Teacher Employee HIC OPEB Fiduciary Net Position

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

NOTE 19—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN):

Plan Description

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

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

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

Eligible Employees

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

NOTE 19—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Benefit Amounts

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

Contributions

The contribution requirements for the 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 $38,298 and $36,385 for the years ended June 30, 2019 and June 30, 2018, respectively, for the County; $11,602 and $12,036 for the years ended June 30, 2019 and June 30, 2018, respectively, for the School Board (nonprofessional); and $106,081 and $104,282 for the years ended June 30, 2019 and June 30, 2018, 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, 2019, the entity reported a liability of $556,000, $183,000, and $1,606,050 for the County, School Board Nonprofessional, and School Board Professional, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.03554%, 0.01206%, and 0.103086% as compared to 0.03554%, 0.01254%, and 0.106455% at June 30, 2017 for the County, School Board Nonprofessional, and School Board Professional, respectively.

NOTE 19—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)

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of $10,000, ($1,000), and $5,810 for the County, School Board Nonprofessional, and School Board Professional, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government		
Differences between expected and actual experience	$ 27,000	$ 10,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	18,000
Change in assumptions	-	23,000
Changes in proportion	27,000	-
Employer contributions subsequent to the measurement date	38,298	-
Total	$ 92,298	$ 51,000
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	$ 9,000	$ 3,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	6,000
Change in assumptions	-	8,000
Changes in proportion	-	11,000
Employer contributions subsequent to the measurement date	11,602	-
Total	$ 20,602	$ 28,000
Component Unit School Board (professional)		
Differences between expected and actual experience	$ 78,850	$ 28,220
Net difference between projected and actual earnings on GLI OPEB program investments	-	52,290
Change in assumptions	-	67,230
Changes in proportion	-	28,220
Employer contributions subsequent to the measurement date	106,081	-
Total	$ 184,931	$ 175,960

NOTE 19—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)

$38,298, $11,602 and $106,081 for the County, School Board Nonprofessional, and School Board Professional, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OEPB 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)
2020	$ (2,000)	$ (5,000)	$ (29,880)
2021	(2,000)	(5,000)	(29,880)
2022	(2,000)	(5,000)	(29,880)
2023	3,000	(3,000)	(14,940)
2024	5,000	-	1,660
Thereafter	1,000	(1,000)	5,810

Actuarial Assumptions

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

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.

NOTE 19—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.

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

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

NOTE 19—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.

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

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

NOTE 19—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.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 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%

NOTE 19—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.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 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%

NOTE 19—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.

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

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

NOTE 19—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.

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

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

NOTE 19—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

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

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

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

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

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

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

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

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

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

NOTE 19—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

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

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

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

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

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

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

NOTE 19—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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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, 2018, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

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

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

NOTE 19—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

NOTE 19—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 726,000	$ 556,000	$ 418,000
School Board(nonporfessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 240,000	$ 183,000	$ 138,000
School Board(porfessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 2,099,070	$ 1,606,050	$ 1,205,990

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 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 20—RESTRICTED ASSETS:

Restricted assets at June 30, 2019 consist of the following:

	Governmental Activities
Cash for E-911 Radio Project	$ 63,275
Cash for Zion Crossroads Water & Sewer	6,499,843
Total	$ 6,563,118

NOTE 21—ADOPTION OF ACCOUNTING PRINCIPLES:

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

NOTE 22—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.

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

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

Presented budgets were prepared on the modified accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America. The basis of budgeting is the same as generally accepted accounting principles.

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

	General Fund			
	Original Budget	**Budget As Amended**	**Actual**	**Variance From Amended Budget Positive (Negative)**
Revenues:				
General property taxes	$ 35,429,304	$ 35,429,304	$ 36,606,379	$ 1,177,075
Other local taxes	3,439,500	3,439,500	3,729,925	290,425
Permits, privilege fees and regulatory licenses	271,100	271,100	266,135	(4,965)
Fines and forfeitures	46,000	46,000	66,715	20,715
Revenue from use of money and property	84,986	84,986	590,296	505,310
Charges for services	810,300	810,347	949,687	139,340
Miscellaneous	134,512	134,712	120,081	(14,631)
Recovered costs	133,691	201,777	195,792	(5,985)
Intergovernmental:				
Commonwealth	8,475,120	8,612,844	8,039,911	(572,933)
Federal	1,502,719	1,511,213	1,700,485	189,272
Total revenues	$ 50,327,232	$ 50,541,783	$ 52,265,406	$ 1,723,623
Expenditures:				
Current:				
General government administration	$ 2,852,880	$ 3,104,637	$ 2,928,940	$ 175,697
Judicial administration	1,159,992	1,193,044	1,156,453	36,591
Public safety	8,156,750	8,425,076	8,111,487	313,589
Public works	2,269,384	2,476,481	2,464,093	12,388
Health and welfare	6,261,686	6,501,788	5,891,086	610,702
Education	17,478,005	17,478,005	16,544,579	933,426
Parks, recreation, and cultural	924,549	980,931	910,949	69,982
Community development	792,117	799,891	741,256	58,635
Nondepartmental	741,826	214,223	33,693	180,530
Debt service:				
Principal retirement	5,852,348	5,852,348	5,852,348	-
Interest and other fiscal charges	3,266,245	3,266,245	3,255,930	10,315
Total expenditures	$ 49,755,782	$ 50,292,669	$ 47,890,814	$ 2,401,855
Excess (deficiency) of revenues over (under) expenditures	$ 571,450	$ 249,114	$ 4,374,592	$ 4,125,478
Other financing sources (uses):				
Transfers (out)	$ (1,619,848)	$ (1,951,997)	$ (3,455,150)	$ (1,503,153)
Total other financing sources (uses)	$ (1,619,848)	$ (1,951,997)	$ (3,455,150)	$ (1,503,153)
Changes in fund balances	$ (1,048,398)	$ (1,702,883)	$ 919,442	$ 2,622,325
Fund balances at beginning of year	1,741,800	2,396,285	20,773,827	18,377,542
Fund balances at end of year	$ 693,402	$ 693,402	$ 21,693,269	$ 20,999,867

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

	2014	2015	2016	2017	2018
Total pension liability					
Service cost	$ 751,409	$ 730,337	$ 776,673	$ 739,955	$ 774,664
Interest	1,250,832	1,338,612	1,388,974	1,476,546	1,502,751
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	(517,486)	31,303	(724,313)	195,740
Changes in assumptions	-	-	-	(70,252)	-
Benefit payments, including refunds of employee contributions	(716,133)	(780,346)	(883,686)	(1,008,142)	(1,087,007)
Net change in total pension liability	$ 1,286,108	$ 771,117	$ 1,313,264	$ 413,794	$ 1,386,148
Total pension liability - beginning	18,227,099	19,513,207	20,284,324	21,597,588	22,011,382
Total pension liability - ending (a)	$ 19,513,207	$ 20,284,324	$ 21,597,588	$ 22,011,382	$ 23,397,530
Plan fiduciary net position					
Contributions - employer	$ 753,913	$ 645,140	$ 636,560	$ 518,149	$ 546,067
Contributions - employee	294,866	304,586	299,883	311,591	330,070
Net investment income	2,447,855	836,435	340,419	2,370,791	1,594,955
Benefit payments, including refunds of employee contributions	(716,133)	(780,346)	(883,686)	(1,008,142)	(1,087,007)
Administrative expense	(12,807)	(11,109)	(11,717)	(13,584)	(13,651)
Other	129	(179)	(143)	(2,116)	(1,429)
Net change in plan fiduciary net position	$ 2,767,823	$ 994,527	$ 381,316	$ 2,176,689	$ 1,369,005
Plan fiduciary net position - beginning	15,329,366	18,097,189	19,091,716	19,473,032	21,649,721
Plan fiduciary net position - ending (b)	$ 18,097,189	$ 19,091,716	$ 19,473,032	$ 21,649,721	$ 23,018,726
County's net pension liability - ending (a) - (b)	$ 1,416,018	$ 1,192,608	$ 2,124,556	$ 361,661	$ 378,804
Plan fiduciary net position as a percentage of the total pension liability	92.74%	94.12%	90.16%	98.36%	98.38%
Covered payroll	$ 5,879,750	$ 6,175,095	$ 6,116,923	$ 6,538,898	$ 6,531,269
County's net pension liability as a percentage of covered payroll	24.08%	19.31%	34.73%	5.53%	5.80%

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 Measurement Dates of June 30, 2014 through June 30, 2018

	2014	2015	2016	2017	2018
Total pension liability					
Service cost	$ 232,280	$ 191,346	$ 205,816	$ 211,644	$ 195,750
Interest	345,212	369,056	389,212	433,369	433,621
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	(27,711)	290,694	(318,329)	(275,526)
Changes in assumptions	-	-	-	(67,824)	-
Benefit payments, including refunds of employee contributions	(236,272)	(237,449)	(252,043)	(257,790)	(252,705)
Net change in total pension liability	$ 341,220	$ 295,242	$ 633,679	$ 1,070	$ 101,140
Total pension liability - beginning	5,049,733	5,390,953	5,686,195	6,319,874	6,320,944
Total pension liability - ending (a)	$ 5,390,953	$ 5,686,195	$ 6,319,874	$ 6,320,944	$ 6,422,084
Plan fiduciary net position					
Contributions - employer	$ 167,500	$ 141,552	$ 149,321	$ 118,506	$ 110,969
Contributions - employee	104,820	106,079	111,415	110,414	104,890
Net investment income	760,024	257,575	104,465	728,404	491,976
Benefit payments, including refunds of employee contributions	(236,272)	(237,449)	(252,043)	(257,790)	(252,705)
Administrative expense	(4,020)	(3,467)	(3,586)	(4,161)	(4,201)
Other	40	(54)	(44)	(649)	(440)
Net change in plan fiduciary net position	$ 792,092	$ 264,236	$ 109,528	$ 694,724	$ 450,489
Plan fiduciary net position - beginning	4,782,294	5,574,386	5,838,622	5,948,150	6,642,874
Plan fiduciary net position - ending (b)	$ 5,574,386	$ 5,838,622	$ 5,948,150	$ 6,642,874	$ 7,093,363
School Division's net pension liability (asset) - ending (a) - (b)	$ (183,433)	$ (152,427)	$ 371,724	$ (321,930)	$ (671,279)
Plan fiduciary net position as a percentage of the total pension liability	103.40%	102.68%	94.12%	105.09%	110.45%
Covered payroll	$ 2,094,015	$ 2,152,114	$ 2,312,495	$ 2,222,315	$ 2,179,000
School Division's net pension liability (asset) as a percentage of covered payroll	-8.76%	-7.08%	16.07%	-14.49%	-30.81%

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

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

	2014	2015	2016	2017	2018
Employer's Proportion of the Net Pension Liability (Asset)	0.23700%	0.25892%	0.28335%	0.24403%	0.25059%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 28,804,733	$ 32,588,917	$ 35,663,409	$ 30,715,053	$ 29,470,129
Employer's Covered Payroll	22,170,275	19,224,600	19,922,568	19,412,333	19,529,406
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	129.93%	169.52%	179.01%	158.22%	150.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%	70.88%	70.88%	72.92%	74.81%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	$ 562,352	$ 562,352	$ -	$ 7,364,870	7.64%
2018	545,361	545,361	-	6,531,269	8.35%
2017	545,998	545,998	-	6,538,898	8.35%
2016	647,170	647,170	-	6,116,923	10.58%
2015	653,325	653,325	-	6,175,095	10.58%
2014	755,548	755,548	-	5,879,750	12.85%
2013	718,465	718,465	-	5,591,165	12.85%
2012	550,380	550,380	-	5,206,999	10.57%
2011	558,946	558,946	-	5,288,046	10.57%
2010	479,024	479,024	-	5,499,701	8.71%
Component Unit School Board (nonprofessional)					
2019	$ 60,409	$ 60,409	$ -	$ 2,231,153	2.71%
2018	117,666	117,666	-	2,179,000	5.40%
2017	120,005	120,005	-	2,222,315	5.40%
2016	153,781	153,781	-	2,312,495	6.65%
2015	143,116	143,116	-	2,152,114	6.65%
2014	167,312	167,312	-	2,094,015	7.99%
2013	169,325	169,325	-	2,119,206	7.99%
2012	106,915	106,915	-	1,936,870	5.52%
2011	107,190	107,190	-	1,941,842	5.52%
2010	130,063	130,063	-	1,994,838	6.52%
Component Unit School Board (professional)					
2019	$ 3,030,222	$ 3,030,222	$ -	$ 19,325,395	15.68%
2018	3,187,199	3,187,199	-	19,529,406	16.32%
2017	2,845,848	2,845,848	-	19,412,333	14.66%
2016	2,801,113	2,801,113	-	19,922,568	14.06%
2015	2,787,567	2,787,567	-	19,224,600	14.50%

Current year contributions are from County of Culpeper and Culpeper County School Board's records and prior year contributions are from the VRS actuarial valuation performed each year.

The School Board Professional Schedule is intended to show information for 10 years. Information prior to 2015 is not available. However, additional years will be included as they become available.

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

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

Largest 10 – Non-Hazardous Duty:

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

Largest 10 – Hazardous Duty:

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

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2017 through June 30, 2019

	2017	2018	2019
Total OPEB liability			
Service cost	$ 27,658	$ 19,880	$ 22,815
Interest	23,025	18,235	19,953
Changes in assumptions	-	30,356	12,098
Differences between expected and actual experience	-	(80,448)	-
Benefit payments	(16,890)	(45,364)	(48,382)
Net change in total OPEB liability	$ 33,793	$ (57,341)	$ 6,484
Total OPEB liability - beginning	309,565	343,358	286,017
Total OPEB liability - ending (a)	$ 343,358	$ 286,017	$ 292,501
Plan fiduciary net position			
Contributions - employer	$ 16,890	$ 45,364	$ 48,382
Net investment income	42,345	35,491	18,652
Administrative expenses	(494)	(515)	(540)
Benefit payments	(16,890)	(45,364)	(48,382)
Net change in plan fiduciary net position	$ 41,851	$ 34,976	$ 18,112
Plan fiduciary net position - beginning	328,925	370,776	405,752
Plan fiduciary net position - ending (b)	$ 370,776	$ 405,752	$ 423,864
County's net OPEB liability (asset) - ending (a) - (b)	$ (27,418)	$ (119,735)	$ (131,363)
Plan fiduciary net position as a percentage of the total OPEB liability	107.99%	141.86%	144.91%
Covered payroll	$ 5,960,400	$ 6,132,946	$ 6,132,946
County's net OPEB liability (asset) as a percentage of covered payroll	-0.46%	-1.95%	-2.14%

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

Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
Component Unit School Board
For the Measurement Dates of June 30, 2017 through June 30, 2019

	2017	2018	2019
Total OPEB liability			
Service cost	$ 59,314	$ 58,813	$ 55,308
Interest	88,303	81,623	75,870
Changes in assumptions	-	(130,276)	40,463
Differences between expected and actual experience	-	(151,728)	-
Benefit payments	(93,570)	(88,009)	(89,686)
Net change in total OPEB liability	$ 54,047	$ (229,577)	$ 81,955
Total OPEB liability - beginning	1,248,161	1,302,208	1,072,631
Total OPEB liability - ending (a)	$ 1,302,208	$ 1,072,631	$ 1,154,586
Plan fiduciary net position			
Contributions - employer	$ 93,570	$ 88,009	$ 89,686
Net investment income	170,771	143,127	75,216
Administrative expenses	(1,985)	(2,079)	(2,179)
Benefit payments	(93,570)	(88,009)	(89,686)
Net change in plan fiduciary net position	$ 168,786	$ 141,048	$ 73,037
Plan fiduciary net position - beginning	1,326,460	1,495,246	1,636,294
Plan fiduciary net position - ending (b)	$ 1,495,246	$ 1,636,294	$ 1,709,331
School Board's net OPEB liability (asset) - ending (a) - (b)	$ (193,038)	$ (563,663)	$ (554,745)
Plan fiduciary net position as a percentage of the total OPEB liability	114.82%	152.55%	148.05%
Covered payroll	$ 20,150,500	$ 21,708,114	$ 21,708,114
School Board's net OPEB liability (asset) as a percentage of covered payroll	-0.96%	-2.60%	-2.56%

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

Schedule of Employer Contributions - OPEB Plans
For the Years Ended June 30, 2012 through June 30, 2019

Date	Actuarially Determined Contribution (ADC) (1)	Contributions in Relation to ADC (2)	Contribution Deficiency (Excess) (3)	Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2019	$ 48,551	$ 138,068	$ (89,517)	$ 27,841,060	0.50%
2018	44,050	133,373	(89,323)	27,841,060	0.48%
2017	80,000	110,460	(30,460)	26,110,900	0.42%
2016	74,200	100,000	(25,800)	26,110,900	0.38%
2015	136,100	124,400	11,700	27,419,800	0.45%
2014	136,100	102,300	33,800	27,419,800	0.37%
2013	141,700	183,600	(41,900)	25,782,200	0.71%
2012	133,000	321,700	(188,700)	25,782,200	1.25%

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

Schedule of Investment Returns
Last Ten Fiscal Years

	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	$ 4.60%	$ 9.58%	$ 12.89%

This schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, only one year is available. Additional years will be included as they become available.

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

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

Actuarially determined contribution rates are calculated as of July 1, 2016, prior to the fiscal year in which they are reported, and have been projected to June 30, 2017 on a "no gain/no loss" basis.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Projected Unit Credit
Amortization Method/Period	Level Percentage of Payroll, Closed, 28 Years Remaing as of July 1, 2017, Amortization growth rate of 3.00%
Asset Valuation Method	Fair market value of assets
Inflation	2.50%
Medical Trend Rate	The medical trend rate assumption starts at 6.0% in 2017 and gradually declines to 4.20% by the year 2095.
Salary Increases	3.00%
Investment Rate of Return	6.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 using scale BB to 2020. The mortality rates for disabled retirees and calculated using the RP-2014 Disabled Mortality Rates with scale BB to 2020.

Schedule of Changes in Net OPEB Liability and Related Ratios
County
Health Insurance Credit (HIC) Program
For the Measurement Dates of June 30, 2017 through June 30, 2018

	2017	2018
Total HIC OPEB Liability		
Service cost	$ 3,136	$ 2,414
Interest	7,882	8,104
Changes of benefit terms	-	-
Differences between expected and actual experience	-	10,150
Changes in assumptions	(2,836)	-
Benefit payments	(3,205)	(6,797)
Net change in total HIC OPEB liability	$ 4,977	$ 13,871
Total HIC OPEB Liability - beginning	114,195	119,172
Total HIC OPEB Liability - ending (a)	$ 119,172	$ 133,043
Plan fiduciary net position		
Contributions - employer	$ 4,699	$ 4,823
Net investment income	10,003	6,879
Benefit payments	(3,205)	(6,797)
Administrative expense	(164)	(161)
Other	501	(501)
Net change in plan fiduciary net position	$ 11,834	$ 4,243
Plan fiduciary net position - beginning	85,702	97,536
Plan fiduciary net position - ending (b)	$ 97,536	$ 101,779
County's net HIC OPEB liability - ending (a) - (b)	$ 21,636	$ 31,264
Plan fiduciary net position as a percentage of the total HIC OPEB liability	81.84%	76.50%
Covered payroll	$ 2,135,804	$ 2,192,316
County's net HIC OPEB liability as a percentage of covered payroll	1.01%	1.43%

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
County
Health Insurance Credit (HIC) Program
For the Years Ended June 30, 2017 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2019	$ 5,048	$ 5,048	$ -	$ 2,294,629	0.22%
2018	4,823	4,823	-	2,192,316	0.22%
2017	4,699	4,699	-	2,135,804	0.22%

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

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

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

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

COUNTY OF FLUVANNA, VIRGINIA **Exhibit 25**

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2018	0.2486%	$ 3,157,320	$ 19,901,142	15.87%	8.08%
2017	0.2481%	3,148,190	19,412,333	16.22%	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 (HIC) Program
For the Years Ended June 30, 2017 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2019	$ 244,801	$ 244,801	$ -	$ 20,400,120	1.20%
2018	244,784	244,784	-	19,901,142	1.23%
2017	216,961	216,961	-	19,412,333	1.12%

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

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

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

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

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

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2018	0.03658%	$ 556,000	$ 6,943,704	8.01%	51.22%
2017	0.03554%	535,000	6,538,898	8.18%	48.86%
Component Unit School Board (nonprofessional)					
2018	0.01206%	$ 183,000	$ 2,296,942	7.97%	51.22%
2017	0.01254%	189,000	2,222,315	8.50%	48.86%
Component Unit School Board (professional)					
2018	0.10309%	$ 1,606,050	$ 19,901,142	8.07%	51.22%
2017	0.10646%	1,601,900	19,412,333	8.25%	48.86%

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

Schedule of Employer Contributions
Group Life Insurance Program
For the Years Ended June 30, 2017 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	$ 38,298	$ 38,298	$ -	$ 7,364,995	0.52%
2018	36,385	36,385	-	6,943,704	0.52%
2017	34,264	34,264	-	6,538,898	0.52%
Component Unit School Board (nonprofessional)					
2019	$ 11,602	$ 11,602	$ -	$ 2,231,153	0.52%
2018	12,036	12,036	-	2,296,942	0.52%
2017	12,138	12,138	-	2,222,315	0.55%
Component Unit School Board (professional)					
2019	$ 106,081	$ 106,081	$ -	$ 20,400,120	0.52%
2018	104,282	104,282	-	19,901,142	0.52%
2017	102,421	102,421	-	19,412,333	0.53%

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

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2019

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions

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

General State Employees

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

Teachers

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

SPORS Employees

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

VaLORS Employees

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

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2019 (Continued)

JRS Employees

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

OTHER SUPPLEMENTARY INFORMATION

This page intentionally left blank

Combining and Individual Fund Statements and Schedules

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

	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Revenues:				
Revenue from use of money	$ -	$ -	$ 3,870	$ 3,870
Miscellaneous	-	-	112,624	112,624
Intergovernmental:				
Commonwealth	150,000	-	-	-
Federal	497,970	-	-	-
Total revenues	$ 647,970	$ -	$ 116,494	$ 116,494
Expenditures:				
Capital projects:				
General government administration	$ -	$ 171,614	$ 139,873	$ 31,741
Public safety	1,502,930	2,474,772	1,072,065	1,402,707
Public works	225,000	1,002,401	379,981	622,420
Education	383,000	1,846,112	1,054,926	791,186
Parks, recreation, and cultural	-	121,471	14,996	106,475
Total capital projects	$ 2,110,930	$ 5,616,370	$ 2,661,841	$ 2,954,529
Total expenditures	$ 2,110,930	$ 5,616,370	$ 2,661,841	$ 2,954,529
Excess (deficiency) of revenues over (under) expenditures	$ (1,462,960)	$ (5,616,370)	$ (2,545,347)	$ 3,071,023
Other financing sources (uses):				
Transfers in	$ 1,462,960	$ 4,174,509	$ 2,718,812	$ (1,455,697)
Total other financing sources (uses)	$ 1,462,960	$ 4,174,509	$ 2,718,812	$ (1,455,697)
Changes in fund balances	$ -	$ (1,441,861)	$ 173,465	$ 1,615,326
Fund balance at beginning of the year	-	1,441,861	941,526	(500,335)
Fund balance at end of the year	$ -	$ -	$ 1,114,991	$ 1,114,991

Statement of Fiduciary Net Position -
Agency Fund
At June 30, 2019

		Special Welfare Fund
ASSETS		
Cash and cash equivalents	$	191,703
Total assets	$	191,703
LIABILITIES		
Amounts held for social services clients	$	191,703
Total liabilities	$	191,703

Agency Fund
Statement of Changes in Assets and Liabilities
Year Ended June 30, 2019

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	$ 171,132	$ 70,442	$ 49,871	$ 191,703
Liabilities:				
Amounts held for social services clients	$ 171,132	$ 70,442	$ 49,871	$ 191,703
Total liabilities	$ 171,132	$ 70,442	$ 49,871	$ 191,703

Discretely Presented Component Unit-School Board

This page intentionally left blank

Combining Balance Sheet - Discretely Presented Component Unit - School Board
At June 30, 2019

	School Operating Fund	School Cafeteria Fund	Total
ASSETS			
Cash and cash equivalents	$ 884,978	$ 506,537	$ 1,391,515
Accounts receivable	151,153	-	151,153
Due from other governmental units	1,164,114	-	1,164,114
Total assets	$ 2,200,245	$ 506,537	$ 2,706,782
LIABILITIES			
Accrued liabilities	$ 2,200,245	$ 51,943	$ 2,252,188
Total liabilities	$ 2,200,245	$ 51,943	$ 2,252,188
FUND BALANCES			
Assigned	$ -	$ 454,594	$ 454,594
Total fund balances	$ -	$ 454,594	$ 454,594
Total liabilities and fund balances	$ 2,200,245	$ 506,537	

Detailed explanation of adjustments from fund statements to government-wide statement of net position:	
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the School Board as a whole.	25,722,057
Items related to measurement of net pension and OPEB liability/asset not available to pay for current-period expenditures	
Deferred inflows related to pensions	(4,412,807)
Deferred inflows related to OPEB	(524,137)
Deferred outflows related to pensions	3,830,637
Deferred outflows related to OPEB	520,372
Net Pension and OPEB Assets	1,226,024
Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.	(36,410,451)
Net position of General Government Activities	$ (9,593,711)

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

	School Operating Fund	School Cafeteria Fund	Total
Revenues:			
Revenue from use of money and property	$ 12,144	$ -	$ 12,144
Charges for services	10,922	755,299	766,221
Miscellaneous	1,128,956	-	1,128,956
Recovered costs	5,638	-	5,638
Intergovernmental:			
County contribution to School Board	16,494,153	-	16,494,153
Commonwealth	21,235,017	27,512	21,262,529
Federal	1,389,332	736,815	2,126,147
Total revenues	$ 40,276,162	$ 1,519,626	$ 41,795,788
Expenditures:			
Current:			
Education	$ 40,276,162	$ 1,428,549	$ 41,704,711
Total expenditures	$ 40,276,162	$ 1,428,549	$ 41,704,711
Changes in fund balances	$ -	$ 91,077	$ 91,077
Fund balances at beginning of year	-	363,517	363,517
Fund balances at end of year	$ -	$ 454,594	$ 454,594

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

		Component Unit School Board
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 91,077
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. The following details support this adjustment.		
Capital additions	$ 935,018	
Depreciation expense	(1,573,790)	(638,772)
Increase (decrease) in deferred inflows related to the measurement of the net pension liability/asset		712,639
Increase (decrease) in deferred inflows related to the measurement of the net OPEB liability/asset		77,859
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. This amount reflects the change in compensated absences.		
Change in compensated absences	$ (183,180)	
Change in net pension liability/asset	1,594,273	
Change in net OPEB liability/asset	(16,198)	
Change in deferred outflows related to OPEB	159,270	
Change in deferred outflows related to pensions	(465,615)	1,088,550
Transfer of joint tenancy assets from Primary Government to the Component Unit		3,160,834
Change in net position of governmental activities		$ 4,492,187

COUNTY OF FLUVANNA, VIRGINIA

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

	School Operating Fund			
	Original Budget	**Budget As Amended**	**Actual**	**Variance From Amended Budget Positive (Negative)**
Revenues:				
Revenue from use of money and property	$ -	$ -	$ 12,144	$ 12,144
Charges for services	-	-	10,922	10,922
Miscellaneous	907,708	1,101,110	1,128,956	27,846
Recovered costs	-	-	5,638	5,638
Intergovernmental:				
County contribution to School Board	17,427,579	17,427,579	16,494,153	(933,426)
Commonwealth	20,943,446	21,434,634	21,235,017	(199,617)
Federal	1,254,200	1,453,052	1,389,332	(63,720)
Total revenues	$ 40,532,933	$ 41,416,375	$ 40,276,162	$ (1,140,213)
Expenditures:				
Current:				
Instruction	$ 31,092,511	$ 31,222,651	$ 30,136,409	$ 1,086,242
Administration, attendance, and health	1,779,639	1,964,639	1,911,744	52,895
Pupil transportation	2,848,784	2,848,784	2,740,488	108,296
Operation and maintenance	3,003,719	3,083,719	3,147,884	(64,165)
School food service costs	-	-	-	-
Technology	1,808,280	2,296,582	2,339,637	(43,055)
Total expenditures	$ 40,532,933	$ 41,416,375	$ 40,276,162	$ 1,140,213
Excess (deficiency) of revenues over expenditures	$ -	$ -	$ -	$ -
Net changes in fund balances	$ -	$ -	$ -	$ -
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ -	$ -	$ -	$ -

Exhibit 37

School Cafeteria Fund							
	Original Budget		Budget As Amended		Actual		Variance From Amended Budget Positive (Negative)
$	-	$	-	$	-	$	-
	1,597,046		1,653,476		755,299		(898,177)
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		27,512		27,512
	-		-		736,815		736,815
$	1,597,046	$	1,653,476	$	1,519,626	$	(133,850)
$	-	$	-	$	-	$	-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	1,597,046		1,653,476		1,428,549		224,927
	-		-		-		-
$	1,597,046	$	1,653,476	$	1,428,549	$	224,927
$	-	$	-	$	91,077	$	91,077
$	-	$	-	$	91,077	$	91,077
	-		-		363,517		363,517
$	-	$	-	$	454,594	$	454,594

This page intentionally left blank

Discretely Presented Component Unit-EDA

Discretely Presented Component Unit - Fluvanna County EDA
Statement of Net Position
At June 30, 2019

Assets	
Current assets:	
Cash and cash equivalents	$ 62,369
Total assets	$ 62,369
Net Position	
Unrestricted	$ 62,369
Total net position	$ 62,369

Discretely Presented Component Unit - Fluvanna County EDA
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2019

Operating revenues		
Charges for services	$	1,750
Operating Expenses		
Other operating expenses		14,518
Operating income (loss)	$	(12,768)
Nonoperating revenues		
Investment income	$	100
Contribution from Fluvanna County		1,000
Total nonoperating revenues	$	1,100
Change in net position	$	(11,668)
Net position, beginning of year		74,037
Net position, end of year	$	62,369

Discretely Presented Component Unit - Fluvanna County EDA
Statement of Cash Flows
Year Ended June 30, 2019

Cash flows from operating activities		
Receipts from customers	$	1,750
Payments to suppliers		(14,518)
Net cash provided by (used for) by operating activities	$	(12,768)
Cash flows from noncapital financing activities		
Contribution from Fluvanna County	$	1,000
Cash flows from investing activities		
Investment earnings	$	100
Net increase (decrease) in cash and cash equivalents	$	(11,668)
Cash and cash equivalents, beginning of year		74,037
Cash and cash equivalents, end of year	$	62,369
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$	(12,768)
Change in assets and liabilities:		
		-
Net cash provided by (used for) by operating activities	$	(12,768)

Supporting Schedules

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

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 23,317,071	$ 23,317,071	$ 23,789,823	$ 472,752
Real and personal public service corporation taxes	5,053,429	5,053,429	5,143,581	90,152
Personal property taxes	6,609,356	6,609,356	6,963,184	353,828
Mobile home taxes	19,643	19,643	16,366	(3,277)
Machinery and tools taxes	16,905	16,905	23,478	6,573
Penalties	300,000	300,000	470,287	170,287
Interest	112,900	112,900	199,660	86,760
Total general property taxes	$ 35,429,304	$ 35,429,304	$ 36,606,379	$ 1,177,075
Other local taxes:				
Local sales and use taxes	$ 1,698,500	$ 1,698,500	$ 1,826,331	$ 127,831
Consumer utility taxes	400,000	400,000	468,459	68,459
Gross receipts tax - utilities	130,000	130,000	96,905	(33,095)
Motor vehicle licenses	816,000	816,000	895,510	79,510
Bank stock taxes	65,000	65,000	96,888	31,888
Recordation taxes	325,000	325,000	340,922	15,922
Tax on wills	5,000	5,000	4,910	(90)
Total other local taxes	$ 3,439,500	$ 3,439,500	$ 3,729,925	$ 290,425
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 14,000	$ 14,000	$ 10,486	$ (3,514)
Building permits	120,000	120,000	108,350	(11,650)
Other permits, fees, and licenses	137,100	137,100	147,299	10,199
Total permits, privilege fees and regulatory licenses	$ 271,100	$ 271,100	$ 266,135	$ (4,965)
Fines and Forfeitures:				
Court and other fines and forfeitures	$ 46,000	$ 46,000	$ 66,715	$ 20,715
Revenue from use of money and property:				
Revenue from use of money	$ 25,000	$ 25,000	$ 511,505	$ 486,505
Revenue from use of property	59,986	59,986	78,791	18,805
Total revenue from use of money and property	$ 84,986	$ 84,986	$ 590,296	$ 505,310
Charges for services:				
Charges for Commonwealth Attorney	$ 2,000	$ 2,000	$ 2,380	$ 380
Charges for library	11,000	11,000	8,355	(2,645)
Law library fees	2,500	2,500	3,460	960
Courthouse maintenance fees	6,000	6,000	6,446	446
Courthouse security	25,000	25,000	25,806	806
Recreation program fees	108,500	108,500	113,182	4,682
EMS cost recovery	565,000	565,000	681,529	116,529
Landfill fees	79,000	79,000	98,192	19,192
Other charges for services	1,200	1,247	1,284	37
Fees of clerk	10,100	10,100	9,053	(1,047)
Total charges for services	$ 810,300	$ 810,347	$ 949,687	$ 139,340

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

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	$ 134,512	$ 134,712	$ 120,081	$ (14,631)
Total miscellaneous	$ 134,512	$ 134,712	$ 120,081	$ (14,631)
Recovered costs:				
Miscellaneous	$ 133,691	$ 201,777	$ 195,792	$ (5,985)
Total recovered costs	$ 133,691	$ 201,777	$ 195,792	$ (5,985)
Total revenue from local sources	$ 40,349,393	$ 40,417,726	$ 42,525,010	$ 2,107,284
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers tax	$ 38,000	$ 38,000	$ 39,648	$ 1,648
Mobile home titling taxes	7,500	7,500	24,427	16,927
Auto rental taxes	8,500	8,500	8,796	296
Recordation taxes	90,000	90,000	86,307	(3,693)
Communication taxes	770,000	770,000	710,689	(59,311)
PPTRA	2,996,570	2,996,570	2,996,570	-
Total noncategorical aid	$ 3,910,570	$ 3,910,570	$ 3,866,437	$ (44,133)
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	$ 274,801	$ 274,801	$ 277,730	$ 2,929
Sheriff	994,337	994,337	1,016,516	22,179
Commissioner of the Revenue	117,827	117,827	119,575	1,748
Treasurer	133,346	133,346	132,042	(1,304)
Registrar/electoral board	41,000	41,000	42,436	1,436
Clerk of the Circuit Court	256,531	256,531	292,169	35,638
Total shared expenses	$ 1,817,842	$ 1,817,842	$ 1,880,468	$ 62,626
Other categorical aid:				
Litter control	$ 8,300	$ 8,300	$ 8,499	$ 199
Library grant	81,211	81,840	81,840	-
Public assistance and welfare administration	653,743	732,142	498,144	(233,998)
Children's services act	1,767,000	1,819,360	1,457,943	(361,417)
E911 funds	65,000	65,000	67,819	2,819
Fire funds	86,000	89,924	88,924	(1,000)
Victim/witness coordinator grant	10,000	10,000	9,279	(721)
Four for life	27,000	29,285	28,285	(1,000)
Other categorical aid	48,454	48,581	52,273	3,692
Total other categorical aid	$ 2,746,708	$ 2,884,432	$ 2,293,006	$ (591,426)
Total categorical aid	$ 4,564,550	$ 4,702,274	$ 4,173,474	$ (528,800)
Total revenue from the Commonwealth	$ 8,475,120	$ 8,612,844	$ 8,039,911	$ (572,933)

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

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Criminal justice grants	$ 42,500	$ 42,500	$ 34,506	$ (7,994)
Commission for arts grant	4,500	4,500	4,500	-
Federal interest subsidy	213,411	213,411	214,542	1,131
Homeland security program grant				-
Other federal revenue	164,313	164,313	86,548	(77,765)
Public assistance and welfare administration	1,077,995	1,086,489	1,360,389	273,900
Total revenue from the federal government	$ 1,502,719	$ 1,511,213	$ 1,700,485	$ 189,272
Total General Fund	$ 50,327,232	$ 50,541,783	$ 52,265,406	$ 1,723,623
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	$ -	$ -	$ 3,870	$ 3,870
Miscellaneous:				
Miscellaneous	-	-	112,624	112,624
Total revenue from local sources	$ -	$ -	$ 116,494	$ 116,494
Revenue from the commonwealth:				
Categorical aid:				
Burn building	$ 150,000	$	$	$ -
Total revenue from the Commonwealth	$ 150,000	$ -	$ -	$ -
Revenue from the federal government:				
Categorical aid:				
Fork Union grant	$ 497,970	$ -	$ -	$ -
Total revenue from the federal government	$ 497,970	$ -	$ -	$ -
Total Capital Projects Fund	$ 647,970	$ -	$ 116,494	$ 116,494
Total Revenues -- Primary Government	$ 50,975,202	$ 50,541,783	$ 52,381,900	$ 1,840,117

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2019

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	$ 112,217	$ 251,957	$ 251,561	$ 396
General and financial administration:				
County administrator	$ 244,478	$ 272,279	$ 271,979	$ 300
County attorney	300,000	300,000	195,087	104,913
Commissioner of the revenue	368,705	380,492	370,918	9,574
Reassessment	97,401	156,401	155,327	1,074
Human resources	130,826	120,811	120,803	8
Information technology	487,789	474,375	462,950	11,425
Treasurer	442,560	478,214	476,899	1,315
Finance department	453,408	429,450	429,150	300
Total general and financial administration	$ 2,525,167	$ 2,612,022	$ 2,483,113	$ 128,909
Board of Elections:				
Electoral board general registrar	$ 215,496	$ 240,658	$ 194,266	$ 46,392
Total board of elections	$ 215,496	$ 240,658	$ 194,266	$ 46,392
Total general government administration	$ 2,852,880	$ 3,104,637	$ 2,928,940	$ 175,697
Judicial administration:				
Courts:				
Circuit court	$ 45,590	$ 45,448	$ 26,480	$ 18,968
General district and juvenile relations court	8,920	8,715	5,909	2,806
Juvenile court service unit	3,100	3,029	2,836	193
VJCCCA	7,000	7,000	5,685	1,315
Clerk of the circuit court	615,813	632,403	617,874	14,529
Total courts	$ 680,423	$ 696,595	$ 658,784	$ 37,811
Commonwealth's attorney:				
Commonwealth's attorney	$ 479,569	$ 496,449	$ 497,669	$ (1,220)
Total judicial administration	$ 1,159,992	$ 1,193,044	$ 1,156,453	$ 36,591
Public safety:				
Law enforcement and traffic control:				
Sheriff	$ 3,145,447	$ 3,304,534	$ 3,262,716	$ 41,818
Public safety grants	117,650	117,650	41,024	76,626
Total law enforcement and traffic control	$ 3,263,097	$ 3,422,184	$ 3,303,740	$ 118,444

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2019 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund: (Continued)				
Public Safety: (Continued)				
Fire and rescue services:				
Forest warden	$ 9,012	$ 9,142	$ 9,142	$ -
Volunteer fire and rescue	1,042,500	1,199,706	1,166,588	33,118
Emergency Medical Services Council	16,095	16,095	16,095	-
Total fire and rescue services	$ 1,067,607	$ 1,224,943	$ 1,191,825	$ 33,118
Correction and detention:				
Care of prisoners	$ 1,416,832	$ 1,416,832	$ 1,412,387	$ 4,445
Inspections:				
Building	$ 218,905	$ 225,046	$ 224,144	$ 902
Other protection:				
Animal control	$	$	$	$ -
Emergency management	1,099,305	658,528	568,016	90,512
E-911	1,087,004	1,473,543	1,407,375	66,168
Legal aid service	4,000	4,000	4,000	-
Total other protection	$ 2,190,309	$ 2,136,071	$ 1,979,391	$ 156,680
Total public safety	$ 8,156,750	$ 8,425,076	$ 8,111,487	$ 313,589
Public works:				
Sanitation and waste removal:				
Landfill	$ 189,529	$ 222,689	$ 221,605	$ 1,084
Landfill post closure cost				-
Litter control	6,800	8,144	7,882	262
Total sanitation and waste removal	$ 196,329	$ 230,833	$ 229,487	$ 1,346
Maintenance of general buildings and grounds:				
Facilities	$ 923,166	$ 1,012,137	$ 1,008,997	$ 3,140
Public works	278,134	274,264	274,007	257
Public utilities	134,765	150,967	148,605	2,362
James River Water Authority	253,480	252,305	247,485	4,820
General services	483,510	555,975	555,512	463
Total maintenance of general buildings and grounds	$ 2,073,055	$ 2,245,648	$ 2,234,606	$ 11,042
Total public works	$ 2,269,384	$ 2,476,481	$ 2,464,093	$ 12,388
Health and welfare:				
Health:				
Local health department	$ 277,884	$ 277,884	$ 277,321	$ 563
Mental health and mental retardation:				
Region Ten Community Services Board	$ 126,250	$ 126,250	$ 126,250	$ -

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2019 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund: (Continued)				
Health and Welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	$ 2,598,422	$ 2,735,631	$ 2,683,507	$ 52,124
Children's services act program	2,926,240	3,029,133	2,471,118	558,015
Jefferson area board on aging	85,000	85,000	85,000	-
JAUNT, Inc.	85,000	85,000	85,000	-
Shelter for help in emergency	9,000	9,000	9,000	-
Sexual assault resource agency	1,000	1,000	1,000	-
Fluvanna housing foundation	16,000	16,000	16,000	-
Piedmont housing alliance	2,100	2,100	2,100	-
Hospice of the Piedmont	2,500	2,500	2,500	-
Jefferson area chip	52,020	52,020	52,020	-
Children, youth and family services	2,100	2,100	2,100	-
Foothills Child Advocacy Center	10,000	10,000	10,000	-
Interagency council	750	750	750	-
Youth advisory council				-
Piedmont workforce network	3,920	3,920	3,920	-
Offender Aid & Rescue	13,500	13,500	13,500	-
Monticello area community action agency	50,000	50,000	50,000	-
Total welfare	$ 5,857,552	$ 6,097,654	$ 5,487,515	$ 610,139
Total health and welfare	$ 6,261,686	$ 6,501,788	$ 5,891,086	$ 610,702
Education:				
Contributions to community colleges	$ 50,426	$ 50,426	$ 50,426	$ -
Contribution to Component Unit School Board	17,427,579	17,427,579	16,494,153	933,426
Total education	$ 17,478,005	$ 17,478,005	$ 16,544,579	$ 933,426
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation	$ 532,746	$ 567,585	$ 502,596	$ 64,989
Total parks and recreation	$ 532,746	$ 567,585	$ 502,596	$ 64,989
Cultural enrichment:				
Cultural arts	$ 10,000	$ 10,000	$ 10,000	$ -
Total cultural enrichment	$ 10,000	$ 10,000	$ 10,000	$ -
Library:				
Regional library	$ 381,803	$ 403,346	$ 398,353	$ 4,993
Total parks, recreation and cultural	$ 924,549	$ 980,931	$ 910,949	$ 69,982

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2019 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning commission	$ 36,586	$ 36,586	$ 32,208	$ 4,378
Planning				-
Zoning board	2,692	2,692	1,871	821
Economic development	136,891	115,286	88,984	26,302
County planner	439,017	448,640	442,495	6,145
Chamber of commerce	3,500	3,500	3,500	-
Small business development center	2,500	2,500	2,500	-
Rivanna River Basin	1,750	1,750	1,750	-
Leadership development program	1,000	1,000	1,000	-
Central Virginia Partnership for Economic Development	13,066	13,066	13,066	-
Thomas Jefferson Planning District Commission	33,900	34,900	34,900	-
Total planning and community development	$ 670,902	$ 659,920	$ 622,274	$ 37,646
Environmental management:				
Soil and water conservation district	$ 20,500	$ 20,500	$ 20,500	$ -
Cooperative extension program:				
Cooperative extension service	$ 100,715	$ 119,471	$ 98,482	$ 20,989
Total community development	$ 792,117	$ 799,891	$ 741,256	$ 58,635
Nondepartmental:				
Miscellaneous	$ 741,826	$ 214,223	$ 33,693	$ 180,530
Total nondepartmental	$ 741,826	$ 214,223	$ 33,693	$ 180,530
Debt service:				
Principal retirement	$ 5,852,348	$ 5,852,348	$ 5,852,348	$ -
Interest and fiscal charges	3,266,245	3,266,245	3,255,930	10,315
Total debt service	$ 9,118,593	$ 9,118,593	$ 9,108,278	$ 10,315
Total General Fund Expenditures	$ 49,755,782	$ 50,292,669	$ 47,890,814	$ 2,401,855

Statistical Section

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

COUNTY OF FLUVANNA, VIRGINIA

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

	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	$ 12,884,537	$ 15,481,925	$ 17,779,481	$ 18,058,155
Restricted	12,966	-	-	-
Unrestricted	18,671,672	21,244,585	20,452,313	21,488,429
Total governmental activities net position	$ 31,569,175	$ 36,726,510	$ 38,231,794	$ 39,546,584
Business-type activities				
Net investment in capital assets	$ 4,548,235	$ 4,359,941	$ 4,220,066	$ 4,130,335
Restricted	-	-	-	-
Unrestricted	(657,499)	145,337	174,173	126,485
Total business-type activities net position	$ 3,890,736	$ 4,505,278	$ 4,394,239	$ 4,256,820
Primary government				
Net investment in capital assets	$ 17,432,772	$ 19,841,866	$ 21,999,547	$ 22,188,490
Restricted	12,966	-	-	-
Unrestricted	18,014,173	21,389,922	20,626,486	21,614,914
Total primary government net position	$ 35,459,911	$ 41,231,788	$ 42,626,033	$ 43,803,404

Table 1

2014	2015	2016	2017	2018	2019
$ 18,203,194	$ 18,855,190	$ 17,955,779	$ 18,561,846	$ 17,537,769	$ 16,707,620
-	-	59,520	59,520	59,520	59,520
22,113,118	21,036,690	21,785,862	22,928,022	21,507,081	23,698,945
$ 40,316,312	$ 39,891,880	$ 39,801,161	$ 41,549,388	$ 39,104,370	$ 40,466,085
$ 4,046,836	$ 3,979,806	$ 3,892,325	$ 3,806,518	$ 3,727,045	$ 3,651,962
-	-	-	-	-	-
152,478	141,897	233,162	362,385	1,233,648	1,808,171
$ 4,199,314	$ 4,121,703	$ 4,125,487	$ 4,168,903	$ 4,960,693	$ 5,460,133
$ 22,250,030	$ 22,834,996	$ 21,848,104	$ 22,368,364	$ 21,264,814	$ 20,359,582
-	-	59,520	59,520	59,520	59,520
22,265,596	21,178,587	22,019,024	23,290,407	22,740,729	25,507,116
$ 44,515,626	$ 44,013,583	$ 43,926,648	$ 45,718,291	$ 44,065,063	$ 45,926,218

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government adminstration	$ 2,088,545	$ 2,266,965	$ 2,946,369	$ 2,179,821	$ 2,092,329	$ 2,912,977	$ 2,316,368	$ 2,660,192	$ 2,507,323	$ 2,894,457
Judicial administration	1,111,127	1,092,325	1,147,418	1,168,114	1,206,938	1,164,502	1,085,464	1,302,495	1,299,463	1,277,434
Public Safety	5,458,590	4,875,996	5,298,372	5,515,173	6,549,800	6,642,850	7,061,106	7,949,729	8,992,729	9,282,343
Public works	1,506,088	1,324,088	1,461,832	1,458,736	2,135,218	2,451,166	3,512,015	1,683,873	2,313,685	2,749,824
Health and welfare	4,955,292	4,826,649	5,203,796	4,660,190	4,989,704	4,861,639	5,423,546	6,063,693	6,065,223	5,856,235
Education	16,020,958	10,796,609	14,938,085	16,997,681	19,422,301	18,425,758	21,413,366	21,054,581	25,127,190	22,902,730
Parks, recreation and cultural	741,582	723,393	736,581	722,937	777,854	850,915	854,231	869,068	911,313	959,127
Community development	509,233	447,602	592,966	1,108,602	682,766	806,016	1,008,822	854,527	749,560	773,645
Interest on long-term debt	637,891	4,667,841	4,653,204	4,113,741	3,381,824	3,864,041	3,724,460	3,611,012	3,399,682	3,332,219
Total governmental activities expenses	$ 33,029,306	$ 31,021,468	$ 36,978,623	$ 37,924,995	$ 41,238,734	$ 41,979,864	$ 46,399,378	$ 46,049,170	$ 51,366,168	$ 50,028,014
Business-type activities:										
Community Programs	$ 50,157	$ 45,710	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Water	379,109	368,737	391,788	400,650	373,351	385,374	395,482	361,760	317,212	329,122
Water & Sewer	-	-	-	-	-	-	-	-	389,980	256,941
Sewer	159,433	182,931	195,289	203,840	200,969	207,350	191,119	302,949	300,088	244,110
Landfill	165,517	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	$ 754,216	$ 597,378	$ 587,077	$ 604,490	$ 574,320	$ 592,724	$ 586,601	$ 664,709	$ 1,007,280	$ 830,173
Total primary government expenses	$ 33,783,522	$ 31,618,846	$ 37,565,700	$ 38,529,485	$ 41,813,054	$ 42,572,588	$ 46,985,979	$ 46,713,879	$ 52,373,448	$ 50,858,187
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Judicial administration	69,546	74,985	64,598	69,974	76,552	63,426	53,289	101,825	104,064	113,860
Public safety	133,186	196,820	240,503	292,484	272,560	332,650	698,281	836,723	980,372	948,948
Public works	-	102,391	85,096	80,067	78,475	76,198	76,173	82,127	86,314	98,192
Parks, recreation and cultural	93,476	82,284	100,865	74,038	115,460	116,282	133,330	118,073	116,745	121,537
Community development	145,684	109,880	-	-	-	-	-	-	-	-
Operating grants and contributions	4,586,272	4,609,047	4,840,524	4,296,841	4,853,380	4,895,422	5,316,713	5,716,405	6,056,747	5,873,959
Capital grants and contributions	743,377	151,576	4,145	1,273,986	941,858	338,485	93,911	-	-	-
Total governmental activities program revenues	$ 5,771,541	$ 5,326,983	$ 5,335,731	$ 6,087,390	$ 6,338,285	$ 5,822,463	$ 6,371,697	$ 6,855,153	$ 7,344,242	$ 7,156,496
Business-type activities:										
Charges for services:										
Community Programs	$ 36,172	$ 30,134	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Water	279,980	301,071	302,522	318,506	302,439	356,573	375,863	365,562	371,481	355,953
Sewer	1,223,327	12,791	8,229	19,828	20,134	22,822	20,738	42,255	27,244	29,898
Landfill	97,752	-	-	-	-	-	-	-	-	-
Capital grants and contributions	258,300	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	$ 1,895,531	$ 343,996	$ 310,751	$ 338,334	$ 322,573	$ 379,395	$ 396,601	$ 407,817	$ 398,725	$ 385,851
Total primary government program revenues	$ 7,667,072	$ 5,670,979	$ 5,646,482	$ 6,425,724	$ 6,660,858	$ 6,201,858	$ 6,768,298	$ 7,262,970	$ 7,742,967	$ 7,542,347
Net (expense) / revenue										
Governmental activities	$ (27,257,765)	$ (25,694,485)	$ (31,642,892)	$ (31,837,605)	$ (34,900,449)	$ (36,157,401)	$ (40,027,681)	$ (39,194,017)	$ (44,021,926)	$ (42,871,518)
Business-type activities	1,141,315	(253,382)	(276,326)	(266,156)	(251,747)	(213,329)	(190,000)	(256,892)	(608,555)	(444,322)
Total primary government net expense	$ (26,116,450)	$ (25,947,867)	$ (31,919,218)	$ (32,103,761)	$ (35,152,196)	$ (36,370,730)	$ (40,217,681)	$ (39,450,909)	$ (44,630,481)	$ (43,315,840)

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 22,880,842	$ 24,510,584	$ 26,319,292	$ 26,889,099	$ 28,622,456	$ 30,857,284	$ 32,784,240	$ 33,676,413	$ 35,083,167	$ 36,546,338
Local sales and use taxes	1,062,633	1,061,791	1,217,038	1,267,142	1,403,062	1,413,860	1,518,328	1,696,819	1,783,287	1,826,331
Taxes on recordation and wills	241,505	244,066	253,686	272,347	187,733	239,086	241,846	352,133	398,653	340,922
Motor vehicle licenses taxes	438,089	667,940	688,726	745,234	715,553	703,417	728,942	733,566	791,162	895,510
Consumer utility taxes	1,306,540	1,290,455	418,280	423,000	440,464	428,843	397,316	438,801	455,170	468,459
Other local taxes	197,684	236,955	228,344	264,079	210,955	267,393	262,373	215,290	211,345	198,703
Unrestricted grants and contributions	3,145,750	3,152,927	3,991,243	3,997,213	3,977,097	3,966,837	3,945,610	3,925,416	3,909,452	3,866,437
Unrestricted revenues from use of money and property	445,339	307,436	65,369	66,792	50,189	59,654	159,491	91,055	141,043	594,166
Miscellaneous	528,475	247,590	131,485	103,010	256,909	76,133	92,600	113,059	882,532	232,705
Transfers	(122,802)	(867,924)	(165,287)	(128,737)	(194,241)	(193,783)	(193,784)	(300,308)	(1,281,640)	(736,338)
Total governmental activities	$ 30,124,055	$ 30,851,820	$ 33,148,176	$ 33,899,179	$ 35,670,177	$ 37,818,724	$ 39,936,962	$ 40,942,244	$ 42,374,171	$ 44,233,233
Business-type activities:										
Unrestricted revenues from use of money and property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 118,705	$ 207,424
Transfers	122,802	867,924	165,287	128,737	194,241	193,783	193,784	300,308	1,281,640	736,338
Total business-type activities	$ 122,802	$ 867,924	$ 165,287	$ 128,737	$ 194,241	$ 193,783	$ 193,784	$ 300,308	$ 1,400,345	$ 943,762
Total primary government	$ 30,246,857	$ 31,719,744	$ 33,313,463	$ 34,027,916	$ 35,864,418	$ 38,012,507	$ 40,130,746	$ 41,242,552	$ 43,774,516	$ 45,176,995
Change in Net Position										
Governmental activities	$ 2,866,290	$ 5,157,335	$ 1,505,284	$ 2,061,574	$ 769,728	$ 1,661,323	$ (90,719)	$ 1,748,227	$ (1,647,755)	$ 1,361,715
Business-type activities	1,264,117	614,542	(111,039)	(137,419)	(57,506)	(19,546)	3,784	43,416	791,790	499,440
Total primary government	$ 4,130,407	$ 5,771,877	$ 1,394,245	$ 1,924,155	$ 712,222	$ 1,641,777	$ (86,935)	$ 1,791,643	$ (855,965)	$ 1,861,155

COUNTY OF FLUVANNA, VIRGINIA

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

	2010	2011	2012	2013
General fund				
Nonspendable	$ -	$ 35,080	$ 2,000	$ 17,775
Reserved	91,904	-	-	-
Restricted	-	78,938	-	-
Unreserved, designated for capital projects	2,526,018	-	-	-
Unreserved, designated for high school debt service	2,761,681	-	-	-
Unreserved, designated for subsequent expenditures	-	-	-	-
Committed	-	7,077,296	9,834,019	11,319,125
Assigned	-	63,698	29,914	22,727
Unreserved, undesignated	15,032,678			
Unassigned	-	13,528,036	10,348,950	10,271,385
Total general fund	$ 20,412,281	$ 20,783,048	$ 20,214,883	$ 21,631,012
All other governmental funds				
Reserved for Capital Projects	$ 43,912,030	$ -	$ -	$ -
Nonspendable	-	-	-	-
Restricted	-	16,544,058	3,312,322	519,759
Committed	-	183,265	-	-
Assigned	-	-	-	229,421
Unassigned	-	-	(655,894)	-
Unreserved, reported in:				
Capital projects funds	-	-	-	-
Total all other governmental funds	$ 43,912,030	$ 16,727,323	$ 2,656,428	$ 749,180

balance reporting, in FY2011. Restatement of prior year balances is not feasible. Therefore, ten years of fund balance information in accordance with GASB 54 is not available, but will be accumulated over time.

Table 3

2014	2015	2016	2017	2018	2019
$ -	$ 133,933	$ 100,000	$ 118,818	$ 78,606	$ 11,506
-	-	-	-	-	-
-	-	59,520	59,520	59,520	59,520
-	-				
-	-				
-	-				
12,206,403	10,737,302	4,875,335	6,649,051	6,103,010	4,989,493
1,781	-	-	-	-	-
9,576,832	10,974,265	17,198,209	15,855,959	14,532,691	16,632,750
$ 21,785,016	$ 21,845,500	$ 22,233,064	$ 22,683,348	$ 20,773,827	$ 21,693,269
$ -	$ -	$ -	$ -	$ -	$ -
-	531,616	-	-	-	245,106
70,462	3,963,624	1,678,501	5,175,016	572,077	63,275
50,697	51,292	50,000	27,535	-	-
455,854	237,844	492,023	179,446	369,449	806,610
-	-	-	-	-	-
-	-	-	-	-	-
$ 577,013	$ 4,784,376	$ 2,220,524	$ 5,381,997	$ 941,526	$ 1,114,991

COUNTY OF FLUVANNA, VIRGINIA

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

	2010	2011	2012	2013
Revenues				
General property taxes	$ 22,881,694	$ 24,333,649	$ 25,783,612	$ 26,886,904
Other local taxes	3,246,451	3,501,207	2,806,074	2,971,802
Permits, privilege fees and regulatory licenses	361,142	347,774	239,463	266,139
Fines and forfeitures	27,752	60,363	26,384	30,225
Revenue from use of money and property	445,339	307,436	65,369	66,792
Charges for services	52,998	158,223	225,215	220,199
Miscellaneous	528,475	247,590	131,485	103,010
Recovered costs	252,899	218,277	239,814	537,891
Intergovernmental:				
Contribution from School Board	-	-	-	-
Commonwealth	6,860,079	6,761,028	7,824,876	7,421,770
Federal	1,615,320	1,152,522	1,011,036	2,146,270
Total revenues	$ 36,272,149	$ 37,088,069	$ 38,353,328	$ 40,651,002
Expenditures				
General government administration	$ 1,998,758	$ 2,283,864	$ 2,948,951	$ 2,457,582
Judicial administration	941,916	924,825	966,938	997,142
Public safety	6,132,985	5,551,650	5,111,665	7,774,015
Public works	1,435,000	1,444,944	1,527,887	1,484,008
Health and welfare	4,928,507	4,858,939	5,163,813	4,588,355
Education	37,947,333	41,174,205	28,136,631	16,921,134
Parks, recreation and cultural	689,922	629,182	716,477	687,593
Community development	531,699	453,826	517,276	1,027,505
Nondepartmental	509,718	383,995	435,867	159,496
Debt service				
Principal	1,476,141	1,436,343	2,285,259	7,272,220
Interest and other fiscal charges	4,923,406	4,748,216	4,689,001	2,858,997
Bond Issuance Costs	-	-	-	393,927
Total expenditures	$ 61,515,385	$ 63,889,989	$ 52,499,765	$ 46,621,974
Excess (deficiency) of revenues over (under) expenditures	$ (25,243,236)	$ (26,801,920)	$ (14,146,437)	$ (5,970,972)
Other financing sources (uses)				
Transfers in	$ 976,518	$ 1,157,587	$ 863,523	$ 1,913,411
Transfers out	(1,099,320)	(1,203,684)	(1,356,146)	(1,994,483)
Bonds issued	5,420,000	2,704,077	-	77,542,813
Early retirement of indebtedness	(4,830,000)	(2,670,000)	-	-
Payments to refunded bond escrow agent	-	-	-	(72,784,959)
Issuance of capital leases	(507,149)	-	-	803,071
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	$ (39,951)	$ (12,020)	$ (492,623)	$ 5,479,853
Net change in fund balances	$ (25,283,187)	$ (26,813,940)	$ (14,639,060)	$ (491,119)
Debt service as a percentage of noncapital expenditures	19.32%	19.98%	18.57%	24.60%

Table 4

	2014	2015	2016	2017	2018	2019
	$ 28,437,543	$ 30,390,483	$ 32,381,780	$ 33,035,019	$ 34,771,214	$ 36,606,379
	2,957,767	3,052,599	3,148,805	3,436,609	3,639,617	3,729,925
	271,315	328,492	316,674	325,604	325,260	266,135
	36,762	19,127	17,071	52,335	55,563	66,715
	50,189	59,654	159,491	91,055	141,043	594,166
	234,970	240,937	627,328	760,809	906,672	949,687
	256,909	76,133	92,600	113,059	882,532	232,705
	198,556	159,452	175,019	475,312	334,311	195,792
	-	-	-	-	-	-
	8,200,504	7,768,139	8,186,120	8,491,421	8,435,417	8,039,911
	1,571,831	1,432,605	1,170,114	1,150,400	1,530,782	1,700,485
	$ 42,216,346	$ 43,527,621	$ 46,275,002	$ 47,931,623	$ 51,022,411	$ 52,381,900
	$ 2,375,839	$ 2,973,426	$ 2,504,595	$ 2,675,883	$ 2,573,114	$ 3,068,813
	1,043,554	1,033,414	1,116,896	1,140,751	1,160,743	1,156,453
	7,046,266	6,504,341	14,031,007	9,103,245	8,904,135	9,183,552
	2,302,295	2,670,609	3,340,430	3,066,682	3,598,723	2,844,074
	4,961,275	4,900,555	5,494,433	6,047,790	6,094,617	5,891,086
	14,735,070	17,150,935	18,825,010	21,054,016	21,808,677	17,599,505
	1,734,527	1,055,476	830,275	841,396	1,168,673	925,945
	609,918	1,072,057	959,759	779,505	768,397	741,256
	18,742	26,199	37,462	25,699	109,625	33,693
	3,531,444	7,303,148	4,257,098	11,387,489	6,947,151	5,852,348
	3,681,338	3,433,568	3,455,086	3,501,825	3,510,465	3,255,930
	-	137,388	-	272,142	-	-
	$ 42,040,268	$ 48,261,116	$ 54,852,051	$ 59,896,423	$ 56,644,320	$ 50,552,655
	$ 176,078	$ (4,733,495)	$ (8,577,049)	$ (11,964,800)	$ (5,621,909)	$ 1,829,245
	$ 2,590,807	$ 2,999,934	$ 3,308,881	$ 3,398,928	$ 4,260,752	$ 2,718,812
	(2,785,048)	(3,193,717)	(3,502,665)	(3,699,236)	(4,988,835)	(3,455,150)
	-	9,195,125	-	7,653,740	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	6,594,545	8,223,125	-	-
	-	-	-	-	-	-
	$ (194,241)	$ 9,001,342	$ 6,400,761	$ 15,576,557	$ (728,083)	$ (736,338)
	$ (18,163)	$ 4,267,847	$ (2,176,288)	$ 3,611,757	$ (6,349,992)	$ 1,092,907
	18.24%	23.64%	17.30%	29.13%	20.55%	18.49%

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

Fiscal Year June 30	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Public Service	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2010	$ 3,064,883,350	$ 175,944,814	$ 2,571,353	$ 218,951	$ 507,275,582	$ 3,750,894,050	6.930	$ 3,750,894,050	100.00%
2011	3,095,758,000	181,590,092	2,576,016	216,911	533,735,987	3,813,877,006	7.290	3,813,877,006	100.00%
2012	3,112,787,100	184,437,171	2,587,284	230,729	532,397,425	3,832,439,709	7.350	3,832,439,709	100.00%
2013	3,517,225,600	188,459,699	2,567,684	243,801	496,073,506	4,204,570,290	7.740	4,204,570,290	100.00%
2014	2,611,906,300	191,333,953	2,201,249	636,444	501,948,833	3,308,026,779	7.910	3,308,026,779	100.00%
2015	2,625,367,600	190,731,239	2,043,565	735,590	497,863,789	3,316,741,783	8.148	3,316,741,783	100.00%
2016	2,683,562,300	192,165,797	2,029,462	538,634	543,812,012	3,422,108,205	8.184	3,422,108,205	100.00%
2017	2,725,781,920	217,648,526	1,954,200	495,288	523,791,381	3,469,671,315	8.064	3,469,671,315	100.00%
2018	2,809,690,700	221,776,610	1,807,902	551,420	522,609,364	3,556,435,996	8.128	3,556,435,996	100.00%
2019	2,983,695,602	246,788,362	2,159,942	590,595	548,679,811	3,781,914,312	8.100	3,781,914,312	100.00%

Source: Commissioner of the Revenue

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

	Direct Rates				
Fiscal Years	Real Estate	Personal Property/ Business Personal Property (3)	Mobile Homes	Machinery and Tools	Total Direct Rates
2010	0.54	3.85	0.54	2.00	6.93
2011	0.57	4.15	0.57	2.00	7.29
2012	0.5981	4.15	0.5981	2.00	7.3462
2013	0.7950	4.15	0.7950	2.00	7.7400
2014	0.8800	4.15	0.8800	2.00	7.9100
2015	0.8990	4.35	0.8990	2.00	8.1480
2016	0.9170	4.35	0.9170	2.00	8.1840
2017	0.9070	4.35 / 2.90	0.9070	1.90	8.0640
2018	0.9390	4.35 / 2.90	0.9390	1.90	8.1280
2019	0.9250	4.35 / 2.90	0.9250	1.90	8.1000

(1) Per $100 of assessed value.
(2) There were no overlapping Governments.
(3) A separate tax rate for Business Personal Property was established in 2017.

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Fiscal Year 2019

Taxpayer	Type Business	2018 Assessed Valuation	% of Total Assessed Valuation
Tenaska Virginia Partners, LP	Utility/Electric	211,102,846	5.94%
Virginia Electric and Power	Utility/Electric	192,813,093	5.42%
Central Va. Electric Co-op	Utility/Electric	44,815,886	1.26%
Transcontinental Gas Pipeline	Utility/Gas	24,647,287	0.69%
Aqua Resources	Utility/Water	19,627,675	0.55%
Colonial Pipeline Co.	Utility/Gas	12,794,094	0.36%
CSX Transportation	Railroad	12,675,410	0.36%
Columbia Gas of Va.	Utility/Gas	11,368,213	0.32%
Central Telephone Co. of Virginia	Utility/Telephone	7,857,412	0.22%
East Coast transport	Utility/Gas	4,502,458	0.13%
		$ 542,204,374	15.25%

Fiscal Year 2010

Taxpayer	Type Business	2009 Assessed Valuation	% of Total Assessed Valuation
Tenaska Virginia Partners, LP	Utility/Electric	314,221,620	8.38%
Virginia Electric & Power	Utility/Electric	113,023,295	3.01%
Central Va. Electric Co-op	Utility/Electric	33,569,350	0.89%
Aqua Resources	Utility/Water	18,656,594	0.50%
Central Telephone of Virginia	Utility/Telephone	11,263,038	0.30%
Colonial Pipeline Co.	Utility/Gas	9,936,706	0.26%
Transcontinental Gas Pipeline	Utility/Gas	9,224,711	0.25%
CSX Transportation Inc.	Railroad	8,350,304	0.22%
Virginia Properties LLC	Commercial Property	5,490,300	0.15%
Carysbrook Holdings LLC	Commercial Property	5,310,800	0.14%
		$ 529,046,718	14.10%

Source: Commissioner of Revenue

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (1) (3)	Collected within the Fiscal Year of the Levy: Amount	Collected within the Fiscal Year of the Levy: Percentage of Levy (1)	Collections in Subsequent Years (1)	Total Collections to Date: Amount (1)	Total Collections to Date: Percentage of Levy
2010	$ 25,271,025	$ 24,399,808	96.55%	$ 773,558	$ 25,173,366	99.61%
2011	27,322,612	22,860,700	83.67%	4,342,476	27,203,176	99.56%
2012	29,015,715	27,372,053	94.34%	1,509,903	28,881,956	99.54%
2013	29,846,109	28,261,251	94.69%	1,436,996	29,698,247	99.50%
2014	31,288,974	29,831,066	95.34%	1,242,749	31,073,815	99.31%
2015	33,381,054	31,724,032	95.04%	1,341,597	33,065,629	99.06%
2016	35,095,785	33,410,667	95.20%	1,232,407	34,643,074	98.71%
2017	36,527,462	34,182,932	93.58%	1,752,588	35,935,520	98.38%
2018	37,420,848	35,380,319	94.55%	1,116,393	36,496,712	97.53%
2019	40,627,644	38,623,308	95.07%	-	38,623,308	95.07%

Source: Commissioner of Revenue, County Treasurer's office

Notes: (1) Exclusive of the penalties and interest.
(3) Original levy

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities				Business-Type Activities			
Fiscal Years	General Obligation Bonds (2)	Literary Fund Loans	Other Notes/ Bonds	Capital Leases	General Obligation Bonds	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2010	$ 86,057,976	$ 4,242,423	$ 2,670,000	$ 769,043	$ 1,709,406	$ 95,448,848	10.48%	$ 3,715
2011	85,223,117	3,746,605	2,704,077	663,377	1,620,960	93,958,136	9.27%	3,615
2012	83,530,386	3,264,254	2,704,077	553,200	1,529,890	91,581,807	8.65%	3,518
2013	101,441,566	2,788,660	-	1,092,806	1,438,771	106,761,803	9.82%	4,103
2014	97,882,452	2,478,809	-	868,897	1,344,780	102,574,938	9.16%	3,943
2015	95,742,783	2,168,958	-	638,273	1,249,965	99,799,979	9.72%	3,794
2016	91,684,511	1,859,107	-	7,082,582	1,153,551	101,779,751	9.92%	3,869
2017	98,294,056	1,549,256	-	8,223,125	1,055,463	109,121,900	9.81%	4,176
2018	93,346,459	-	-	7,126,966	9,514,094	109,987,519	8.51%	4,101
2019	88,035,308	-	-	5,978,573	9,086,886	103,100,767	7.72%	3,842

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 12.
(2) Includes Public Facility Bonds and School General Obligation Bonds.

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

Fiscal Year		Gross Bonded Debt (3)		Less Debt Service Monies Available		Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2010	$	94,679,805	$	-	$	94,679,805	2.52%	3,685
2011		93,294,759		-		93,294,759	2.45%	3,590
2012		91,028,607		-		91,028,607	2.38%	3,462
2013		105,323,032		-		105,323,032	2.50%	4,048
2014		101,230,158		-		101,230,158	3.06%	3,891
2015		98,550,014		-		98,550,014	2.97%	3,746
2016		100,626,200		59,520		100,566,680	3.03%	3,823
2017		108,066,437		59,520		108,006,917	3.26%	4,106
2018		100,473,425		59,520		100,413,905	2.82%	3,744
2019		94,013,881		59,520		93,954,361	2.48%	3,501

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 12.

(2) See the Schedule of Assessed Value and Estimated Value of Taxable Property - Table 5.

(3) Includes all long-term general obligation bonded debt, Literary Fund Loans, excludes revenue bonds, capital leases, and compensated absences.

Debt Policy Information
Last Ten Fiscal Years

	2019	2018	2017
Total net debt applicable to debt limits (1)	$ 93,954,361	$ 100,413,905	$ 108,066,437
Ratio of net debt to assessed taxable property value (2)	2.48%	2.82%	3.26%
Debt limit per policy for property value	3.50%	3.50%	3.50%
Total general governmental revenue (3)	52,381,900	51,022,411	47,931,623
Debt service to general governmental revenues (3)	17.39%	17.37%	15.98%
Debt limit per policy for general governmental revenues	12.00%	12.00%	12.00%

Notes:
(1) Net bonded debt can be found on Table 10.
(2) Property value data can be found on Table 5.
(3) General governmental revenues can be found on Table 4

The County does not have any Constitutional or Statutory Debt Limits.

Table 11

2016	2015	2014	2013	2012	2011	2010
$ 101,626,200	$ 98,550,014	$ 101,230,158	$ 105,323,032	$ 91,028,607	$ 93,294,759	$ 94,679,805
3.03%	2.97%	3.06%	2.50%	2.38%	2.45%	2.52%
3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
46,275,002	43,527,621	42,216,346	40,651,002	38,353,328	37,088,069	36,272,149
16.67%	16.55%	17.09%	14.58%	18.18%	16.68%	17.64%
12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population(1)		Personal Income(2)		Per Capita Personal Income (3)	School Enrollment (4)	Unemployment Rate (5)
2010	25,844	2.04%	883,890,000	1.38%	34,201	3,703	6.4%
2011	25,989	0.56%	926,497,000	4.82%	35,650	3,691	6.0%
2012	26,033	0.17%	953,214,000	2.88%	36,616	3,736	5.8%
2013	26,019	-0.05%	961,195,000	0.84%	36,942	3,660	5.2%
2014	25,970	-0.19%	989,636,000	2.96%	38,107	3,591	4.7%
2015	26,162	0.74%	1,052,417,000	6.34%	40,227	3,541	4.0%
2016	26,133	-0.11%	1,072,515,000	1.91%	41,041	3,482	3.5%
2017	26,467	1.28%	1,141,266,000	6.41%	43,120	3,518	3.2%
2018	26,692	0.85%	1,180,559,427	3.44%	44,229	3,565	2.8%
2019	26,833	0.53%	1,217,156,769	3.10%	45,360	3,444	2.5%

(1) Source: Population estimates for 2010 to 2018 is from the Weldon Cooper Center for Public Service, Demographics & Workforce Group - July 1st Estimates. Estimates for 2019 was N/A. Estimates for 2019 are based on an average growth rate of 0.53% from 2010 to 2018.

(2) Source: Personal income data for 2010 to 2018 is from the Bureau of Economic Analysis. Data for 2019 was N/A. Estimates for 2019 are based on an average growth rate of 3.10% from 2010 to 2018.

(3) Source: Per capita personal income is calculated by dividing the personal income data (2) by the population data (1).

(4) Source: Virginia Department of Education "Superintendent's Annual Report" (End-of-Year Membership), Includes K-12, special education, and post graduate, but excludes pre-kindergarten. School Enrollment data was N/A for 2019. 2019 data is provided by Fluvanna County Public Schools.

(5) Source: Virginia Employment Commission, unemployment rates for June of the fiscal year.

Principal Employers
Current Year and the Period Nine Years Prior

Fiscal Year 2019

Employer	Employees	Rank
Fluvanna County Public Schools	500-999	1
Fluvanna Correctional Center	250-499	2
County of Fluvanna	100-249	3
Fork Union Military Academy	100-249	4
Lake Monticello Owners	100-249	5
BFI Transfer Systems of Va	100-249	6
AG Dillard Inc	50-99	7
Dominos Pizza	50-99	8
Food Lion	50-99	9
Armored Correctional Health	50-99	10

Fiscal Year 2010

Employer	Employees	Rank
Fluvanna County Public Schools	250-499	1
Fluvanna Correctional Center	250-499	2
Fork Union Military Academy	100-249	3
County of Fluvanna	100-249	4
Virginia Electric & Power Company Inc	50-99	5
Dominoes Pizza	50-99	6
Lake Monticello Owners	50-99	7
Correctional Medical Services	50-99	8
Alphastaff	50-99	9
Zions Crossroads Recycling	50-99	10

Source: Virginia Employment Commission.
Quarter Census of Employment and Wages (QCEW)

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

Function	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
General government	22	21	22.5	21.5	21.5	23.5	22.75	22.25	23.5	23.5
Judicial administration	12	12	12	12	12	12	13	13	13	13
Public safety										
Sheriffs department	53	39	43	40.5	43.5	47.5	48	48.5	48.5	50
Fire & rescue	0	0	0	0	0	0	0	0	0	
Building inspections	4	3	4	4	4	4	3	3	3	3
Animal control	2	2	2	2	2	2	2	2	2	0
Emergency management	0	0	0	1	1	1	1	1	1	1.5
Public works										
General maintenance	18	18	16	16	16	17	17	17	17	18
Landfill	3	0	2	1.25	1.25	1.25	1.25	1.25	1.25	2
Engineering	1	0	1	1	1	1	1	1	1	0.5
Health and welfare										
Department of social services	25	22	25	29	29	28	30	33.5	33.5	31.5
Culture and recreation										
Parks and recreation	7	5	5	5	5	5	5	7.5	7.5	5
Museum	0	0	0	0	1.5	1.5	1.5	1	1	0.5
Library	6	3	3	3	3	3	3.75	4.25	4.25	4.25
Community development										
Planning	5	4	5.5	4.5	5	5	6	6	6	5
Economic development	0	0	0	1	1	1	1	1	1	1
Totals	158	129	141	141.75	146.75	152.75	156.25	162.25	163.5	158.75

Source: County Payroll Records.

Operating Indicators by Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Sheriffs department:										
Physical arrests	1,985	2,246	1,648	600	724	623	576	733	838	969
Traffic violations	n/a	n/a	n/a	775	712	460	500	948	1,255	1,283
Civil papers received	7,911	7,179	7,907	6,493	6,105	5,754	5,221	6,370	14,017	7,129
E911:										
Total calls	21,158	25,507	24,926	20,109	25,923	21,667	18,410	26,973	33,131	32,209
Emergency calls	n/a	n/a	n/a	6,568	6,144	6,106	6,256	6,590	6,586	5,882
Fire & Rescue calls:										
Number of fire calls answered	1,981	963	1,671	1,995	1,907	1,777	1,854	1,938	2,008	2,122
Number of rescue calls answered	n/a	n/a	n/a	n/a	2,697	2,628	2,644	2,591	2,680	2,733
Building inspections:										
Permits issued	385	415	424	386	461	469	463	547	755	1,093
Animal control:										
Number of calls answered	1,852	1,952	1,345	1,418	1,671	1,863	1,664	1,558	1,550	1,266
Public works										
Facilities Service Requests	6,000	6,950	376	555	817	776	546	500	525	525
Landfill:										
Refuse collected (tons/day)	7	7	6.56	6.67	6.67	7.14	6.44	6.5	7.6	8
Recycling (tons/day)	1	0	0.37	0.40	0.77	0.77	0.59	0.85	0.86	1
Health and welfare										
Department of Social Services:										
Adpotion Cases	159	154	176	214	235	234	228	219	216	212
Adult Services	665	765	850	810	863	1,071	982	629	790	931
Child Protective Services Cases	262	285	327	292	382	335	342	409	350	341
Family Services Cases	1,186	1,127	991	952	874	955	1,051	869	612	543
Foster Care Cases	264	296	240	157	125	59	115	169	223	254
VIEW Cases	245	229	358	365	282	306	228	98	81	83
Auxiliary Grant Cases	75	43	55	27	12	35	40	27	34	27
General Relief Cases	61	30	43	47	30	6	12	5	0	6
Medicaid Cases	19,122	20,930	22,646	24,206	25,697	26,499	32,235	24,885	21,360	37,379
SNAP Cases	16,463	19,341	22,163	21,906	21,845	20,655	18,888	7,890	7,949	16,685
TANF Cases	587	622	715	777	609	663	654	575	494	460
Caseload	39,089	43,822	48,564	49,753	50,954	50,818	54,775	35,775	32,109	56,921
Culture and recreation										
Parks and recreation:										
Youth sports participants	1,200	1,300	1,350	1,400	1,359	250	1,186	1,351	1,752	2,834
Total program participants	n/a	n/a	n/a	n/a	4,267	10,870	8,007	12,323	16,685	17,035
Community development										
Planning:										
Zoning permits issued	227	185	157	148	181	267	219	326	375	452
Component Unit - School Board										
Education:										
School age population enrolled	3,761	3,703	3,696	3,669	3,593	3,564	3,522	3,556	3,564	3,570
Number of teachers	303	286	293	264	280	271	272	271	266	266
Local expenditures per pupil	$ 9,999	$ 9,249	$ 9,153	$ 9,080	$ 9,498	$ 9,804	$ 10,452	$ 10,556	$ 10,891	$ 10,781

Source: Individual county departments

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Administration buildings	31	31	31	31	31	32	32	32	32	31
Vehicles	4	4	4	3	2	3	3	2	3	3
Public safety										
Sheriffs office:										
Patrol units	43	43	34	35	34	28	32	32	39	47
Other vehicles	7	7	3	4	4	5	8	8	9	10
Building inspections:										
Vehicles	2	2	4	4	3	3	3	2	2	2
Animal control:										
Vehicles	2	2	2	2	3	3	2	2	2	2
Public works										
General maintenance:										
Trucks/vehicles	14	14	13	14	12	13	13	18	18	15
Landfill:										
Vehicles	3	3	2	1	1	1	1	1	1	1
Equipment	4	4	4	4	4	4	4	4	4	4
Sites	1	1	1	1	1	1	1	1	1	1
Health and welfare										
Department of Social Services:										
Vehicles	7	7	8	8	9	9	9	9	8	8
Culture and recreation										
Parks and recreation:										
Community centers	2	2	2	2	2	2	2	2	2	2
Vehicles	6	6	3	4	3	3	3	3	4	4
Parks	2	2	2	2	2	4	4	4	4	4
Swimming pools	0	0	0	0	0	0	0	0	0	0
Tennis courts	0	0	0	0	0	0	0	0	0	0
Community development										
Planning:										
Vehicles	2	2	2	2	3	2	2	3	3	4
Component Unit - School Board										
Education:										
Schools	9	9	9	6	5	5	5	5	5	5
School buses	90	90	74	80	78	82	84	84	86	88

Source: Individual County departments.

ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants
CPAs | Consultants

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

To the Honorable Members of the Board of Supervisors
County of Fluvanna, 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 Fluvanna, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County of Fluvanna, Virginia's basic financial statements, and have issued our report thereon dated November 26, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 26, 2019

ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants
CPAs | Consultants

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

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

Report on Compliance for Each Major Federal Program

We have audited County of Fluvanna, Virginia's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of County of Fluvanna Virginia's major federal programs for the year ended June 30, 2019. County of Fluvanna, 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 County of Fluvanna, 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 Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Fluvanna, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 26, 2019

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2019

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Pass-through Entity Identifying Number	Federal CFDA Number	Federal Expendi- tures
PRIMARY GOVERNMENT:			
DEPARTMENT OF AGRICULTURE:			
Pass through payments:			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	0010109/0010110/0040109/0040110	10.561	$ 332,498
DEPARTMENT OF JUSTICE			
Pass through payments:			
Department of Criminal Justice Services:			
Bulletproof Vest Partnership Program	Not Available	16.607	2,379
Crime Victim Assistance	CJS5601701	16.575	17,127
Total Department of Justice			$ 19,506
DEPARTMENT OF TRANSPORTATION:			
Pass through payments:			
Virginia Department of Motor Vehicles:			
Alcohol Open Container Requirements	154AL 1858259 154AL 1959251	20.607	$ 16,934
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	0950109/0950110	93.556	$ 15,989
Temporary Assistance for Needy Families (TANF Cluster)	0400109/0400110	93.558	109,762
Refugee and Entrant Assistance - State Administered Programs	0500109/0500110	93.566	76
Low-Income Home Energy Assistance	0600409/0600410	93.568	15,584
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	0760109/0760110	93.596	19,741
Chafee Education and Training Voucher Program	9160108/9160109	93.599	11,619
Stephanie Tubbs Jones Child Welfare Services Program	0900109	93.645	86
Foster Care-Title IV-E	1100109/1100110	93.658	212,513
Adoption Assistance	1120109/1120110	93.659	124,352
Social Services Block Grant	1000109/1000110	93.667	139,489
Chafee Foster Care Independence Program	915108/9150109/9150110	93.674	2,278
Children's Health Insurance Program	0540109/0540110	93.767	7,646
Medical Assistance Program (Medicaid Cluster)	1200109/1200110	93.778	368,756
Total Department of Health and Human Services			$ 1,027,891
NATIONAL ENDOWMENT FOR THE ARTS:			
Pass through payments:			
Virginia commission for the arts			
Promotion of the Arts - Partnership Agreements	99910-10-0440	45.025	$ 4,500
DEPARTMENT OF HOMELAND SECURITY:			
Pass through payments:			
Virginia Department of Emergency Management			
Emergency Management Performance Grants	Not Available	97.042	$ 15,000
Hazard Mitigation Grant	Not Available	97.039	69,614
Total Department of Homeland Security			$ 84,614
Total Primary Government			$ 1,485,943

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Units
Year Ended June 30, 2019 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program Title	Pass-through Entity Identifying Number	Federal CFDA Number	Federal Expendi- tures
COMPONENT UNIT-SCHOOL BOARD:			
DEPARTMENT OF AGRICULTURE:			
Pass through payments:			
Department of Agriculture and Consumer Services:			
Food distribution (Child Nutrition Cluster)	Not Available	10.555	$ 93,262
Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	2013IN109941/2014IN109941	10.555	500,546
			593,808
School Breakfast Program (Child Nutrition Cluster)	2013IN109941/2014IN109941	10.553	$ 143,007
Total Department of Agriculture			$ 736,815
DEPARTMENT OF EDUCATION:			
Pass through payments:			
Department of Education:			
Title 1 Grants to Local Educational Agencies	S010A120046/S010A130046	84.010	$ 395,321
Career and Technical Education - Basic Grants to States	V048A130046/V048A140046	84.048	47,172
Special Education - Grants to States (Special Education Cluster)	H027A130107/H027A140107	84.027	820,633
Special Education - Preschool Grant (Special Education Cluster)	H173A140112	84.173	24,222
Total Special Education Cluster			$ 844,855
English Language Acquisition State Grants	Not Available	84.365	8,349
Supporting Effective Instruction State Grants	S367A130044/S367A140044	84.367	75,486
Student Support and Academic Enrichment Program	S424A170048	84.424	18,149
Total Department of Education			$ 1,389,332
Total Component Unit School Board			$ 2,126,147
Total Expenditures of Federal Awards			$ 3,612,090

See accompanying notes to schedule of expenditures of federal awards.

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

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Fluvanna, Virginia under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the County of Fluvanna, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Fluvanna, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - De Minimis Cost Rate

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

Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - Loan Balances

The County has no loans or 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	$	1,700,485
Total primary government	$	1,700,485
Component Unit School Board:		
School Operating Fund	$	1,389,332
School Cafeteria Fund		736,815
Total component unit school board	$	2,126,147
Total federal expenditures per basic financial statements	$	3,826,632
Federal Interest Subsidiary	$	(214,542)
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$	3,612,090

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

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
84.010	Title I, Grants to Local Educational Agencies

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

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings

There were no prior year findings.