Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018



County of Scott, Virginia

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List of Principal Officials

BOARD OF SUPERVISORS

David S. Redwine, DVM (Chairman)

Darrel Jeter Joe W. Herron
Marshall Tipton Danny P. Mann
Jack Compton (Vice Chairman) Chad E. Hood

COUNTY SCHOOL BOARD

William R. Quillen Jr. (Chairman)

David M. Templeton

Gail L. McConnell

L. Stephen Sallee, Jr. (Vice Chairman)

Larry L. Horton

Linda D. Gillenwater

COUNTY WELFARE BOARD

David S. Redwine (Chairman)

Cindy Coates (Vice Chairman) Carol Culbertson

OTHER OFFICIALS

Chief Magistrate Hon. Jonathan Robbins
Clerk of the Circuit Court
Commonwealth; Attorney
Commissioner of the Revenue

Hon. Jonathan Robbins
Mark "Bo" Taylor
Marcus McClung
Debbie Dockery

Treasurer Mitzi Owens

Sheriff John Puckett
Superintendent of Schools John Ferguson
Director of Social Services Lana Mullins

County Administrator Freda R. Starnes



RONALD C. BOSTIC, CPA GREGORY D. TUCKER. CPA

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INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Supervisors County of Scott, Virginia:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's 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 and 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 auditor's 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 opinion.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 13-21 and 106-115 and Schedule of Employer Contributions on page 116 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 response 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.

Other Information

Our audit was conducted for the purpose of forming an opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basis financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The 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.

Report on Other Legal and Regulatory Requirements

Bostic, Lucker & Company, PC

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018, on our consideration of the County of Scott, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Scott, Virginia's internal control over financial reporting and compliance.

December 31, 2018

Lebanon, Virginia



Certified Public Accountants

RONALD C. BOSTIC, CPA GREGORY D. TUCKER, CPA

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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

The Honorable Members of the Board of Supervisors County of Scott, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Scott, Virginia as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County of Scott, Virginia's basic financial statements, and have issued our report thereon dated December 31, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Scott, 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 of the effectiveness of the County of Scott, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Scott, 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 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 the County of Scott, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 31, 2018 •

Bostic, Lucker & Company, PC

Lebanon, Virginia

RONALD C. BOSTIC, CPA GREGORY D. TUCKER, CPA

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December 31, 2018

To the Scott County Board of Supervisors County of Scott, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Scott, Virginia for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Governmental Auditing* Standards and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 31, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County of Scott, Virginia are described in Note 1 to the financial statements. No new accounting policies were adopted and the application if existing policies was not changed during 2018. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the allowance for doubtful accounts of the primary government, as well as the component units, is based on historical revenues. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of depreciation of property, plant, and equipment of the primary government, as well as the component units, is based on the estimated useful lives ranging from five to eighty years. We evaluated the key factors and assumptions used to develop the allowance in determining it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the Landfill Closure and Post-Closure Care Costs in Note 13 to the financial statements identifies state and federal laws requiring the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste. The county reports a portion of these closure and care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. These estimated amounts are based on what it would cost to perform all closure and post closure care in 2016.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 31, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or

a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statement or to the financial statements themselves.

This information is intended solely for the use of the Scott County Board of Supervisors and management of the County of Scott, Virginia and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bostic, Tucker and Company, P.C.

Bostic, Lucker & Company, PC

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Members of the Board of Supervisors County of Scott, Virginia

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of 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 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 the 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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance and its operation that we consider to be material weaknesses as defined above. 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.

Bastic, Lucker & Company, PC

December 31, 2018 Lebanon, Virginia As management of the County of Scott, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County of the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

Financial Highlights:

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$2,871,092 (net position). Of this amount, \$(6,137,687) represents a deficit in unrestricted net position used to meet the government's ongoing obligation to citizens and creditors. This resulted from the implementation in 2015 of GASB Statement Number 68 related to pension obligations and from the implementation in 2018 of GASB Statement Number 75 related to other post-employment benefits.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$3,482,880, an increase of \$393,149 compared to the prior year. \$3,429,962 of the combined fund balance is available for spending for the various functions of the County as indicated.
- At the end of the current fiscal year, fund balance for the general fund was \$3,429,962, or 20% of total general fund expenditures for the year.

Overview of the Financial Statements:

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

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

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

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

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

Overview of the Financial Statements (Continued):

Government-wide financial statements (continued)

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

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

The Government-wide financial statements include not only the County of Scott, Virginia itself (known as the primary government), but also a legally separate school board (for which the County of Scott, Virginia is financially accountable), Public Services Authority and Economic Development Authority.

Financial information for these component units are reported separately from the financial information presented for the primary government itself.

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

Governmental funds – Governmental funds are used to account for essentially the same functions reported as Governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statement focuses on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and activities.

County of Scott, Virginia Management's Discussion and Analysis For the Year Ended June 30, 2018

Overview of the Financial Statements (Continued):

Governmental funds (continued)

The County maintains three individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Law Library Fund, and Coal Road Improvement Fund, of which only the General Fund is considered to be a major fund.

The County adopts an annual appropriated budget for its Governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds – The County is the trustee, or fiduciary, for the County's agency funds and expendable trust fund. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds and Expendable Trust funds are County custodial funds used to provide accountability of client or employee 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 units. The School Board does not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceed liabilities by \$2,871,092 at the close of the most recent fiscal year.

The largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; 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.

Government-wide Financial Analysis (Continued):

County of Scott, Virginia's Net Assets

	Governmental Activities				
		2018		2017	
Current and other assets	\$	7,560,769	\$	19,422,317	
Capital assets		8,817,316		9,085,668	
Deferred outflows		712,516_		1,249,365	
Total assets	_\$_	17,090,601	_\$_	29,757,350	
Long-term liabilities outstanding	\$	10,123,670	\$	10,232,035	
Current liabilities		2,842,784		2,958,673	
Deferred inflows		1,253,055		12,639,096	
Total liabilities	_\$_	14,219,509	_\$_	25,829,804	
Net assets:					
Investment in capital assets,					
net of related debt	\$	8,072,864	\$	8,334,462	
Restricted		935,915		955,734	
Unrestricted		(6,137,687)		(5,362,650)	
Total net assets	\$	2,871,092	_\$_	3,927,546	

At the end of the current fiscal year, the County reported positive balances in net position.

During the current fiscal year, the County's net position increased by \$1,091,533. Due to a prior period adjustment, the County's net position also decreased by \$(2,147,987).

Government-wide Financial Analysis (Continued):

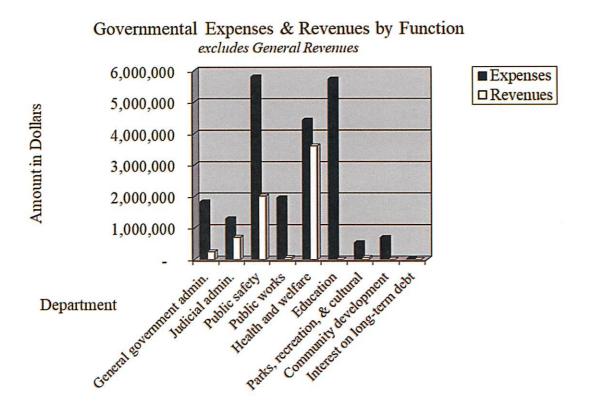
Governmental Activities – Governmental activities increased the County's net position by \$1,091,533. Key elements of this increase are as follows:

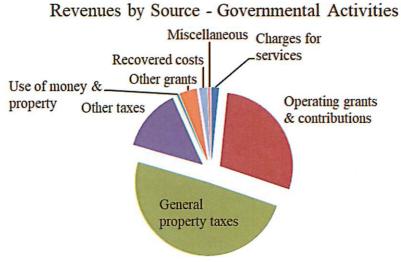
County of Scott, Virginia's Change in Net Assets

	Governmental Activities					
	2018	2017	Change			
Revenues:						
Program revenues:						
Charges for services	\$ 401,667	\$ 392,263	\$ 9,404			
Operating grants and contributions	6,307,599	6,789,493	(481,894)			
General revenues:						
Property taxes	11,816,476	11,742,865	73,611			
Other local taxes	3,301,761	3,262,651	39,110			
Other	1,537,085	1,619,920	(82,835)			
Total revenues	23,364,588	23,807,192	(442,604)			
Expenses:						
General government	1,820,794	1,990,763	(169,969)			
Judicial administration	1,289,241	1,339,480	(50,239)			
Public safety	5,800,317	6,603,815	(803,498)			
Public works	1,949,880	1,950,740	(860)			
Health and welfare	4,425,952	4,522,110	(96,158)			
Education	5,728,155	5,713,754	14,401			
Parks, recreation and culture	536,129	557,932	(21,803)			
Community development	700,142	1,431,416	(731,274)			
Interest	22,445	20,520	1,925			
Total expenses	22,273,055	24,130,530	(1,857,475)			
Increase in net assets	1,091,533	(323,338)	1,414,871			
Net assets - beginning, as previously reported	3,927,546	4,250,884				
Prior period adjustment	(2,147,987)	-				
Net assets - beginning, as restated	1,779,559	5,033,307				
Net assets - ending	\$ 2,871,092	\$ 4,237,479				

Government-wide Financial Analysis (Continued):

The following graphs illustrate expense and program revenues for each of the functional areas of governmental activities as well as illustrating revenues by source for governmental activities. General revenues of \$16,655,322 are not attributable to a particular governmental function and thus are excluded from the Governmental Expenses and Revenues by Function graph.





County of Scott, Virginia Management's Discussion and Analysis For the Year Ended June 30, 2018

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$3,482,880, an increase of \$393,149 in comparison with the prior year. \$3,429,962, approximately 98% of the total, is available for spending for the various functions of the County as indicated.

The general fund is the operating fund of the County. At the end of the current fiscal year fund balance of the general fund was \$3,482,880. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. The fund balance represents 20% of total general fund expenditures for the year.

The general fund balance increased \$391,624 during the current year.

The special revenue funds have a total fund balance of \$52,918, all of which is restricted. The fund balance increased \$1,525 during the current year.

General Fund Budgetary Highlights

During the 2017 fiscal year, the County had amendments which increased its original budgeted revenues by \$141,009 and expenditures and other financing uses by \$141,009.

Capital Assets and Debt Administration

Capital assets – The County's investment in capital assets for its governmental funds as of June 30, 2018 amounts to \$8,817,316 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The total decrease in the County's investment in capital assets for the current fiscal year was \$(268,352).

County of Scott, Virginia's Capital Assets

	Governmental Activities						
	2018			2017			
Land	\$	1,211,289	\$	1,205,829			
Buildings and improvements		8,658,829		8,514,280			
Equipment		9,602,260		9,396,435			
Tenancy in common				144,549			
Total capital assets		19,472,378		19,261,093			
Less: accumulated depreciation		(10,655,062)		(10,175,425)			
Net capital assets		8,817,316		9,085,668			

Additional information on the County's capital assets can be found in Note 5.

Long-term debt – At the end of the current fiscal year, all bonded debt of the County had been retired.

During the fiscal year, the County's total debt decreased by \$(6,754).

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

Net pension liability – The County implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions, during 2015. As a result, long-term pension liability increased \$5,479,000. At June 30, 2018, long-term pension liability was \$4,911,064.

Other postemployment benefits – The County implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during 2018. As a result, other postemployment benefits liability increased \$2,147,987. At June 30, 2018, other postemployment benefits liability was \$3,351,733.

Economic Factors and Next Year's Budgets and Rates

- Per the Bureau of Labor Statistics, the June 2018 unemployment rate for the County of Scott, Virginia was 3.5%, a decrease from the rate of 4.3% in June 2017. The County's unemployment rate is higher than the state's rate and lower than the national rate; in June 2018, Virginia's unemployment rate was 3.3% and the national unemployment rate was 4.2%.
- Inflationary trends in the region are comparable to national indices.

These factors were considered in preparing the County's budget for the 2018 fiscal year.

Request for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

Scott County Administrator 190 Beech Street, Suite 201 Gate City, Virginia 24251



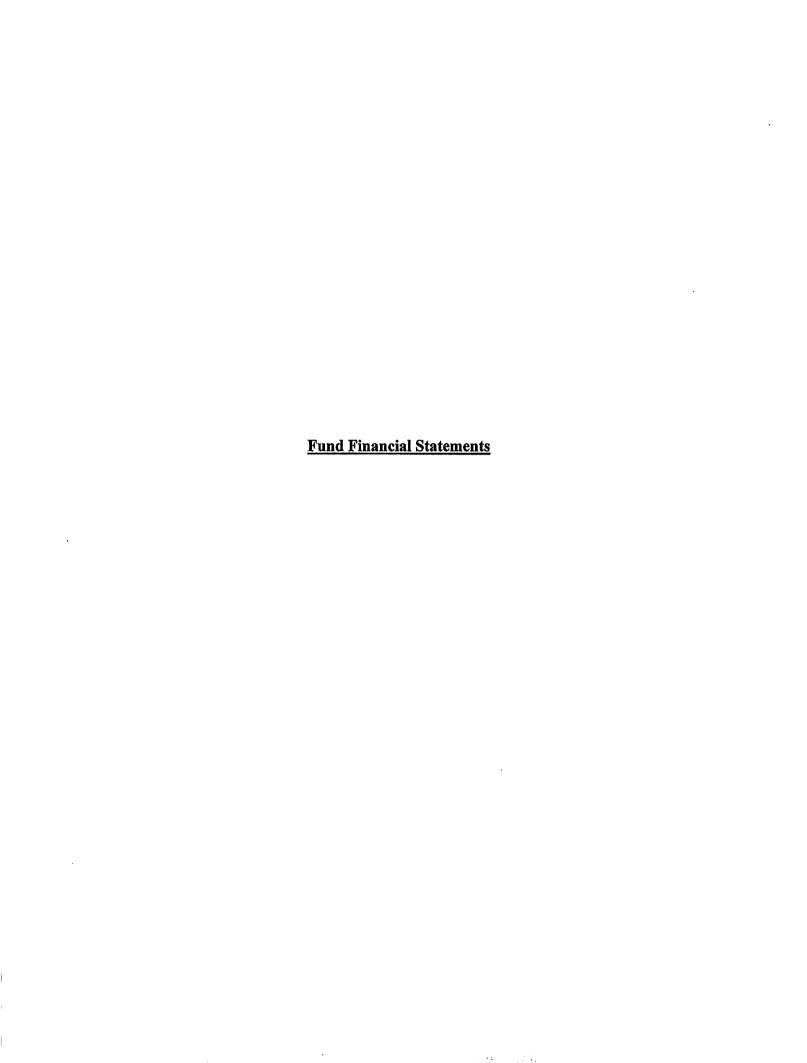
				Component Units			
	Primary			School	Other		
	G	overnment	Board		Cor	nponent Units	
Assets:							
Current Assets:							
Cash & cash equivalents	\$	4,504,660	\$	2,495,945	\$	4,002,687	
Receivables, net of allowance:							
Property taxes		1,403,292		-		-	
Accounts receivable		390,749		39,237		376,228	
Prepaid expenses		15,447		358,413		-	
Inventory		-		-		99,446	
Notes receivable, current, net of allowance		-		-		36,100	
Due from component unit		-		2,320,962		-	
Due from other governments		1,246,621		469,564		523,054	
Total current assets		7,560,769		5,684,121		5,037,515	
Noncurrent assets:							
Capital assets:							
Land		1,211,289		1,597,912		5,713,588	
Construction in progress		-		2,582,031		11,771,279	
Buildings & equipment, net of depreciation		7,606,027		28,800,862		61,787,228	
Notes receivable		-				124,862	
Total noncurrent assets		8,817,316		32,980,805		79,396,957	
Other assets:							
Restricted cash in bank				-		246,603	
Total other assets				-		246,603	
Deferred outflows of resources:							
Deferred pensions		712,516		4,161,161		118,716	
Total outflows of resources		712,516		4,161,161		118,716	
Total assets	<u>\$</u>	17,090,601	\$	42,826,087	<u>\$</u>	84,799,791	

		Component Units			
	Primary		School		Other
G	overnment		Board	Con	nponent Units
•	238 324	¢	97 808	Q	409,375
Ψ	230,324	J	•	Ψ	402,573
	2 320 962		5,100,007		_
			253,104		2,324,102
	2,842,784		3,519,601	e	2,733,477
	464,004		610,520		143,106
	-		-		188,069
	935,915		-		-
	3,351,733		4,658,005		-
	4,911,064		31,488,377		126,296
	460,954		3,050,932		26,056,753
	10,123,670		39,807,834		26,514,224
	12,966,454		43,327,435		29,247,701
	207,142		_		_
	1,045,913		4,476,416		93,142
	1,253,055		4,476,416		93,142
	8,072,864		29,676,769		41,106,305
	935,915		-		-
	-		-		239,952
	(6,137,687)		(34,654,533)		14,112,691
	2,871,092		(4,977,764)		55,458,948
	17,090,601		42,826,087	\$	84,799,791
	\$	\$ 238,324 2,320,962 283,498 2,842,784 464,004 - 935,915 3,351,733 4,911,064 460,954 10,123,670 12,966,454 207,142 1,045,913 1,253,055 8,072,864 935,915 - (6,137,687) 2,871,092	\$ 238,324 \$ 2,320,962	Primary Government School Board \$ 238,324 \$ 97,808 3,168,689 2,320,962 283,498 253,104 2,842,784 3,519,601 464,004 610,520 935,915 - 3,351,733 4,658,005 4,911,064 31,488,377 460,954 3,050,932 10,123,670 39,807,834 12,966,454 43,327,435 207,142 - 1,045,913 4,476,416 1,253,055 4,476,416 8,072,864 29,676,769 935,915 - (6,137,687) (34,654,533) 2,871,092 (4,977,764)	Primary Government School Board Con \$ 238,324 \$ 97,808 \$ 3,168,689 \$ 2,320,962 \$ - 283,498 \$ 253,104 2,842,784 3,519,601 464,004 610,520 \$ - 2935,915 \$ -

County of Scott, Virginia Statement of Activities For the Year Ended June 30, 2018

					N	let (Expense) Reven	ue
			Program Revenues		and	Changes in Net Pos	ition
		Charges for	Operating Grants	Capital Grants	Primary	School	Other
Functions/Programs	Expenses	Services	& Contributions	& Contributions	Government	Board	Component Units
Primary Government:							
Governmental activities:							
General government administration	\$ 1,820,794	\$ 2,786	\$ 248,567	\$ -	\$ (1,569,441)	\$ -	\$ -
Judicial administration	1,289,241	4,035	704,022	•	(581,184)	•	•
Public safety	5,800,317	263,493	1,742,459	•	(3,794,365)	-	-
Public works	1,949,880	65,056	-	_	(1,884,824)	-	_
Health and welfare	4,425,952	•	3,609,551	•	(816,401)	•	-
Education	5,728,155	-	· · ·	-	(5,728,155)	-	-
Parks, recreation, and cultural	536,129	66,297	-	-	(469,832)	-	-
Community development	700,142	-	3,000	-	(697,142)	-	-
Interest on long-term debt	22,445	-	· =	-	(22,445)	-	-
Total government activities	22,273,055	401,667	6,307,599	-	(15,563,789)	-	-
Total primary government	\$ 22,273,055	\$ 401,667	\$ 6,307,599	\$ -	\$ (15,563,789)	<u>\$</u> -	<u>\$ -</u>
Component units:							
School board	\$ 43,962,180	\$ 4,525,311	\$ 33,715,190	\$ -	\$ -	\$ (5,721,679)	\$ -
Other component units	5,359,768	3,454,972	3,730,269	482,781			2,308,254
Total component units	\$ 49,321,948	\$ 7,980,283	\$ 37,445,459	\$ 482,781	<u> </u>	\$ (5,721,679)	\$ 2,308,254
Total					\$ (15,563,789)	\$ (5,721,679)	\$ 2,308,254
	General Revenues:						
	General property	•			11,816,476	-	-
	Other local taxes				3,301,761	-	-
		enues from use of a	noney and property		102,176	4,592	44,228
	Miscellaneous				248,350	553,924	10,253
	Recovered costs				393,815	76,023	-
			ted to specific progra	ns	792,744	•	•
	, ,	ale of capital assets			-	-	-
	•	tion to School Boar	ď		•	5,698,728	-
	Change in net asse	ts			1,091,533	611,588	2,362,735
	Net position - begi	nning, as previously	reported		3,927,546	(3,491,802)	52,744,173
	Prior period adjust	ment			(2,147,987)	(2,097,550)	352,040
	Net position - begi	nning, as restated			1,779,559	(5,589,352)	53,096,213
	Net position - endi	ng			\$ 2,871,092	\$ (4,977,764)	\$ 55,458,948

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



	Governmental Fund Types Other					Total Governmental	
		General		Funds		Funds	
Assets:	\$	4 452 122	e	52 520	ď	4 504 660	
Cash & cash equivalents Receivables (net of allowance):	Ъ	4,452,122	\$	52,538	\$	4,504,660	
Property taxes		1,403,292		_		1,403,292	
Accounts receivable		390,369		380		390,749	
Prepaid expenses		15,447		-		15,447	
Due from other governments		1,246,621				1,246,621	
Total assets	\$	7,507,851	\$	52,918		7,560,769	
Liabilities:							
Accounts payable and accrued expenses	\$	233,583	\$	-	\$	233,583	
Due to other funds							
Component unit		2,320,962	·	<u> </u>		2,320,962	
Total liabilities		2,554,545				2,554,545	
Deferred inflows of resources							
Unavailable revenue - property taxes		1,523,344		-		1,523,344	
Total deferred inflows of resources		1,523,344				1,523,344	
Fund Balance:							
Restricted		(2,055,708)		52,918		(2,002,790)	
Assigned		275,317		-		275,317	
Unassigned		5,210,353		-		5,210,353	
Total fund balances		3,429,962		52,918		3,482,880	
Total liabilities, deferred inflows							
of resources & fund balances	\$	7,507,851	\$	52,918			
Detailed explanation of adjustments from fund statements to go	vernn	ent-wide stater	nent of	net position:			
Capital assets used in governmental activities are not current fit	nancia	l resources					
and, therefore, are not reported in the governmental funds.						8,817,316	
Other long-term assets are not available to pay for current period and, therefore, are deferred in the funds.	d expe	enditures				1,316,202	
Deferred outflows of resources reported in the statement of net	positio	on.				712,516	
Other liabilities are not required to be paid out of current financiand, therefore, are not reported in the governmental funds.	cial res	sources				(5,039,891)	
Long-term liabilities are not due and payable in the current per and, therefore, are not reported in the governmental funds.	iod					(5,372,018)	
Deferred inflows of resources reported in the statement of net p	ositio	1.				(1,045,913)	
·							
Primary Government net position					\$	2,871,092	

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

	Governmenta	Total		
	General	Other Funds	Governmental Funds	
Revenues:				
General property taxes	\$ 11,706,326	\$ -	\$ 11,706,326	
Other local taxes	3,299,761	2,000	3,301,761	
Permits, privilege fees & regulatory licenses	72,744	2,000	72,744	
Fines and forfeitures	215,765		215,765	
Revenue from use of money & property	102,176	_	102,176	
Charges for services	109,123	4,035	113,158	
Miscellaneous	248,350	-	248,350	
Recovered costs	399,764	•	399,764	
Intergovernmental:	377,701		377,101	
Commonwealth	5,226,795	_	5,226,795	
Federal	1,873,548	_	1,873,548	
1 caciai	1,075,510		1,073,310	
Total revenues	23,254,352	6,035	23,260,387	
Expenditures:				
Current:				
General government administration	1,917,215	-	1,917,215	
Judicial administration	1,366,106	3,510	1,369,616	
Public safety	5,906,279	-	5,906,279	
Public works	2,076,353	1,000	2,077,353	
Health and welfare	4,597,897	-	4,597,897	
Education	29,427	-	29,427	
Parks, recreation, and cultural	501,347	-	501,347	
Community development	742,627	-	742,627	
Debt service:				
Principal retirement	274,751	•	274,751	
Interest and other fiscal charges	19,995	-	19,995	
Total expenditures	17,431,997	4,510	17,436,507	
Excess (deficiency) of revenues				
over (under) expenditures	5,822,355	1,525	5,823,880	
Other financing sources (uses):				
Operating transfers in	-	-	-	
Operating transfers out	(5,698,728)	-	(5,698,728)	
Proceeds from debt	267,997	-	267,997	
	(5.420.721)		(5 420 721)	
Total other financing sources (uses)	(5,430,731)	-	(5,430,731)	
Net changes in fund balances	391,624	1,525	393,149	
Fund balances at beginning of year	3,038,338	51,393	3,089,731	
Fund balances at end of year	\$ 3,429,962	\$ 52,918	\$ 3,482,880	

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

	Go	vernmental Funds
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	\$	393,149
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.		(268,353)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		110,150
Issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
This amount is the net effect of these differences in the issuance of long-term debt.		6,754
Expenses on the statement of activities that do not require current financial resources are not reported as expenses in the funds.		849,833
Change in net position of governmental activities		1,091,533

County of Scott, Virginia
Statement of Net Position
Proprietary Fund - Discretely Presented Component Units
June 30, 2018

	Discretely Presented
	Component
	Units
Assets:	
Current assets:	
Cash and cash equivalents	\$ 4,002,687
Accounts receivable, net of allowance	376,228
Inventory	99,446
Notes receivable, current, net of allowance	36,100
Due from other governments	523,054
Total current assets	5,037,515
Noncurrent assets:	
Capital assets:	
Land	5,713,588
Construction in progress	11,771,279
Buildings and equipment, net of depreciation	61,787,228
Notes receivable, noncurrent, net of allowance	124,862
Total noncurrent assets	79,396,957
Other assets:	
Restricted cash in bank	246,603
Total other assets	246,603
Deferred outflows of resources:	
Deferred pensions	118,716
Total deferred outflows of resources	118,716
Total assets	\$ 84,799,791

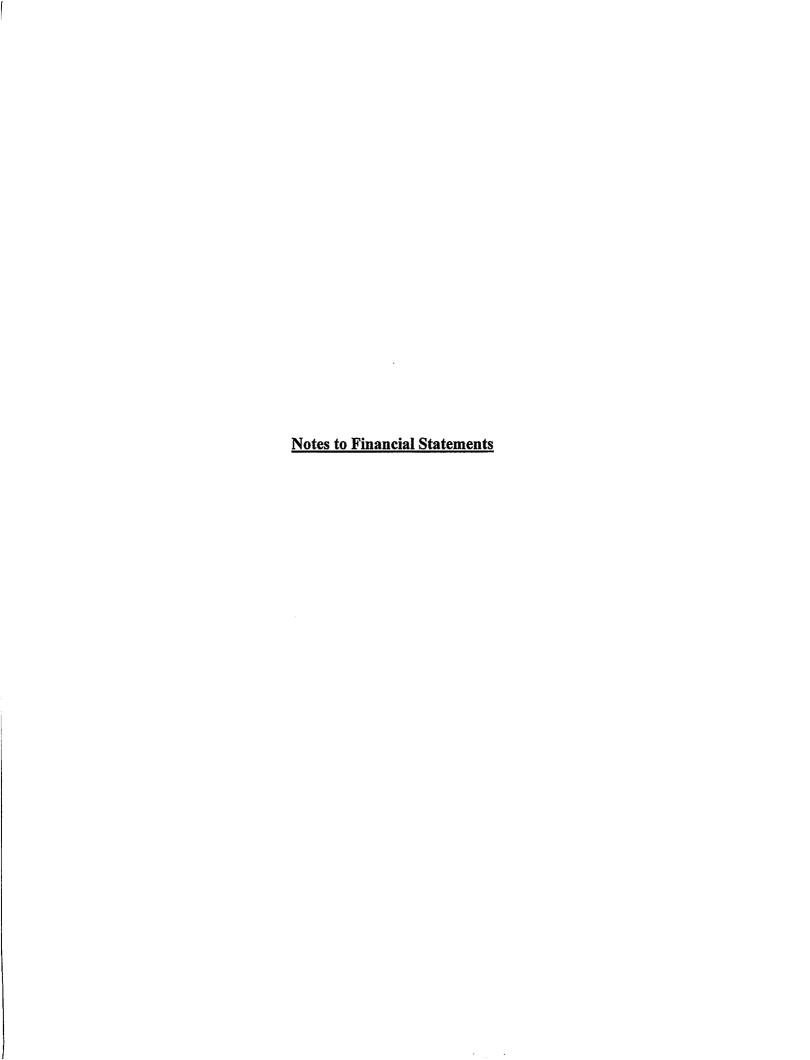
	Discretely Presented
	Component
	Units
Liabilities:	
Current liabilities:	ф 400 375
Accounts payable and accrued expenses	\$ 409,375
Current portion of long-term obligations	2,324,102
Total current liabilities	2,733,477
Noncurrent liabilities:	
Compensated absences	143,106
Amounts held for others	188,069
Other postemployement benefits	-
Net pension liability, long-term	126,296
Noncurrent portion of long-term obligations	26,056,753
Total noncurrent liabilities	26,514,224
Total liabilities	29,247,701
Deferred inflows of resources:	
Deferred pensions	93,142
Total deferred inflows of resources	93,142
Net position:	
Invested in capital assets, net of related debt	41,106,305
Restricted for other purposes	239,952
Unrestricted assets	14,112,691
Total net position	55,458,948
Total liabilities and net position	\$ 84,799,791

	Discretely Presented Component Units
Operating revenues:	
Charges for services	\$ 3,454,972
Rental income	366,367
Grants	3,263,521
Miscellaneous	100,381
Total operating revenue	7,185,241
Operating expenses:	
Employee benefits	1,484,666
Other operating expenses	3,425,340
Total operating expense	4,910,006
Operating income (loss)	2,275,235
Nonoperating revenues (expenses):	
Interest earned	44,228
Connection fees	58,983
Other income	16,407
Allowance for bad debts	(65,137)
Interest expense	(449,762)
Total nonoperating revenues (expenses)	(395,281)
Capital contributions	482,781
Increase (decrease) in net position	2,362,735
Net position at beginning of year, as previously reported	52,744,173
Prior period adjustment	352,040
Net position at beginning of year, as restated	53,096,213
Net position at end of year	\$ 55,458,948

	Discretely Presented Component Units				
Cash flows from operating activities:					
Receipts from customers & users	\$ 7,401,359				
Payments to suppliers	(2,025,789)				
Payments to employees	(1,244,471)				
Net cash provided (used) by operating activities	4,131,099				
Cash flows from investing activities:					
Interest earned	17,873				
Net cash provided (used) by investing activities	17,873				
Cash flows from financing activities:					
Connection fee	75,390				
Other nonoperating revenues	-				
Loans to industries	(45,500)				
Payments received on loans to industries	17,433				
Purchase of fixed assets	(4,758,188)				
Principal payments made on debt	(2,468,262)				
Proceeds from indebtness	2,835,181				
Interest on debt	(200,053)				
Proceeds from loans & grants	692,106				
Net cash provided (used) by financing activities	(3,851,893)				
Increase in cash & cash equivalents	297,079				
Cash & cash equivalents at beginning of year	3,952,211				
Cash & cash equivalents at end of year	\$ 4,249,290				

	Discretely Presented Component Units	
Reconciliation of operating income to net cash provided		
(used) by operating activities:		
Operating income	\$ 2,022,088	
Adjustments to reconcile net income to net cash		
provided (used) by operations:		
Depreciation	2,140,663	
Bad debts	45,951	
Post employment benefits	-	
Net pension obligation	(27,234)	
Changes in operating assets & liabilities:		
Accounts receivable	179,012	
Inventory	(15,003)	
Other assets	10,588	
Accounts payable	(217,656)	
Customer deposits	10,751	
Accrued leave & other liabilities	 (18,061)	
Total adjustments	 2,109,011	
Net cash provided (used) by operating activities	\$ 4,131,099	

	 Agency Funds	
Assets:		
Cash and cash equivalents	\$ 19,054	
Due from other government units	291,416	
Amount due from others	59,763	
Investments	 3,291,854	
Total assets	\$ 3,662,087	
Liabilities:		
Due to primary government	\$ 268,657	
Amounts due to others	59,763	
Amounts held for others	 3,333,667	
Total liabilities	 3,662,087	



Note 1 – Summary of Significant Accounting Policies

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

The financial statements of the County of Scott, 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 of America as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

Financial Statement Presentation

In June 1999, GASB issued Statement No. 34, Basic Financial Statements – and Management's Discussion & Analysis – for State & Local Governments. This statement, known as the "Reporting Model," affects the way the County prepares and presents financial information.

GASB Statement No. 34 establishes new requirements and reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

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

Government-wide and Fund Financial Statements

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

Government-wide and Fund Financial Statements (Continued)

Statement of net position – The Statement of Net Position is designed to display financial position of the primary government (government and business-type activities) and it's discretely presented component units. Governments will report all capital assets, in the government-wide Statement of Net Position, and will report depreciation expense – the cost of "using up" capital assets – in the Statement of Activities. The net position of a government will be broken down into three categories – 1) invested in capital assets, net of related debt; 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*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the governmental-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 reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current 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 Scott, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

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

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

Discretely Presented Component Units – The School Board members are elected by the voters and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2018.

The Scott County Public Service Authority was created by the Board of Supervisors of Scott County to acquire, finance and operate water and sewer systems throughout the County. The Board of Directors of the Service Authority are appointed by the Scott County Board of Supervisors and there currently exists a financial benefit/burden relationship between the Service Authority and the County.

The Scott County Economic Development Authority promotes industrial development in the County. The Authority is financially dependent upon the County. In addition, the Authority's Board is appointed by the County's Board.

There are no other related organizations included in the County's Comprehensive Annual Financial Report.

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 County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before July 1, 2002, unless these pronouncements conflict with or contradict GASB pronouncements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

The government reports the following major governmental funds.

General Fund:

The General Fund is the primary operating fund of the County. This fund is used to account for 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 revenue is used principally to finance the operations of the Component Unit School Board.

Additionally, Scott County reports the following fund types:

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 modified accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

D. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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) until consumed.

In addition to liabilities, the statement of net 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 acquired.

E. Budget 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 budget includes proposed expenditures and the means of financing them.
- 2. Public hearings are conducted to obtain citizen comments.
- 3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
- 4. The Appropriations Resolution places legal restrictions on expenditures at the departmental level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments. However, the School Board is authorized to transfer budgeted amounts within the school system's categories.
- 5. Formal budgetary integration is employed as a management control device during the year for the General Fund, School Fund, and the Capital Projects Fund.
- 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. Several supplemental appropriations were necessary during the year and at year-end.
- 8. All budget data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

F. Cash and Cash Equivalents

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

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.

Investments for the government, as well as for its component units, are reported at fair value. The local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

G. <u>Investments</u>

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.

H. Receivable and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

All trade and property tax receivables are shown net of an allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$221,540 at June 30, 2018 and is composed solely of property taxes.

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable November 20th. The County bills and collects its own property taxes.

At June 30, 2018, the Public Service Authority had an allowance for uncollectible accounts of \$341,727.

I. Capital Assets

Capital assets, which include property, plant and equipment, 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 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributed to capitalized assets as of June 30, 2018 was immaterial.

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

Assets	Years Years
Buildings	80
Building improvements	40-80
Vehicles	5
Office & computer equipment	7
Buses	12

J. Compensated Absences

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.

K. Long-term Obligations

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

L. Net Position

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is classified as net investment in capital assets, restricted or unrestricted. Net investment in capital assets consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by the County's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors. Unrestricted net position consists of all other net position reported in this category.

M. Fund Balances

Government fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, or assigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board of Supervisors through approval of resolution. Assigned fund balance is a limitation imposed by a designee of the Board of Supervisors. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amount restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

M. Fund Balances (Continued)

When both restricted and unrestricted fund balances are available for use, it is the County's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balance are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for the purposes for which amounts in any of those unrestricted fund balance classification can be used.

N. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current services costs and amortization of prior service cost over a 30-year period. The County's policy is to fund pension costs as it accrues.

O. 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.

P. <u>Jointly Governed Organizations</u>

The County and the Counties of Wise and Lee, along with the City of Norton, participate in supporting the Planning District One Community Service Board. The governing body of this organization is supported by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2018, the County contributed \$105,300.

The County and the Counties of Wise, Dickenson, and Lee, along with the Towns of Wise, Big Stone Gap, Coeburn, St. Paul and the City of Norton participate in supporting the Lonesome Pine Regional Library. For the year ended June 30, 2018, the County contributed \$209,330.

The County and the Counties of Lee, Wise, Washington, Russell, Smyth, Buchanan, Dickenson, Tazewell, along with the City of Norton participate in supporting the Southwest Virginia Regional Jail Authority. For the year ended June 30, 2018, the County Contributed \$1,484,369.

The County and the Counties of Lee, Wise, Washington, Russell, Smyth, Buchanan, Dickenson, Tazewell, along with the City of Norton and the City of Bristol participate in supporting the Appalachian Juvenile Commission. For the year ended June 30, 2018, the County Contributed \$264,720.

Q. Pensions

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

position of the Town's Retirement Plan and the additions to/deductions from the Town's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. The requirements of this Statement are effective for fiscal years beginning after June 15, 2017. Implementation of this Statement required a prior period adjustment for the year ended June 30, 2018. See Note 21.

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

GASB Statement No. 85, *Omnibus 2017*, addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this Statement are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 86, Certain Debt Extinguishment Issues, improves consistency in accounting and financial reporting for in-substance defeasance of debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for fiscal years beginning after June 15, 2017.

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 FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Accordingly, all deposits are considered fully collateralized.

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

Note 3 - Due From Other Governmental Units

At June 30, 2018, the County and School Board had receivables from other governments as follows:

	Discretely							
	Primary Government		Con	resented ponent Unit ool Board	Other	· Component Units		
Local Governments:				•				
Other misc. funds	\$	-	\$	-	\$	523,054		
Commonwealth of Virginia:								
State sales tax		-		410,192		-		
Local sales tax		268,657		-		-		
Social service	90,719		-			-		
CMPT	286,494			-		-		
Shared expenses	374,475			-		-		
Other		22,500		36,807		-		
Federal Government:								
School funds		-		22,565		-		
Social service		203,776		-		<u>-</u>		
Totals	\$	1,246,621	\$	469,564	\$	523,054		

Note 4 – Due To/From Primary Government/Component Units

	Co	Due to mponent Unit	Due from Primary			
Fund	Sc	chool Board	G	overnment		
General	\$	2,320,962	\$	-		
School				2,320,962		
Totals	\$	2,320,962	\$	2,320,962		

Note 5 – Capital Assets

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

Primary Government	Balance July 1, 2017		 Additions	I	Deletions	Ju	Balance ne 30, 2018
Land & land improvements Building & improvements Equipment Construction in progress Total capital assets	\$	1,205,829 8,514,280 9,396,435 144,549	\$ 5,460 144,549 449,486 - 599,495	\$	- (243,661) (144,549) (388,210)	\$	1,211,289 8,658,829 9,602,260 - 19,472,378
Accumulated depreciation Net capital assets		(10,175,425)	 (717,350) (117,855)		237,713 (150,497)		(10,655,062) 8,817,316
Component Unit School Board	J	Balance uly 1, 2017	Additions		Deletions	Jı	Balance une 30, 2018
Land & land improvements Building & improvements Equipment Construction in progress	\$	1,597,912 49,919,590 26,925,595 2,383,219	\$ - 49,878 466,948 198,812	\$	- - -	\$	1,597,912 49,969,468 27,392,543 2,582,031
Total capital assets		80,826,316	715,638		-		81,541,954
Accumulated depreciation		(46,734,412)	 (1,826,737)		-		(48,561,149)
Net capital assets	\$	34,091,904	\$ (1,111,099)		-	\$	32,980,805

Note 5 – Capital Assets (Continued)

Proprietary Funds	Economic			Public		
	Γ	Development		Service	Total	
		Authority	_	Authority	Pro	prietary Funds
Land & land improvements	\$	5,226,835	\$	486,753	\$	5,713,588
Building & water lines		17,279,869		69,587,631		86,867,500
Equipment & vehicles		1,236,101		1,542,468		2,778,569
Construction in progress		9,784,935		1,986,344		11,771,279
Total capital assets		33,527,740		73,603,196		107,130,936
Accumulated depreciation		(3,976,335)		(23,882,506)		(27,858,841)
Net capital assets		29,551,405		49,720,690	_\$_	79,272,095

Depreciation expenses were charged to functions/programs as follows:

	Amount		
Primary Government:			
General government administration	\$	70,952	
Judicial administration		5,360	
Public safety		343,737	
Public works		218,760	
Health and welfare		16,530	
Parks, recreation, and cultural		60,642	
Community development		1,369	
Total depreciation expense		717,350	
Component Unit School Board:			
Education	\$1	,826,737	

Depreciation expenses for the year ending June 30, 2018, for the Economic Development Authority and Public Service Authority amounted to \$320,850 and \$1,819,813, respectively.

Note 6 - Long-term Debt

Primary Government

The following is a summary of changes in long-term debt for the fiscal year ending June 30, 2018:

Primary Government	Balance				Balance				
	Ju	ly 1, 2017	Increases		Increases Decreases		creases	June 30, 20	
Compensated absences	\$	469,088	\$	-	\$	(5,084)	\$	464,004	
Landfill closure		955,734		-		(19,819)		935,915	
Other postemployment benefits		1,610,718	1,7	741,015		-		3,351,733	
Pension liability	6,694,634			-	(1	,783,570)		4,911,064	
Capital leases		751,206	2	267,997		(274,751)		744,452	
Total long-term debt	\$	10,481,380	\$ 2,0	009,012	<u>\$(2</u>	,083,224)	\$	10,407,168_	

Annual requirements to amortize capital leases and related interest are as follows:

Year Ending	Capital	Lease
June 30,	Principal	Interest
2019	\$ 283,498	\$ 17,910
2020	189,617	11,142
2021	159,554	6,486
2022	78,365	2,251
2023	33,418	473
Total	\$ 744,452	\$ 38,262

Details of long-term debt:

Primary Government		Amount Outstanding		
Capital Leases:				
\$50,190 capital lease issued September 14, 2012 for the purchase of a 2012 Fairway mower, due in monthly installments of \$805.11, principal and interest through August 12, 2017, interest payable at 5.01%.	\$	1,633		
\$26,164 capital lease issued November 10, 2014 for the purchase of a 2014 Ford F150, due in monthly installments of \$570.37, principal and interest through				
November 10, 2018, interest payable at 2.40%.		2,836		

Note 6 – Long-term Debt (continued) Primary Government	amount estanding
Capital Leases (continued):	 <u></u>
\$53,728 capital lease issued January 26, 2015 for the purchase of two 2014 Fairway mower, due in monthly installments of \$1,172.30, principal and interest through February 10, 2019, interest payable at 2.24%.	\$ 9,300
\$147,186 capital lease issued June 27, 2014 for the purchase of a 911 Communication System, due in monthly installments of \$32,415.88, principal and interest through March 1, 2019, interest payable at 3.70%.	31,262
\$205,108 capital lease issued December 2, 2014 for the purchase of a garbage truck, due in monthly installments of \$42,811.61, principal and interest through March 15, 2019, interest payable at 1.90%.	42,013
\$26,240 capital lease issued January 27, 2016 for the purchase of a 2016 Ford F150, due in monthly installments of \$745.75, principal and interest through January 2019, interest payable at 1.49%.	5,194
\$52,029 capital lease issued September 1, 2015 for the purchase of golf carts, due in monthly installments of \$948.25, principal and interest through September 2021, interest payable at 3.58%.	25,437
\$72,935 capital lease issued March 1, 2016 for the purchase of three 2016 Dodge Chargers, due in monthly installments of \$1,582, principal and interest through March 2020, interest payable at 5.01%.	31,097
\$26,339 capital lease issued November 22, 2016 for the purchase of a 2016 Progator and Top Dresser, due in monthly installments of \$7,020, principal and interest through December 2019, interest payable at 4.35%.	13,173
\$256,850 capital lease issued September 1, 2016 for the purchase of voting machines, due in monthly installments of \$54,650, principal and interest through September 2021, interest payable at 2.07%.	157,161
\$57,296 capital lease issued January 6, 2017 for the purchase of Sheriff vehicles, due in monthly installments of \$1,243, principal and interest through December 2020, interest payable at 1.99%.	36,342
\$97,693 capital lease issued March 23, 2017 for the purchase of land, due in monthly installments of \$1,796, principal and interest through February 2022, interest payable at 2.99%.	71,122

Note 6 – Long-term Debt (Continued)

Primary Government Capital Leases (continued):		Amount outstanding
\$53,728 capital lease issued January 26, 2015 for the purchase of two 2014 Fairway mowers, due in monthly installments of \$1,172.30, principal and interest through February 10, 2019, interest payable at 2.24%.	\$	74,776
\$17,283 capital lease issued October 23, 2017 for the purchase of a 2017 Ford Explorer, due in monthly installments of \$379, principal and interest through October 2021, interest payable at 2.491%.		14,521
\$211,411 capital lease issued January 9, 2018 for the purchase of a 2018 Peterbilt Packer Truck, due in monthly installments of \$3,818, principal and interest through January 2023, interest payable at 3.20%.		195,059
\$39,300 capital lease issued July 28, 2017 for the purchase of an IBM Server, due in monthly installments of \$7,167, principal and interest through July 2022, interest payable at 2.698%.		33,526
Total Capital Leases Less: Current Maturities		744,452 (283,498)
Total Long-term Capital Leases		460,954
Other Long-term Debt:		
Accrued compensated absences	\$	464,004
Landfill closure and post-closure care Other postemployment benefits		935,915 3,351,733
Net pension liability		4,911,064
Total Other Long-term Debt	_\$_	9,662,716

General obligation bonds are direct obligations and pledge the full faith and credit of the County. The County did not have any general obligation bonds outstanding at June 30, 2018.

Note 6 - Long-term Debt (Continued)

Component Unit School Board

The following is a summary of changes in long-term debt for the fiscal year ending June 30, 2018:

Component Unit	Balance						Balance	
School Board	July 1, 2017		Increases		Decreases		June 30, 2018	
Compensated absences	\$	598,607	\$	11,913	\$	-	\$	610,520
Other postemployment benefits	2,286,333		2,371,672		-		4,658,005	
Pension liability	36,225,651		-		(4,737,274)		31,488,377	
Capital leases		3,680,139		2,829,741	(3,	36,880)		3,373,000
Capital lease issue costs		(75,862)		-		6,898		(68,964)
Total long-term debt	\$	42,714,868	_\$_	5,213,326	\$(7,8	<u>867,256)</u>	\$	40,060,938

Annual requirements to amortize capital leases, related interest, and debt issue costs are as follows:

Year Ending	Capital	Capital Lease				
June 30,	<u>Principal</u>	Interest	Cost			
2019	\$ 260,000	\$ -	\$ (6,896)			
2020	269,000	-	(6,897)			
2021	277,000	-	(6,897)			
2022	286,000	-	(6,897)			
2023	296,000	-	(6,897)			
2024-2030	1,985,000		(34,480)			
Total	\$3,373,000	\$ -	\$ (68,964)			

Details of long-term debt:

Component Unit School Board	C	Amount Outstanding
Capital Leases: \$4,321,000 capital lease issued December 20, 2014 for the purchase of a 2015 International Roll Off Truck, due in semi-annual installments, principal and interest through December 20, 2028, interest payable at 3.21%.	\$	3,373,000
Total Capital Leases Less: Current Maturities		3,373,000 (260,000)
Long-term Capital Leases	\$	3,113,000

Note 6 - Long-term Obligations (Continued)

Component Unit School Board	Amount		
Other Learn Asset Delta	Outstanding		
Other Long-term Debt:			
Capital lease, net of debt issue costs	\$ 3,304,036		
Accrued compensated absences	610,520		
Other postemployment benefits	4,658,005		
Net pension liability	31,488,377		
Total Long-term Debt	\$ 40,060,938		

Note 7 – Proprietary Debt

Component Unit - Economic Development Authority

The following is a summary of changes in long-term debt for the fiscal year ending June 30, 2018:

Component Unit		Balance						Balance
Economic Development	July 1, 2017		Increases		Decreases		June 30, 2018	
Compensated absences Long-term obligations	\$	21,715 9,052,145	\$	- 1 652 071	\$	(452) 1,616,146)	\$	21,263 9,089,070
				1,653,071		· · ·		9,069,070
Total long-term debt		9,073,860	\$	1,653,071	\$ (1,616,598)	\$	9,110,333

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

terest
201 221
201,221
193,355
185,393
175,683
165,498
543,480
321,202
39,224
925,056

Note 7 – Proprietary Debt (Continued)

<u>Component Unit – Economic Development Authority (Continued)</u>

Details of long-term obligations:

Component Unit	Interest	Issue	Maturity	Amount of	Balance	
Economic Development	Rate	Date	Date	Original Issue	June 30, 2018	
Line of Credit - PVNB	4.375%	1/24/2017	6/30/2018	\$ 172,947	\$ -	
VCEDA Loan	4.500%	5/14/2004	5/14/2014	830,000	799,269	
VCEDA Loan	0.000%	12/11/2015	12/11/2020	2,853,000	2,501,482	
VCEDA Loan	0.000%	6/18/2015	6/18/2020	100,000	29,541	
2015 Series Revenue Bond	3.125%	2/24/2015	10/1/2034	5,100,000	4,575,000	
2015 Series Bond Premium	0.000%	8/10/2016	4/1/2035	724,000	683,778	
2017 Series Revenue Bond	2.700%	10/30/2017	10/1/2032	500,000	500,000	
Total Long-term Obligation	ns				\$ 9,089,070	

Component Unit – Public Service Authority

Component Unit		Balance						Balance
Public Service Authority	July 1, 2017		Additions		Deletions		June 30, 2018	
Other postemployment benefits	\$	352,040	\$	-	\$	(352,040)	\$	-
Pension liability		217,682		-		(91,386)		126,296
Long-term obligations		18,961,791		1,182,110		(852,116)		19,291,785
Total long-term obligations	\$	19,531,513	\$	1,182,110	\$	(1,295,542)	\$	19,418,081

Note 7 – Proprietary Debt (Continued)

Component Unit - Public Service Authority (Continued)

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

Year Ending			
June 30,	Principal		Interest
2019	\$ 1,242,069	\$	231,077
2020	1,015,196		214,472
2021	1,026,759		201,374
2022	1,040,449		187,925
2023	1,052,267		174,153
2024-2028	5,982,410		625,704
2029-2033	3,487,002		322,984
2034-2038	2,189,151		192,070
2039-2043	914,230		70,588
2044-2048	237,520		16,804
2049-2054	52,368		1,945
Bonds in draw down phase	1,052,364		-
Total	\$19,291,785	_\$_	2,239,096

Note 7 – Proprietary Debt (Continued)

Component Unit – Public Service Authority (Continued)

Details of long-term obligations:

Component Unit Public Service Authority	Interest Rate	Issue Date	Final Maturity Date	Amount of Original Issue	Balance 6/30/2018	Amount Due Within One Year
Line of Credit	5.20%	9/25/2002	Open	\$ -	\$ 238,314	\$ 238,314
Revenue Bond	0.00%	7/10/2003	8/1/2034	1,083,923	596,158	36,131
Revenue Bond	0.00%	8/9/2002	5/1/2033	444,154	222,077	14,805
Revenue Bond	0.00%	8/9/2002	4/1/2033	182,410	91,175	6,078
Revenue Bond	0.00%	12/21/2001	8/1/2033	399,237	192,965	13,308
Revenue Bond	0.00%	9/20/2001	7/1/2031	116,431	52,394	3,881
Revenue Bond	0.00%	10/22/2004	9/1/2034	96,391	53,015	3,213
Revenue Bond	0.00%	8/11/2004	9/1/2035	323,904	188,944	10,797
Revenue Bond	0.00%	2/24/2006	11/1/2036	1,010,816	623,145	33,694
Revenue Bond	0.00%	5/18/2007	11/1/2037	648,886	421,776	21,630
Revenue Bond	0.00%	9/27/2006	7/1/2033	2,637,350	1,635,157	105,494
Revenue Bond	0.00%	7/19/2007	2/1/2038	375,408	250,272	12,514
Revenue Bond	0.00%	9/14/2007	12/1/2037	554,730	347,211	17,806
Revenue Bond	0.00%	1/25/2008	2/2/2038	365,822	243,881	12,194
Revenue Bond	0.00%	6/1/2008	9/1/2038	334,252	228,405	11,142
Revenue Bond	0.00%	1/25/2008	6/1/2038	280,446	186,964	9,348
Revenue Bond	0.00%	2/10/2005	12/1/2035	542,227	316,299	18,074
Revenue Bond	0.00%	9/30/2009	8/1/2040	416,062	312,046	13,869
Revenue Bond	0.00%	9/30/2009	6/1/2040	267,510	117,823	5,356
Revenue Bond	0.00%	12/13/2010	9/1/2041	457,129	358,084	15,238
Revenue Bond	0.00%	12/9/2010	9/1/2041	1,586,490	1,242,750	52,883
Revenue Bond	0.00%	12/9/2010	3/1/2042	209,259	148,382	6,975
Revenue Bond	2.625%	4/13/2011	4/13/2051	480,000	438,637	8,359
Revenue Bond	0.00%	11/30/2011	6/1/2032	616,151	424,091	30,808
Revenue Bond	3.00%	10/27/2011	10/1/2042	752,464	574,669	21,537
Revenue Bond	2.62%	12/9/2011	6/30/2026	2,679,000	1,248,000	159,000
Revenue Bond	3.00%	10/18/2012	7/2/2042	1,161,033	1,002,688	31,740
Revenue Bond	0.00%	3/1/2013	4/1/2033	1,395,243	1,045,243	70,000
Revenue Bond	2.64%	9/25/2013	8/1/2027	2,930,000	2,770,000	156,000
Revenue Bond	3.00%	7/9/2013	8/1/2044	846,143	671,220	23,462
Revenue Bond	2.50%	5/8/2014	1/1/2046	1,125,999	1,074,425	27,156
Revenue Bond	2.50%	5/8/2014	1/1/2046	957,532	432,034	35,943
Revenue Bond	2.00%	10/29/2015	1/1/2047	498,284	491,177	14,416
Revenue Bond	2.25%	3/28/2017	1/1/2048	925,480	879,106	-
Revenue Bond	0.00%	11/21/2017	11/1/2043	753,550	173,258	-
					\$ 19,291,785	\$ 1,241,165

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Note 8 - Claims, Judgments, and Compensated Absences

In accordance with GASB 16, the County has accrued liabilities arising from outstanding claims, judgments and compensated absences.

County employees earn annual leave at various rates. Accumulated vacation up to thirty days is paid upon termination. Sick leave is paid at 25% of accrued sick leave at the rate of pay upon termination, up to a maximum of \$2,500. The County primary government has outstanding accrued vacation and sick pay totaling \$464,004.

Component Unit School Board employees earn business and sick leave at various rates. The Component Unit School Board has outstanding business and sick leave pay totaling \$610,520.

Component Unit Economic Development Authority employees earn leave at various rates. The Component Unit Economic Development Authority has outstanding business and sick leave pay totaling \$21,263.

Component Unit Public Service Authority employees earn annual leave at the rate of ½ day per month during the first year of employment and 1 day per month after one year of service. Employees may accumulate up to 30 days of annual leave. The Component Unit Public Service Authority has outstanding business and sick leave pay totaling \$121,843.

Note 9 – Unavailable Revenue

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unavailable revenue totaling \$1,523,344 is comprised of property tax revenue of \$1,316,202 and prepaid taxes of \$207,142 representing uncollected tax billings not available for funding current expenditures.

Note 10 - Defined Benefit Pension Plan

Plan Description

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

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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a
final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and	final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010,	defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were
they were vested as of January 1, 2013.	or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	eligible and opted into the plan during a special election window. (See "Eligible Members") • The defined benefit is based
		on a member's age, creditable service and average final compensation at retirement using a formula.
		• The benefit from the defined contribution component of the plan depends on the member and employer contributions
		made to the plan and the investment performance of those contributions.

		• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Retirement Contributions Same as VRS Plan 1.	Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. Members who were eligible for an optional retirement plan	Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees*

(ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	 Members in Plan 1 or Plan 2 who elected to opt into the plan during the special election window in 2014 *Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: Political subdivision employees who are covered by enhanced benefits for hazardous duty employees Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Creditable Service Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement,	Creditable Service Same as Plan 1.	Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement

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

Note 10 - Defined Benefit Pension Plan (Continued)

Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. Members covered under the Virginia Sickness and Disability Program (VSDP) are subject to a one-year waiting period before becoming eligible for non- work related disability benefits. Normal Retirement Age	Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Members covered under the Virginia Sickness and Disability Program (VSDP) are subject to a one-year waiting period before becoming eligible for non-work related disability benefits. Normal Retirement Age	Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions. Distribution is not required by law until age 70½. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Disability Coverage Eligible political subdivision members participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.
Age 65.	Normal Social Security retirement age.	Same as Plan 2 for the purpose of the defined benefit component.

Political subdivisions hazardous duty employees: Age 60.	Political subdivisions hazardous duty employees: Same as Plan 1.	For the defined contribution component, members are eligible to received distributions upon leaving employment, subject to restrictions. Distribution is not required by law until age 70½.
Earliest Unreduced Retirement Eligibility Members become eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	Earliest Unreduced Retirement Eligibility Members become eligible for an unreduced retirement benefit when they reach their normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Example: Age 60 with 30 years of creditable service. Political subdivisions hazardous duty employees: Same as Plan 1.	Earliest Unreduced Retirement Eligibility Under the defined benefit component of the plan, members become eligible for an unreduced retirement benefit when they reach their normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Example: Age 60 with 30 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions. See www.varetire.org/hybrid.
Earliest Reduced Retirement Eligibility Members may retire with reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. Political subdivisions hazardous duty employees: Age 50 with at least five years of creditable service.	Earliest Reduced Retirement Eligibility Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. Political subdivisions hazardous duty employees: Same as Plan 1.	Earliest Reduced Retirement Eligibility Under the defined benefit component of the plan, members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. For the defined contribution component, members are eligible to receive distributions

Note 10 - Defined Benefit Pension Plan (Continued)

Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	upon leaving employment, subject to restrictions. See www.varetire.org/hybrid. Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.	Cost-of-Living Adjustment (COLA) in Retirement Same as Plan 2 for the defined benefit component. The COLA is not applicable to the defined contribution component.
Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	Eligibility: Same as Plan 1	Eligibility: Same as Plan 1 and Plan 2.
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December	Exceptions to COLA Effective Dates: Same as Plan 1	Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2.

 31) under any of the following circumstances: The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. The member retires on disability. The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar 		
following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.		
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior service credit counts toward the five years needed to become vested, eligibility for	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service See the Purchase of Prior Service section at www.varetire.org/hybrid; select Plan Info.

retirement and the health insurance credit. To be eligible to purchase prior service, the employee must be an active VRS member. Members are not eligible to purchase prior service if they are employed in a non-covered position, on a leave of absence without pay, a deferred member or retiree. For more information about purchasing prior service, visit www.varetire.org/pps. Service Retirement Multiplier for non-hazardous duty members is 1.7% and is used in the formula to determine their retirement benefit amount. Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer. The Role of Investments	Service Retirement Multiplier The retirement multiplier is 1.65% on creditable service earned, purchased or granted on or after January 1, 2013, and 1.7% on creditable service earned, purchased or granted before January 1, 2013. Sheriffs and regional jail superintendents: Same as Plan 1. Political subdivisions hazardous duty employees: Same as Plan 1.	Service Retirement Multiplier The retirement multiplier is 1.0%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, service earned, purchased or granted prior to January 1, 2014, will be based on different retirement multipliers.
Member contributions are invested by the Virginia	Same as Plan 1.	Defined Benefit: Member contributions are invested by

Retirement System, and
member benefit is calculated
using a formula. See "How
Your Benefit is Calculated."

the Virginia Retirement System, and member benefit is calculated using a formula.

Defined Contribution:

Members choose how the contributions will be invested from a range of options.

Members bear the investment risk, and the amount of member benefit depends on the amount contributed and net investment earnings.

How Your Benefit Is Calculated

The unreduced Basic Benefit is calculated using the following formula:

Average final compensation × retirement multiplier × total years of creditable service at retirement = Annual benefit amount ÷ 12 = Monthly benefit amount before taxes and other deductions

An early retirement reduction factor is applied to the monthly benefit amount if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

How Your Benefit Is Calculated

See formula as Plan 1.

For Plan 2 members, a retirement multiplier of 1.65% is applied to service earned, purchased or granted on or after January 1, 2013; and a multiplier of 1.7% is applied to service earned, purchased or granted before January 1, 2013.

The benefit is calculated using the following formula: Average final compensation \times retirement multiplier(s) for the plan \times total years of creditable service at retirement = Annual benefit amount \div 12 = Monthly benefit amount before taxes and other deductions

How Your Benefit Is Calculated

Member receive a benefit from the defined benefit component that is based on a formula plus the contributions, and from the defined contribution component that is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

Defined Benefit

The benefit is calculated using the following formula:

Average final compensation × retirement multiplier for the plan × total years of creditable service at retirement = Annual benefit amount ÷ 12 = Monthly benefit amount before taxes and other deductions

Defined Contribution Member contributions + net investment earnings = defined contribution benefit Distribution options are flexible and may be changed over time. Distributions are subject to taxes.
Retirement Multipliers Under the defined benefit component of the Hybrid Retirement Plan, the retirement multiplier to be used on service earned, purchased or grants on or after January 1, 2014 is 1.0%
Plan 1 and Plan 2 members who opted into the Hybrid Retirement Plan (effective July 1, 2014) have multiple retirement multipliers applied to the benefit, based on when service was credited to the member's record.

Employees Covered by Benefit Terms

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

•	Primary Government	Component Unit School Board Non-Professional
Inactive members or their beneficiaries		
currently receiving benefits	97	65
Inactive members:		
Vested inactive members	12	4
Non-vested inactive members	27	13
Inactive members active elsewhere in VRS	30	7
Total Inactive members	69	24
Active members	134	88
Total covered employees	300	177

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% of their compensation toward their retirement.

The County's contractually required contribution rate for the year ended June 30, 2018 was 12.87% for general government covered employee compensation and 7.28% for school board non-professional employees. These rates were based on actuarially determined rates from actuarial valuations as of June 30, 2015. The rates do not include the employer matching contribution to the defined contribution portion of the hybrid plan.

These rates, when combined with employee contributions, were 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 general government were \$712,516 and \$689,936 for the years ended June 30, 2018 and June 30, 2017, respectively. Contributions from the school board were \$151,520 and \$155,619 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net Pension Liability

The County's net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Actuarial Assumptions

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

Inflation 2.5 percent

Salary increases, including

inflation 3.5 percent – 5.35 percent

Investment rate of return 7.0 percent, net of pension plan

investment expense, including inflation*

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

Participants with General Employees Benefit Coverage:

Mortality rates: 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 Disabled Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates

Actuarial Assumptions (Continued)

Participants with Enhanced Hazardous Duty Benefit Coverage:

Mortality rates: 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% increase compounded from ages 70 to 90; females set forward 3 years

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

Changes in Actuarial Assumptions

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:

For Non-Hazardous Duty Members:

- Updated mortality rates to a more current mortality table RP-2014 projected to 2020.
- Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
- Adjusted termination rates to better fit experience at each age and service year.
- Lowered disability rates.
- Increased line of duty disability assumption from 14% to 15%.

For Hazardous Duty Members:

- Updated mortality rates to a more current mortality table RP-2014 projected to 2020.
- Increased rates at age 50, and lowered retirement rates at older ages.
- Adjusted termination rates to better fit experience at each age and service year.
- Adjusted disability rates to better match experience.
- Decreased line of duty disability assumption from 60% to 45%.

In addition to the assumption changes listed above, the method to determine the normal cost rate has changed. Beginning with the 2016 valuation, the payroll used to develop the rate will be reduced for those expected to leave during the year. The normal cost rate is also adjusted to reflect that the hybrid payroll as a percent of total payroll will increase from the rate setting valuation date to when employers make that contribution.

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%
	100.00%		4.80%
	Inflation		2.50%
* Expected arithm	netic nominal return		7.30%

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that system member contributions will be made per the VRS statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Political Subdivision Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

Discount Rate (Continued)

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

	Increase (Decrease)					
	Total Pension			Plan Fiduciary		Net Pension
		Liability	1	Net Position		Liability
Primary Government		(a)		(b)		(a) - (b)
Balance at June 30, 2016	_\$_	28,487,070	_\$_	21,792,436	_\$_	6,694,634
Changes for the year:						
Service Cost		613,499		-		613,499
Interest		1,943,412		-		1,943,412
Changes in benefit terms		-		_		-
Changes of assumptions		(22,732)		-		(22,732)
Differences between expected						
and actual experience		(742,506)		-		(742,506)
Contributions - employer		-		693,671		(693,671)
Contributions - employee		-		266,710		(266,710)
Net investment income		-		2,632,566		(2,632,566)
Benefit payments and refunds						
of employee contributions		(1,448,071)		(1,448,071)		-
Administrative expenses		-		(15,366)		15,366
Other changes		-		(2,338)		2,338
Net changes		343,602		2,127,172		(1,783,570)
Balance at June 30, 2017	_\$_	28,830,672	_\$_	23,919,608	\$	4,911,064

Changes in Net Pension Liability (Continued)

	Increase (Decrease)					
	To	otal Pension	Pla	n Fiduciary	1	Net Pension
Component Unit School Board		Liability	N	et Position		Liability
Non-Professional		(a)		(b)		(a) - (b)
Balance at June 30, 2016	\$	9,278,710	_\$	8,175,059		1,103,651
Changes for the year:						
Service Cost		207,235		-		207,235
Interest		632,999		-		632,999
Changes in benefit terms		-		-		-
Changes of assumptions		(29,008)		-		(29,008)
Differences between expected						
and actual experience		(329,396)		-		(329,396)
Contributions - employer		-		153,075		(153,075)
Contributions - employee		-		104,870		(104,870)
Net investment income		-		985,817		(985,817)
Benefit payments and refunds						
of employee contributions		(471,735)		(471,735)		-
Administrative expenses		-		(5,784)		5,784
Other changes		_		(874)		874
Net changes		10,095		765,369		(755,274)
Balance at June 30, 2017	\$	9,288,805	\$	8,940,428	\$	348,377

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

The following presents the net pension liability of the political subdivision using the discount rate of 7.00%, as well as what the political subdivision's 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:

	19	1% Decrease		Current Discount		1% Increase		
Primary Government		(6.00%)	Rate (7.00%)		(8.00%)			
Net Pension Liability	\$	8,646,336	\$	4,911,064	\$	1,809,544		

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

Component Unit School Board	1% Decrease		Current Discount		1% Increase		
Non-Professional		(6.00%)	Rate (7.00%		Rate (7.00%) ((8.00%)
Net Pension Liability	\$	1,455,844	\$	348,377	\$	(585,173)	

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

For the year ended June 30, 2018, the County's primary government recognized pension expense of \$(420,409). At June 30, 2018, the County's primary government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Primary Government	Deferred Outflows of Resources				
Differences between expected and actual experience	\$	-	\$	688,069	
Change in assumptions		-		16,670	
Net difference between projected and actual earnings on pension plan investments		-		341,174	
Employer contributions subsequent to the measurement date		<u>-</u>			
Total	\$	<u>-</u>	\$	1,045,913	

\$712,516 reported as deferred outflows of resources related to pensions resulting from the County's general government contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2019	\$ (504,281)
2020	(161,531)
2021	(155,145)
2022	(224,956)
Thereafter	
Total	\$ (1,045,913)

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

For the year ended June 30, 2018, the School Board recognized pension expense of \$(186,330) for non-professional employees. At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions for non-professional employees from the following sources:

Component Unit School Board Non-Professional	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience	\$	-	\$	304,129
Change in assumptions		-		21,125
Net difference between projected and actual earnings on pension plan investments		-		126,162
Employer contributions subsequent to the measurement date				-
Total	\$	-	\$	451,416

\$151,520 reported as deferred outflows of resources related to pensions resulting from the school board's contributions subsequent to the measurement date for nonprofessional employees will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount		
2019	\$	(214,602)	
2020		(87,184)	
2021		(65,375)	
2022		(84,255)	
Thereafter		-	
Total	\$	(451,416)	

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Schedule of Changes in the Political Subdivision's Net Pension Liability and Related Ratios

Primary Government	2017
Total pension liability Service cost Interest Changes of benefit terms Changes in assumptions Differences between expected and actual experience Benefit Payments, including refunds of employee contributions	\$ 613,499 1,943,412 - (22,732) (742,506) (1,448,071)
Net change in total pension liability Total pension liability - beginning	 343,602 28,487,070
Total pension liability - ending (a)	\$ 28,830,672
Plan fiduciary net position Contributions - employer Contributions - employee Net investment income Benefit Payments, including refunds of employee contributions Administrative expense Other Net change in plan fiduciary net position	\$ 693,671 266,710 2,632,566 (1,448,071) (15,366) (2,338) 2,127,172
Plan fiduciary net position - beginning	 21,792,436
Plan fiduciary net position - ending (b)	\$ 23,919,608
Political subdivision's net pension liability-ending (a) - (b)	\$ 4,911,064
Plan fiduciary net position as a percentage of the total pension liability	82.97%
Covered-employee payroll for year ended June 30, 2018	\$ 5,663,894
Political subdivision's net pension liability as a percentage of covered-employee payroll	86.71%

Schedule of Changes in the Political Subdivision's Net Pension Liability and Related Ratios (Continued)

Component Unit School Board - Non-Professional		2017
Total pension liability Service cost Interest Changes of benefit terms Changes in assumptions Differences between expected and actual experience Benefit Payments, including refunds of employee contributions	\$	207,235 632,999 - (29,008) (329,396) (471,735)
Net change in total pension liability Total pension liability - beginning		10,095 9,278,710
Total pension liability - ending (a)	\$	9,288,805
Plan fiduciary net position Contributions - employer Contributions - employee Net investment income Benefit Payments, including refunds of employee contributions Administrative expense Other	\$	153,075 104,870 985,817 (471,735) (5,784) (874)
Net change in plan fiduciary net position Plan fiduciary net position - beginning		765,369 8,175,059
Plan fiduciary net position - ending (b)	\$	8,940,428
Political subdivision's net pension liability-ending (a) - (b)	\$	348,377
Plan fiduciary net position as a percentage of the total pension liability		96.25%
Covered-employee payroll for year ended June 30, 2018	\$	2,174,214
Political subdivision's net pension liability as a percentage of covered-employee payroll		16.02%

Note 11 – Other Postemployment Benefits

Plan Description

The County and School Board provide postemployment medical coverage for retired employees through a single-employer defined benefit plan. The County and School Board may change, add or delete coverage as they deem appropriate and with the approval of the Board of Supervisors and School Board. The plan does not grant retirees vested health benefits.

A retiree eligible for post-retirement medical coverage is defined as a full-time employee who retires directly from the County or Schools and is eligible to receive an early or regular retirement benefit from the VRS. Employees applying for early or regular retirement are eligible to continue participation in the Retiree Health Plans sponsored by the County and Schools. Employees at the County are allowed to stay on the plan until death of the employee and employees at the School Board are allowed to stay on the plan until death of the employee or eligibility for Medicare coverage. The employee pays 100% of the required premium.

The Governmental Accounting Standards Board ("GASB") Statement No. 45, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes standards for the measurement, recognition and display of other postemployment benefits ("OPEB") expense and related liabilities in the financial statements. The cost of postemployment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future years when it will be paid. The County and Schools prospectively adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2009. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability. The remaining amortization period at June 30, 2018 is 21 years.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension and GASB Statement No. 85, Omnibus 2017 establish new accounting and financial reporting requirements for OPEB plans and standardize the valuation methodology. The cost of postemployment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future years when it will be paid. The County and Schools retrospectively adopted the requirements of GASB Statement No. 75 during the year ended June 30, 2018. The liability accumulated from prior years is recognized as a prior period adjustment for the year ended June 30, 2018. See Note 21.

Employees Covered by Benefit Terms

	Primary Government	Component Unit School Board
Active participants	81	587
Retired participants	15	17
Total covered employees	96	604

Note 11 – Other Postemployment Benefits (Continued)

Funding Policy and Contributions

The County and Schools currently fund postemployment health care benefits on a pay-as-you-go basis. The County and Schools do not accumulate asses in a trust. During fiscal year 2018, the County and Schools made OPEB benefit payments of \$86,543 and \$99,010, respectively.

Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2018. The total OPEB liability was determined by an actuarial valuation performed as of June 30, 2018.

Actuarial Methods and Assumptions

Primary Government – The County uses the alternative measurement method in accordance with GASB methodology. In the valuation for the year ended June 30, 2018, the cost method used to determine OPEB liability was entry age normal level percentage of payroll. All active and former employees who are potentially eligible to receive healthcare benefits as a retiree were included in the calculations. All assumptions attempt to represent the best estimate of anticipated experience under the plan. Employer future premium contribution is assumed to remain a level percentage of the total cost over time. Mortality rates are the RP2000 Mortality Table for Males and Females Projected 18 years; this assumption does not include a margin for future improvements in longevity. Turnover rates are derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System. Other assumptions are as follows.

Average retirement age 62 years
Salary increases 2.0 percent
Amortization period 20 years

Component Unit School Board – In the actuarial valuation for the year ended June 30, 2018, the cost method used to determine OPEB liability was individual entry age normal level percent of salary. All active and former employees who are potentially eligible to receive healthcare benefits as a retiree were included in the calculations. All assumptions attempt to represent the best estimate of anticipated experience under the plan. Retirement, mortality, and termination rates are the rates used for the June 30, 2017 Actuarial Valuation of the Virginia Retirement System. No disability rates were assumed. Per capita claims costs include medical, dental, and prescription drug coverages and are based on the 2018 healthcare premiums provided by the School Board. It is assumed that 85% of eligible retirees will elect to receive coverage upon retirement. Spouse coverage is not available for participants that retire on or after July 1, 2009. It is assumed that 80% of active employees are married at retirement. Female spouses are assumed to be 3 years younger than their husbands. Other assumptions are as follows.

Inflation 2.5 percent Salary increases 3.0 percent

Note 11 – Other Postemployment Benefits (Continued)

Funding Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Discount Rate and Municipal Bond Rate

Pursuant to GASB 75, the discount rate for unfunded plans should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The Bond Buyer's 20 bond index is often cited as an appropriate benchmark. A discount rate of 3.87% was used for the County and School valuations.

Healthcare Trend Rates

Primary Government

Year	Medical	Pharmacy	Dental	Vision
Year 1	4.60%	7.60%	3.50%	3.00%
Year 2	4.70%	6.20%	3.50%	3.00%
Year 3	4.80%	4.90%	3.00%	3.00%
Year 4	4.80%	4.80%	3.00%	3.00%
Year 5	4.80%	4.80%	3.00%	3.00%
Year 6	4.80%	4.80%	3.00%	3.00%
Year 7	4.70%	4.70%	3.00%	3.00%
Year 8	4.70%	4.70%	3.00%	3.00%
Year 9	4.70%	4.70%	3.00%	3.00%
Thereafter	4.70%	4.70%	3.00%	3.00%

Component Unit School Board

Year	Medical	Dental
2018	10.00%	3.00%
2019	9.00%	3.00%
2020	8.00%	3.00%
2021	7.00%	3.00%
2022	6.00%	3.00%
Thereafter	5.00%	3.00%

Note 11 - Other Postemployment Benefits (Continued)

Changes in Total OPEB Obligation

	Increase (Decrease)					
		Primary	Component Unit			
	G	overnment	Sc	hool Board		
Balance at June 30, 2017	_\$	3,785,705	_\$	4,383,883		
Change for the array						
Changes for the year:		120 200		202.022		
Service Cost		129,209		302,833		
Interest		41,023		165,926		
Change of benefit terms		-		-		
Differences between expected						
and actual experience		5,151		-		
Changes of assumptions						
or inputs		(522,812)		_		
Benefit payments		(86,543)		(99,010)		
Employer contributions		-		-		
Employee contributions		-		-		
Net investment income		-		-		
Administrative expenses		-		-		
Implicit rate subsidy fulfillment		-		(95,627)		
Other changes						
Net changes		(433,972)		274,122		
Balance at June 30, 2018	\$	3,351,733	\$	4,658,005		

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

The following presents the total OPEB liability using the discount rate of 3.87%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current rate:

Primary Government	1% Decrease (2.87%)			rent Discount ate (3.87%)	1% Increase (4.87%)		
Trimary Government		(2.6770)	(3.87) Rate (3.87)		(4.8770)		
Total OPEB Liability	\$	3,670,758	\$	3,351,733	\$	3,074,305	

Note 11 – Other Postemployment Benefits (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate (Continued)

Component Unit School Board	1% Decrease Current Discount (2.87%) Rate (3.87%)		1% Increase (4.87%)		
Total OPEB Liability	\$ 5,019,357	\$ 4,658,005	\$ 4,314,246		
Sensitivity of the Total OPEB Liability	to Changes in the He	ealthcare Trend Rate			
	1% Decrease	Current Discount	1% Increase		
Primary Government	(Various%)	Rate (Various%)	(Various%)		
Total OPEB Liability	\$ 3,013,844	\$ 3,351,733	\$ 3,746,913		
Component Unit School Board	1% Decrease (Various%)	Current Discount Rate (Various%)	1% Increase (Various%)		
Total OPEB Liability	\$ 4,107,039	\$ 4,658,005	\$ 5,310,671		

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

For the year ended June 30, 2018, the County's primary government recognized OPEB expense of \$(406,972). At June 30, 2018, the County's primary government did not report deferred outflows of resources or deferred inflows of resources related to OPEB because the County is on a pay-as-you-go basis.

For the year ended June 30, 2018, the School Board recognized OPEB expense of \$274,122. At June 30, 2018, the School Board did not report deferred outflows of resources or deferred inflows of resources related to OPEB because the School Board is on a pay-as-you-go basis.

Note 11 - Other Postemployment Benefits (Continued)

Schedule of Changes in the Political Subdivision's Total OPEB Liability and Related Ratios

	June 30, 2018					
		Primary	Co	mponent Unit		
		Sovernment	School Board			
Total OPEB liability						
Service Cost	\$	129,209	\$	302,833		
Interest		41,023		165,926		
Change of benefit terms		-		_		
Differences between expected						
and actual experience		5,151		-		
Changes of assumptions						
or inputs		(522,812)		-		
Benefit payments		(86,543)		(99,010)		
Employer contributions		-		-		
Employee contributions		-		-		
Net investment income		-		-		
Administrative expenses		-		-		
Implicit rate subsidy fulfillment		-		(95,627)		
Other changes						
Net change in total pension liability		(433,972)		274,122		
Total pension liability - beginning		3,785,705		4,383,883		
Total OPEB liability - ending	\$	3,351,733		4,658,005		
Covered-employee payroll for year ended June 30, 2018	\$	5,663,894	\$	22,624,219		
Political subdivision's total OPEB liability as a percentage of covered-employee payroll	ge	59.18%		20.59%		

Note 12 – Contingent Liabilities

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

Note 13 - Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. The \$935,915 reported as landfill closure and post closure care liability at June 30, 2018 represents the cumulative amount reported. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County expects closure on the landfill in the next few years. These estimated amounts are based on what it would cost to perform all closure and post closure care in 2018.

Note 14 – Risk Management

The County and its Component Unit School Board are exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County and its Component Unit School Board participates with other localities in a public entity risk pool, the Virginia Association of Counties Self Insurance, for all types of insurance. The Component Unit School Board participates with other localities in a public entity risk pool, the Virginia Municipal League, for all of its insurance coverage. The County and its Component Unit School Board pay an annual premium to these pools for their insurance coverage. The agreement for the formation of the pools provides that the pools will be self-sustaining through member premiums. The County continues to carry commercial insurance for all other risks of losses. For the three previous fiscal years, settled claims from these risks have not exceeded commercial coverage.

Note 15 - Self-Funded Insurance

The Scott County School Board established a limited risk management program for health insurance in 1992. Premiums are paid into the School Health Insurance Fund by school employees and are available to pay claims, claim reserves and administrative costs of the program. During fiscal year 2018 a total of \$3,555,774 was paid in benefits and administrative costs. The risk assumed by the School Board is \$100,000 per person with a maximum attachment point of \$3,555,774. Inter-fund premiums are based primarily upon the insured funds claims experience and are reported as quasi-external interfund transactions. The fund had \$0 health insurance claims payable at June 30, 2018.

Note 16 – Interfund Transfers

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

Fund	T	ransfers In	Tr	ansfers Out
General School	\$	- 5,698,728	\$	5,698,728
Totals	\$	5,698,728	\$	5,698,728

Note 17 – Surety Bonds

	Amount
Fidelity and Deposits Company of Maryland - Surety	
Mark Taylor, Clerk of the Circuit Court	\$ 200,000
Mitzi Owens, Treasurer	400,000
Debbie Dockery, Commissioner of the Revenue	10,000
John Puckett, Sheriff	30,000
VACO Risk Management Programs	
All School Board employees - blanket	250,000
VACorp - Surety	
Freda Starnes, County Administrator	100,000
All General Government employees - blanket	100,000
All Social Service employees - blanket	100,000

Note 18 - Fund Balances

	General Fund		School Fund		Other Funds			Total
Restricted for:		_		_				_
Courthouse Security	\$	60,970	\$	-	\$	-	\$	60,970
E-911		10,432		-		-		10,432
Mabe/Stanley Water Fund	(2	,127,110)		-		-	(2,127,110)
Coal and Roads		-		-		40,177		40,177
Law Library		-		-		12,741		12,741
Assigned for:								
Commonwealth Attorney		147,127		-		-		147,127
Weapons Permits		51,385		-		-		51,385
Courthouse Maintenance		36,858		-		-		36,858
Technology		39,947		-		-		39,947
Cafeteria		-		155,185		-		155,185
Insurance		-		2,310,408		-		2,310,408
Head Start		-		(3,473)		-		(3,473)
Unassigned	5	,210,353		<u>-</u>		-		5,210,353
Total fund balances	\$ 3	,429,962	\$	2,462,120	\$	52,918	\$	5,945,000

Note 19 - Subsequent Events

Subsequent events have been evaluated as of December 31, 2018, which is the date the financial statements were issued.

Note 20 – New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following statements. Management has not yet estimated the effects, if any, of adopting the standards below, but does not expect them to be material.

Statement No. 83, Certain Asset Retirement Obligations, establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

Note 20 - New Accounting Standards (Continued)

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. 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, unless the lease is a short-term lease, or it transfers ownership of the underlying asset. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, requires additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

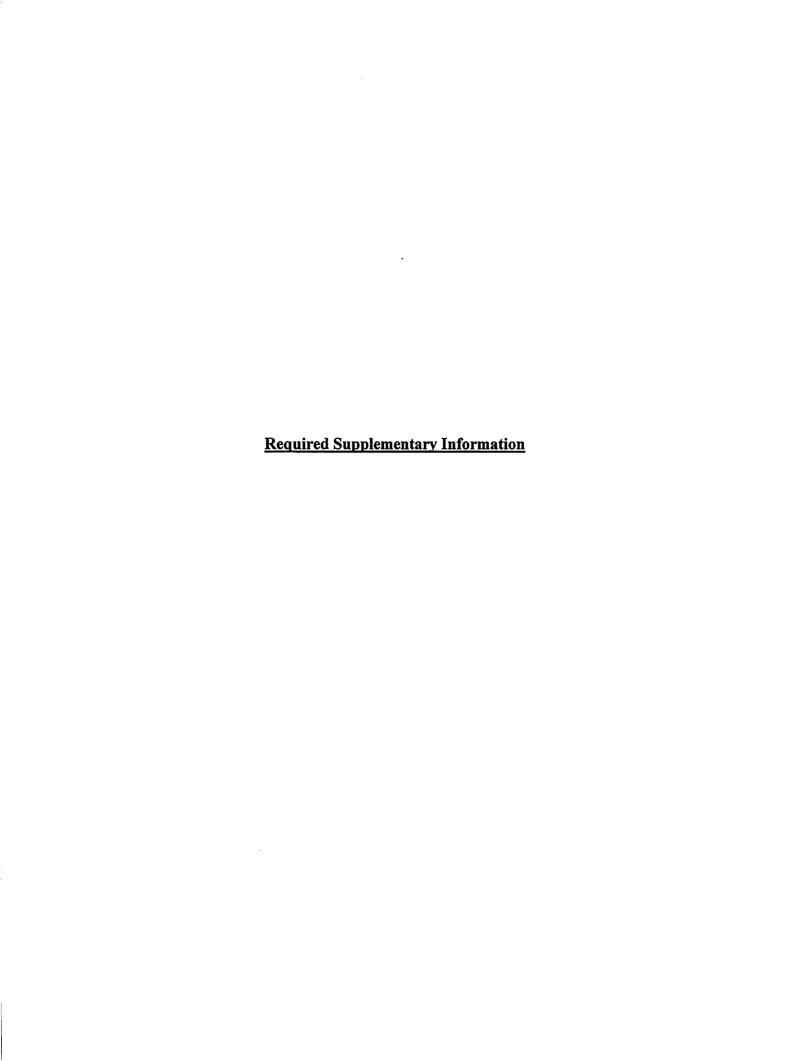
Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, establishes accounting requirements for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The requirements of this statement should be applied prospectively.

Statement No. 90, Majority Equity Interests—An Amendment of GASB Statements No. 14 and No. 61), defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

Note 21 – Prior Period Adjustment

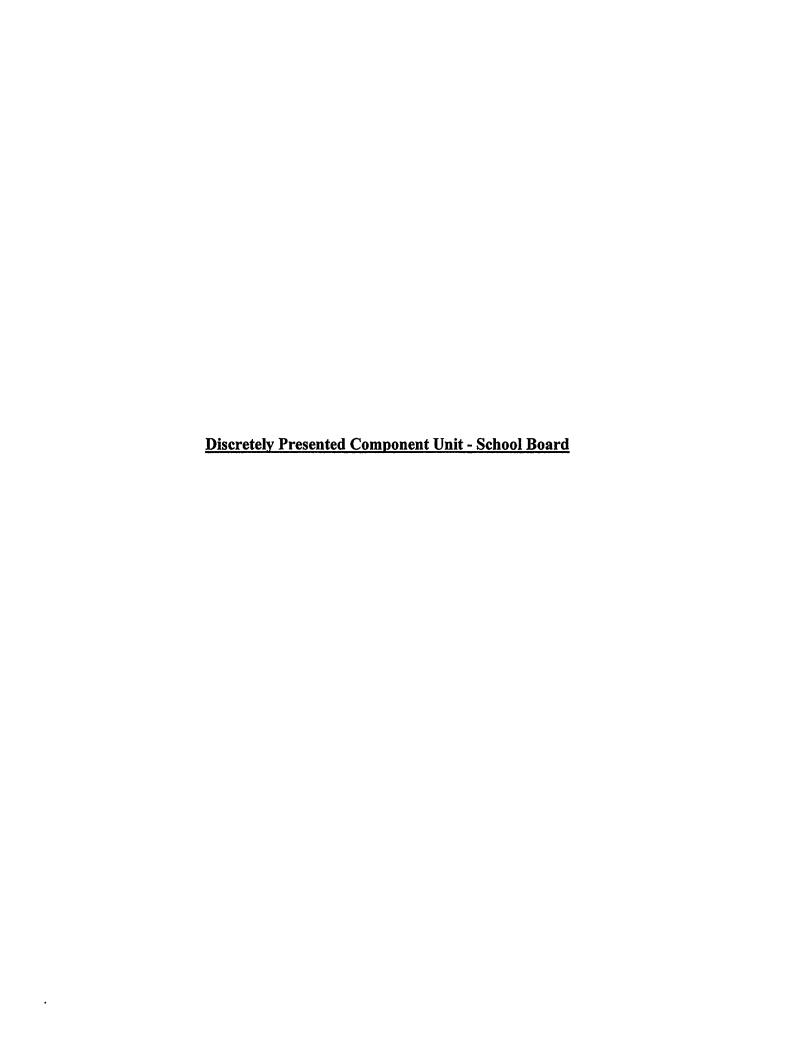
Beginning net position of the County and the School Board required a prior period adjustment due to changes in the valuation of OPEB liability. The County implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension and GASB Statement No. 85, Omnibus 2017 during the current fiscal year. These Statements establish new accounting and financial reporting requirements for OPEB plans and standardize the valuation methodology. Due to the change in methodology, OPEB liability attributable to prior periods increased by \$2,147,987 and \$2,097,550 for the County and School Board, respectively.

Beginning net position of the Public Service Authority required a prior period adjustment due to changes in OPEB liability. Due to the changes, OPEB liability attributable to prior periods decreased by \$352,040.



	General Fund					
	Original Budget	Budget As Amended	Actual	Variance With Amended		
Revenues:				-		
General property taxes	\$ 11,982,095	\$ 11,982,095	\$ 11,706,326	\$ (275,769)		
Other local taxes	3,375,221	3,375,221	3,299,761	(75,460)		
Permits, privilege fees						
& regulatory licenses	28,350	28,350	72,744	44,394		
Fines and forfeitures	19,700	24,133	215,765	191,632		
Revenue from use of						
money & porperty	97,500	97,500	102,176	4,676		
Charges for services	104,000	104,000	109,123	5,123		
Miscellaneous	169,500	188,868	248,350	59,482		
Recovered costs	326,290	340,191	399,764	59,573		
Intergovernmental:	5 500 600	5 (00 005	5.007.705	(454.000)		
Commonwealth	5,580,688	5,680,995	5,226,795	(454,200)		
Federal	2,061,500	2,064,500	1,873,548	(190,952)		
TOTAL REVENUES	23,744,844	23,885,853	23,254,352	(631,501)		
Expenditures:						
Current:						
General government administration	2,008,387	2,008,587	1,917,215	91,372		
Judicial administration	1,425,277	1,479,602	1,366,106	113,496		
Public safety	6,762,998	6,909,763	5,906,279	1,003,484		
Public works	2,210,756	2,201,406	2,076,353	125,053		
Health and welfare	5,313,473	5,313,473	4,597,897	715,576		
Education	29,427	29,427	29,427	-		
Parks, recreation, & cultural	549,426	549,426	501,347	48,079		
Community development	762,898	768,933	742,627	26,306		
Debt service:						
Principal retirement	-	-	274,751	(274,751)		
Interest & other fiscal charges		<u> </u>	19,995	(19,995)		
TOTAL EXPENDITURES	19,062,642	19,260,617	17,431,997	1,828,620		
Excess (deficiency) of						
revenues over expenditures	4,682,202	4,625,236	5,822,355	1,197,119		
Other financing sources (uses):						
Operating transfers in	- (5.401.055)	-	- (5.00 = 50.0)	(07(770)		
Operating transfers out	(5,421,975)	(5,421,975)	(5,698,728)	(276,753)		
Proceeds from indebtedness	-	-	267,997	267,997		
Prior year surplus (deficit)	2,443,957	2,500,923	- (5.400.501)	(2,500,923)		
TOTAL OTHER FINANCING	(2,978,018)	(2,921,052)	(5,430,731)	(2,509,679)		
Excess (deficiency) of revenues & other						
sources over expenditures & other uses	1,704,184	1,704,184	391,624	(1,312,560)		
Fund balances at beginning of year	(1,704,184)	(1,704,184)	3,038,338	4,742,522		
Fund balances at end of year	\$ -	\$ -	\$ 3,429,962	\$ 3,429,962		

	Expen Tru				Age	ncy Funds				
	Defe Cor Fu	mp		pecial /elfare		Payroll thholding Fund	s	Local ales Tax Fund		Totals
Assets:										
Cash and cash equivalents	\$	-	\$	19,054	\$	-	\$	-	\$	19,054
Due from other government units		-		-		-		291,416		291,416
Amount due from others		-		-		59,763		-		59,763
Investments	3,29	1,854		-		-		-		3,291,854
Total assets	\$ 3,29	1,854	\$	19,054	\$	59,763	\$	291,416	\$	3,662,087
Liabilities:	_						_		_	
Due to primary government	\$	-	\$	-	\$	-	\$	268,657	\$	268,657
Amounts due to others		-		-		59,763		-		59,763
Amounts held for others	3,29	1,854		19,054		-		22,759		3,333,667
Total liabilities	\$ 3,29	1,854	_\$	19,054	_\$_	59,763	_\$_	291,416	_\$_	3,662,087



		Covernment	ll Fund Types		Proprietary	
	School	School Food	School	Scott County	Fund Type School	
	Operating Fund		Debt Service	Head Start	Insurance Fund	Totals
Assets:	Operating Fana	Service I und	Deat Service	- Troud Start	insurance r und	101113
Cash & cash equivalents	\$ 6,318	\$ 175,435	\$ -	\$ 3,784	\$ 2,310,408	\$ 2,495,945
Accounts receivable	37,293	•	-	1,944	•	39,237
Prepaid expenses	358,413	-	-	- -	-	358,413
Due from other governmental						
units	446,999	22,565	-	-	-	469,564
Due from primary government	2,320,962				<u> </u>	2,320,962
Total Assets	\$ 3,169,985	\$ 198,000	\$ -	\$ 5,728	\$ 2,310,408	\$ 5,684,121
Liabilities:						
Accounts payable	\$ 4,080	\$ 42,815	\$ -	\$ 6,417	\$ -	\$ 53,312
Accrued salaries	3,165,905	-	-	2,784	-	3,168,689
Health insurance payable						
Total Liabilities	3,169,985	42,815		9,201		3,222,001
Fund balance:						
Assigned	-	155,185	-	_	2,310,408	2,465,593
Unassigned	-	-	-	(3,473)		(3,473)
Total Fund Balance		155,185	-	(3,473)	2,310,408	2,462,120
Total Liabilities & Fund Balance	\$ 3,169,985	\$ 198,000	\$ -	\$ 5,728	\$ 2,310,408	

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 assets includes those capital assets among the assets of the locality.

37,141,966

Long-term liabilities applicable to the locality's governmental activites 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 assets.

(44,581,850)

Total net position \$\\(\) \(

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

		Governmenta	ıl Fund Types		Proprietary Fund Type	
	School	School Food	School	Scott County	School	
	Operating Fund	Service Fund	Debt Service	Head Start	Insurance Fund	Totals
Revenues:						
Revenue from use of money	\$ 4,592	\$ -	\$ -	\$ -	\$ -	\$ 4,592
Charges for services	43,556	526,165	-	•	3,955,590	4,525,311
Miscellaneous	22,787	-	-	531,137	-	553,924
Recovered costs	76,023	-	-	-	-	76,023
Intergovernmental:	-	-	-	-	-	
Commonwealth	27,702,168	39,226	-	-	-	27,741,394
Federal	2,305,331	1,726,806	<u> </u>	1,941,659	· — — —	5,973,796
Total revenues	30,154,457	2,292,197	-	2,472,796	3,955,590	38,875,040
Expenditures:						
Current - Education	38,691,425	2,237,405	-	2,476,269	3,555,775	46,960,874
Total expenditures	38,691,425	2,237,405		2,476,269	3,555,775	46,960,874
Excess (deficiency) of revenues over (under) expenditures	(8,536,968)	54,792		(3,473)	399,815	(8,085,834)
Other financing sources (uses):						
Operating transfers in	5,707,227	-	_	-	-	5,707,227
Operating transfers out	-	(8,499)	-	-	-	(8,499)
Proceeds from indebtedness	2,829,741	-	-	-	-	2,829,741
Transfer from/(to) primary debt	<u> </u>				<u> </u>	_
Total other financing sources	8,536,968	(8,499)			<u>-</u>	8,528,469
Excess (deficiency) of revenues &						
other sources over expenditure						
& other uses	-	46,293	-	(3,473)	399,815	442,635
		,-		(2,112)	,	,
Fund balances at beginning of year		108,892	-	-	1,910,593	2,019,485
Fund balances at end of year	<u>\$</u> -	\$ 155,185	<u> </u>	\$ (3,473)	\$ 2,310,408	\$ 2,462,120
Amount reported for School Board	activities in the	statement of acti	vities are differe	ent because:		
Excess (deficiency) of revenues &						\$ 442,635
Excess (deficiency) of revenues & v	onici sources ove	a expenditure &	Office uses			\$ 442,033
Some expenses reported in the state and, therefore, are not reported as e		-		nt financial reso	urces	1,280,052
Funds report capital outlays as expe	enditures. Howe	ver, in the staten	nent of activities	the cost		
of those assets is allocated over the This is the amount by which capital	ir estimated usefi	ul lives and repo	rted as deprecia	tion expense.		(1,111,099)
Change in net assets						\$ 611,588
5						

County of Scott, Virgina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Discretely Presented Component Unit. School Board

Discretely Presented Component Unit - School Board For the Year Ended June 30, 2018

	School Operating Fund							
	Budget							riance
	Ori	ginal		As			F	rom
	Bu	dget	Am	ended	A	ctual	Amended	
Revenues:								
Revenue from use of money	\$	5,000	\$	5,000	\$	4,592	\$	(408)
Charges for services		35,000		35,000		43,556		8,556
Miscellaneous	2	82,175		282,175		22,787	(2	259,388)
Recovered costs		12,000		12,000		76,023		64,023
Intergovernmental:								
Commonwealth	27,7	77,412	27,	801,167	27,	702,168	((98,999)
Federal	1,9	19,044	2,	419,879	2,	305,331	(1	14,548)
Total revenues	30,0	30,631	30,	555,221	30,	154,457	(4	00,764)
Expenditures:								
Current - Education	35,4	52,606	35,	977,196	38,	691,425	(2,7	14,229)
T-4-1 14	25.4	52 606	25	077 106	20	601 425	(2.5	/1./ 220\
Total expenditures	33,4	52,606		977,196		691,425	(2,7	14,229)
Evenes (definionary) of rovenues								
Excess (deficiency) of revenues	(5.4	21 075)	(5	421 075)	(0	526 069)	(2.1	14 002)
over (under) expenditures	(3,4	21,975)	(3,	421,975)	(0,	536,968)	(3,1	14,993)
Other financing sources (uses):								
Operating transfers in	5,4	21,975	5,	421,975	5,	707,227	2	285,252
Operating transfers out		-		-		-		-
Proceeds from indebtness		-		-	2,	829,741	2,8	329,741
Transfer from/(to) primary debt		-						
Total other financing sources	5,4	21,975	5,	421,975	8,	536,968	3,1	14,993
Excess (deficiency) of revenues &								
other sources over expenditure								
& other uses		-		-		-		-
Fund balances at beginning of year		-		-				-
Fund balances at end of year	\$	-	\$	-		-	\$	-

County of Scott, Virgina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2018

	School Food Service Fund									
			F	Budget	et			Variance		
	Or	iginal		As				From		
	В	udget	Aı	nended		Actual	Α	mended		
Revenues:										
Revenue from use of money	\$	-	\$	-	\$	-	\$	-		
Charges for services		725,834		725,834		526,165		(199,669)		
Miscellaneous								-		
Recovered costs		-		-		-		-		
Intergovernmental:										
Commonwealth		42,000		42,000		39,226		(2,774)		
Federal	1,4	125,000	1	,425,000	1	,726,806		301,806		
				, , ,		, , ,				
Total revenues		192,834	2	,192,834	2	2,292,197		99,363		
Expenditures:										
Current - Education	2,	192,834	2	,192,834	2	2,237,405		(44,571)		
Total expenditures	3 ·	102 924	2	,192,834	_	227 405		(44 571)		
Total expellutures	2,	192,834		,172,034		2,237,405		(44,571)		
Excess (deficiency) of revenues										
over (under) expenditures		_		_		54,792		54,792		
over (unuer) emperiures						0 1,7,2		01,772		
Other financing sources (uses):										
Operating transfers in		-		•		•		_		
Operating transfers out		_		_		(8,499)		(8,499)		
Proceeds from indebtness		_		-		-		-		
Transfer from/(to) primary debt		-		-		-		-		
(10) Passand						_				
Total other financing sources						(8,499)		(8,499)		
Excess (deficiency) of revenues &										
other sources over expenditure										
& other uses		-		_		46,293		46,293		
						,		,		
Fund balances at beginning of year						108,892		108,892		
Evend halamana at and african	¢		ď		¢	155 105	¢	155 105		
Fund balances at end of year	<u>\$</u>		\$		\$	155,185	\$	155,185		

Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2018

	School Debt Service							
	Budget					Variance		
	Ori	iginal		As			From Amended	
	Bu	ıdget	Ame	ended	A	ctual		
Revenues:								
Revenue from use of money	\$	-	\$	-	\$	-	\$	-
Charges for services		-		-		-		-
Miscellaneous		-		-		-		-
Recovered costs		-		-		-		-
Intergovernmental:						-		
Commonwealth		-		-		-		-
Federal				-		-	•	-
Total revenues								-
Expenditures:								
Current - Education		-		-		-		-
m . I					-		<u> </u>	
Total expenditures		-						
Excess (deficiency) of revenues								
over (under) expenditures		-		-		-		-
Other financing sources (uses):								
Operating transfers in		-		-		-		-
Operating transfers out		-		-		-		-
Proceeds from indebtness		-		-		-		-
Transfer from/(to) primary debt								
Total other financing sources		-						
Excess (deficiency) of revenues & other sources over expenditure								
& other uses		-		-		-		-
Fund balances at beginning of year		-		-				
Fund balances at end of year	\$	-	\$	-	\$		\$	-

County of Scott, Virgina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2018

	Scott County Head Start							
_	Original Budget	Budget As Amended	Actual	Variance From Amended				
Revenues:	ው ተ	ď.	ው	ው				
Revenue from use of money	\$ -	\$ -	\$ -	\$ -				
Charges for services	210.055	210.055	- 521 127	211 192				
Miscellaneous Recovered costs	319,955	319,955	531,137	211,182				
Intergovernmental:	-	-	-	-				
Commonwealth	_	_	_	_				
Federal	1,465,893	1,465,893	1,941,659	475,766				
i caciai	1,403,693	1,403,073	1,941,039	475,700				
Total revenues	1,785,848	1,785,848	2,472,796	686,948				
Expenditures:								
Current - Education	1,785,848	1,785,848	2,476,269	(690,421)				
Total expenditures	1,785,848	1,785,848	2,476,269	(690,421)				
Excess (deficiency) of revenues								
over (under) expenditures	-	-	(3,473)	(3,473)				
Other financing sources (uses):								
Operating transfers in	-	-	-	-				
Operating transfers out	-	-	-	-				
Proceeds from indebtness	-	-	-	-				
Transfer from/(to) primary debt				-				
Total other financing sources								
Excess (deficiency) of revenues & other sources over expenditure								
& other uses	-	-	(3,473)	(3,473)				
Fund balances at beginning of year								
Fund balances at end of year	\$ -	<u> </u>	\$ (3,473)	\$ (3,473)				

Discretely Presented Component Unit - School Board For the Year Ended June 30, 2018

	School Insurance Fund							
			Bu	ıdget			Vari	ance
		ginal		As			From Amended	
	Bu	dget	Ame	ended	Ac	tual		
Revenues:	_							
Revenue from use of money	\$	-	\$	-	\$	<u>.</u>	\$	-
Charges for services		-		-	3,95	55,590	3,95	55,590
Miscellaneous		-		-		-		-
Recovered costs		-		-		-		-
Intergovernmental:								
Commonwealth		-		-		-		-
Federal		-						
Total revenues					3,95	55,590	3,95	55,590
Expenditures:								
Current - Education		-		-	3,5	55,775	(3,55	55,775)
Total expenditures		-		-	3,5	55,775	(3,55	55,775)
Excess (deficiency) of revenues								
over (under) expenditures		-		-	39	99,815	39	99,815
Other financing sources (uses):								
Operating transfers in		-		-		-		-
Operating transfers out		-		-		-		-
Proceeds from indebtness		-		-		-		-
Transfer from/(to) primary debt		-		-				
Total other financing sources		-				-		-
Excess (deficiency) of revenues &								
other sources over expenditure								
& other uses		-		-	39	99,815	39	99,815
Fund balances at beginning of year		-		-	1,9	10,593	1,91	0,593
Fund balances at end of year	\$	•	\$	-	\$ 2,3	10,408	\$ 2,31	10,408



	Discretely Presented Component Units							
		Economic		Public				
		evelopment		Service				
		Authority		Authority		Total		
Assets:								
Current assets:	•		•					
Cash and cash equivalents	\$	1,638,767	\$	2,363,920	\$	4,002,687		
Accounts receivable, net of allowance		2,554		373,674		376,228		
Inventory		-		99,446		99,446		
Notes receivable, current, net of allowance		36,100		-		36,100		
Due from other governments		523,054				523,054		
Total current assets		2,200,475		2,837,040		5,037,515		
Noncurrent assets:								
Capital assets:								
Land		5,226,835		486,753		5,713,588		
Construction in progress		9,784,935		1,986,344		11,771,279		
Buildings & equipment, net of depreciation		14,539,635		47,247,593		61,787,228		
Notes receivable, noncurrent, net of allowance		124,862		-		124,862		
Total noncurrent assets		29,676,267		49,720,690	<u> </u>	79,396,957		
Other assets:								
Restricted cash in bank		6,651		239,952		246,603		
Total other assets		6,651		239,952		246,603		
Deferred outflows of resources:								
Deferred pensions		-		118,716		118,716		
Total deferred outflows of resources		<u>.</u>		118,716		118,716		
Total assets	\$	31,883,393	\$	52,916,398	_\$_	84,799,791		

County of Scott, Virginia Statement of Net Assets Proprietary Fund - Discretely Presented Component Units June 30, 2018

	Discretely Presented Component Units						
	Economic Development Authority	Public Service Authority	Total				
Liabilities:							
Current liabilities:							
Accounts payable & accrued expenses	\$ 118,705	\$ 290,670	\$ 409,375				
Current portion of long-term obligations	1,082,033	1,242,069	2,324,102				
Total current liabilities	1,200,738	1,532,739	2,733,477				
Noncurrent liabilities:							
Compensated absences	21,263	121,843	143,106				
Amounts held for others	-	188,069	188,069				
Other postemployment benefits	-	-	-				
Net pension liability, long-term	-	126,296	126,296				
Noncurrent portion of long-term obligations	8,007,037	18,049,716	26,056,753				
Total noncurrent liabilities	8,028,300	18,485,924	26,514,224				
Total liabilities	9,229,038	20,018,663	29,247,701				
Deferred inflows of resources:							
Deferred pensions	-	93,142	93,142				
Total deferred inflows of resources		93,142	93,142				
Net position:							
Invested in capital assets, net of related debt	10,677,400	30,428,905	41,106,305				
Restricted for other purposes	• · · · · •	239,952	239,952				
Unrestricted	11,976,955	2,135,736	14,112,691				
Total net position	22,654,355	32,804,593	55,458,948				
Total liabilities & net position	\$ 31,883,393	\$ 52,916,398	\$ 84,799,791				

	Discretel	y Presented Compone	ent Units
	Economic	Public	
	Development	Service	
	Authority	Authority	Total
Operating revenues:			
Charges for services	\$ -	\$ 3,454,972	\$ 3,454,972
Rental income	366,367	-	366,367
Grants	3,263,521	-	3,263,521
Miscellaneous	1,638	98,743	100,381
Total operating revenue	3,631,526	3,553,715	7,185,241
Operating expenses:			
Wages and benefits	183,070	1,301,596	1,484,666
Other operating expenses	583,953	2,841,387	3,425,340
Total operating expense	767,023	4,142,983	4,910,006
Operating income (loss)	2,864,503	(589,268)	2,275,235
Nonoperating revenues (expenses):			
Interest earned	26,355	17,873	44,228
Connection fees	-	58,983	58,983
Other income	-	16,407	16,407
Allowance for bad debts	(65,137)	-	(65,137)
Interest expense	(214,365)	(235,397)	(449,762)
	(252.147)	(142.124)	(205.281)
Total nonoperating revenues (expenses)	(253,147)	(142,134)	(395,281)
Capital contributions		482,781	482,781
Increase (decrease) in net position	2,611,356	(248,621)	2,362,735
increase (decrease) in her position	2,011,330	(240,021)	2,302,733
Net position at beginning of year, as previously reported	20,042,999	32,701,174	52,744,173
Prior period adjustment	<u> </u>	352,040	352,040
Net position at beginning of year, as restated	20,042,999	33,053,214	53,096,213
Net position at end of year	\$ 22,654,355	\$ 32,804,593	\$ 55,458,948

County of Scott, Virginia Statements of Cash Flows Proprietary Fund - Discretely Presented Component Units For the Year Ended June 30, 2018

		Discretel	ent Ui	nits		
	De	Economic evelopment Authority		Public Service Authority		Total
Cash flows from operating activities:						
Receipts from customers & users	\$	3,675,647	\$	3,725,712	\$	7,401,359
Payments to suppliers	•	(910,316)	•	(1,115,473)	•	(2,025,789)
Payments to employees for services		-		(1,244,471)		(1,244,471)
Net cash provided (used) by operating activities		2,765,331		1,365,768		4,131,099
Cash flows from investing activities:						
Interest earned		-		17,873		17,873
Net cash provided (used) by investing activities				17,873		17,873
Cash flows from financing activities:						
Connection fee and other income		-		75,390		75,390
Other nonoperating revenues		-		-		-
Loans to industries		(45,500)		-		(45,500)
Payments received on loans to industries		17,433		-		17,433
Purchase of fixed assets		(2,821,934)		(1,936,254)		(4,758,188)
Principal payments made on debt		(1,616,146)		(852,116)		(2,468,262)
Proceeds from indebtness		1,653,071		1,182,110		2,835,181
Interest on debt		-		(200,053)		(200,053)
Proceeds from loans & grants		-		692,106		692,106
Net cash provided (used) by financing activities		(2,813,076)		(1,038,817)		(3,851,893)
Increase (decrease) in cash & cash equivalents		(47,745)		344,824		297,079
Cash & cash equivalents at beginning of year		1,693,163		2,259,048		3,952,211
Cash & cash equivalents at end of year	\$	1,645,418	\$	2,603,872	\$	4,249,290

	Discretely Presented Component Units							
		Economic		Public				
	D	evelopment		Service				
		Authority		Authority		Total		
Reconciliation of operating income to net cash provided	[
(used) by operating activities:								
Operating income (loss)	\$	2,611,356	\$	(589,268)	\$	2,022,088		
Adjustments to reconcile net income (loss) to net cash								
provided (used) by operations:								
Depreciation		320,850		1,819,813		2,140,663		
Bad debts		45,951		-		45,951		
Post employment benefits		-		-		-		
Net pension obligation		-		(27,234)		(27,234)		
Changes in operating assets & liabilities:				,		• • •		
Accounts receivable		17,766		161,246		179,012		
Inventory		-		(15,003)		(15,003)		
Other assets		10,588		-		10,588		
Accounts payable		(234,087)		16,431		(217,656)		
Customer deposits		-		10,751		10,751		
Accrued leave & other liabilities		(7,093)		(10,968)		(18,061)		
Total adjustments		153,975		1,955,036		2,109,011		
Net cash provided (used) by operating activities	\$	2,765,331	_\$_	1,365,768	\$	4,131,099		



County of Scott, Virginia Combining Balance Sheet Non-Major Governmental Funds June 30, 2018

		Sp	ds				
	Imp	oal Road rovement Fund]	Law Library Fund	Totals		
Assets:							
Cash & cash equivalents Accounts receivable	\$	40,177	\$	12,361 380	\$	52,538 380	
Total assets	\$	40,177	\$	12,741	\$	52,918	
Liabilities: Accounts payable Accrued expenses	\$	- -	\$	-	\$	<u>-</u>	
Total liabilities		-		-			
Fund balance: Restricted		40,177		12,741		52,918	
Total fund balance		40,177		12,741		52,918	
Total liabilities & fund balance	\$	40,177	\$	12,741	\$	52,918	

	Special Revenue Funds								
	Impi	al Road rovement Fund	I	Law Library Fund	Totals				
Revenues:									
Revenues from local sources:									
Other taxes	\$	2,000	\$	-	\$	2,000			
Charges for services		-		4,035		4,035			
Total revenues		2,000		4,035		6,035			
Expenditures:									
Judicial administration		-		3,510		3,510			
Public safety		-		-		-			
Public works		1,000		-		1,000			
Total expenditures		1,000		3,510		4,510			
Excess (deficiency) of									
revenues over expenditures		1,000		525		1,525			
Other financing sources (uses):									
Operating transfers in		-		-		-			
Operating transfers out				-		-			
Total other financing sources		-	-	-					
Excess (deficiency) of revenues &									
other sources over expenditure									
& other uses		1,000		525		1,525			
Fund balances at beginning of year		39,177		12,216		51,393			
Fund balances at end of year	\$	40,177	\$	12,741	\$	52,918			

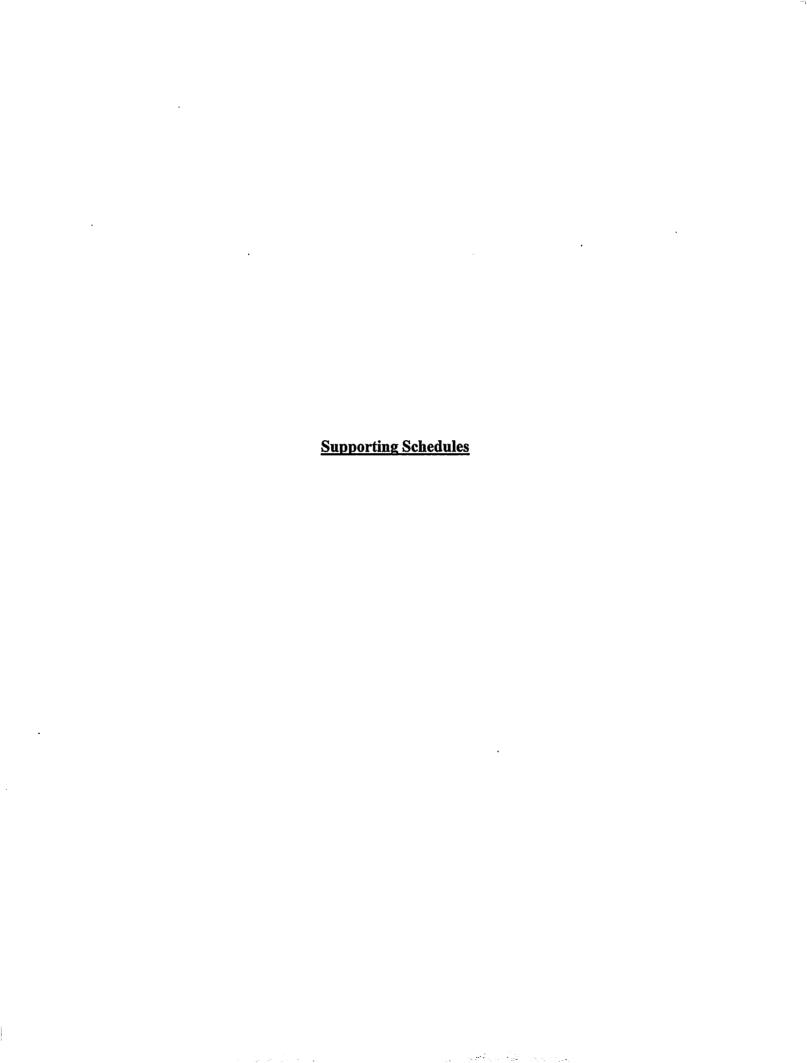
Non-Major Governmental Funds For the Year Ended June 30, 2018

	Coal Road Improvement Fund								
			I	Budget			Variance		
	C	riginal		As				From	
	I	Budget	_Aı	nended		Actual	Amended		
Revenues:									
Revenues from local sources:									
Other taxes	\$	-	\$	-	\$	2,000	\$	2,000	
Charges for services		-		-					
Total revenues		-				2,000		2,000	
Expenditures:									
Judicial administration		-		-		-		-	
Public works		39,000		39,000		1,000		38,000	
Total expenditures		39,000		39,000		1,000		38,000	
Excess (deficiency) of									
revenues over expenditures		(39,000)		(39,000)		1,000		(40,000)	
Other financing sources (uses):									
Operating transfers in		_		-		_		-	
Operating transfers out		-		-		-		-	
Prior year surplus (deficit)		39,000		39,000		-		39,000	
Total other financing sources		39,000		39,000				39,000	
Excess (deficiency) of revenues & other sources over expenditure									
& other uses		-		-		1,000		(1,000)	
Fund balances at beginning of year				-		39,177		39,177	
Fund balances at end of year	\$	-	\$	-	\$	40,177	\$	38,177	

County of Scott, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Non-Major Governmental Funds

For the Year Ended June 30, 2018

	Law Library Fund									
			E	Budget			V	ariance		
		riginal		As				From		
	E	udget	_Aı	nended		Actual	A1	nended		
Revenues:										
Revenues from local sources:										
Other taxes	\$	-	\$	-	\$	-	\$	-		
Charges for services						4,035		4,035		
Total revenues						4,035		4,035		
Expenditures:										
Judicial administration		12,000		12,000		3,510		8,490		
Public works		-		-		-		-		
Total expenditures		12,000	7	12,000		3,510		8,490		
Excess (deficiency) of revenues over expenditures		(12,000)		(12,000)		525		(12,525)		
Other financing sources (uses):										
Operating transfers in		-		-		=		=		
Operating transfers out		-		-		-		-		
Prior year surplus (deficit)		12,000	-	12,000		-		12,000		
Total other financing sources		12,000	N e di	12,000				12,000		
Excess (deficiency) of revenues & other sources over expenditure										
& other uses		-		-		525		(525)		
Fund balances at beginning of year						12,216		12,216		
Fund balances at end of year	\$	-	\$		\$	12,741	\$	11,691		



Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended	
- unaj major una minor novembro Source					
Primary Government:					
General Fund:					
Revenue from local sources:					
General property taxes:					
Real property taxes	\$ 8,613,537	\$ 8,613,537	\$ 8,805,079	\$ 191,542	
Real & personal public service					
corporation property taxes	937,906	937,906	954,509	16,603	
Personal property taxes	1,722,400	1,722,400	1,159,224	(563,176)	
Machinery and tools taxes	154,532	154,532	153,705	(827)	
Merchants capital	201,720	201,720	207,096	5,376	
Mobile home taxes	97,000	97,000	89,008	(7,992)	
Penalties	130,000	130,000	208,549	78,549	
Interest	125,000	125,000	129,156	4,156	
TOTAL GENERAL PROPERTY TAXES	11,982,095	11,982,095	11,706,326	(275,769)	
Other local taxes:					
Local sales & use taxes	1,560,000	1,560,000	1,519,707	(40,293)	
Consumer utility tax	410,000	410,000	405,767	(4,233)	
Local cell phone tax	800,000	800,000	708,933	(91,067)	
Gross receipts - utility	75,000	75,000	70,505	(4,495)	
Motor vehicle licenses	468,221	468,221	455,915	(12,306)	
Bank franchise taxes	-	•	32,464	32,464	
Transient lodging tax	3,500	3,500	3,675	175	
Tax on wills	4,000	4,000	3,785	(215)	
Recordation tax	50,000	50,000	95,249	45,249	
Coal severance tax	4,500	4,500	3,761	(739)	
TOTAL OTHER LOCAL TAXES	3,375,221	3,375,221	3,299,761	(75,460)	
Permits, privilege fees & regulatory license:					
Animal licenses	1,300	1,300	1,360	60	
Transfer fees	1,000	1,000	848	(152)	
Building and related permits	21,150	21,150	22,808	1,658	
Weapons permits	-		16,673	16,673	
Permits and other licenses	4,900	4,900	31,055	26,155	
TOTAL PERMITS, PRIVILEGE FEES					
& REGULATORY LICENSES	28,350	28,350	72,744	44,394	
Fig. 4 Carettana					
Fines and forfeitures:	10 700	04.100	015.565	101 (22	
Court fines and forfeitures	19,700	24,133	215,765	191,632	
TOTAL FINES & FORFEITURES	19,700	24,133	215,765	191,632	
Revenue from use of money & property:					
Revenue from use of money	2,500	2,500	6,770	4,270	
Revenue from use of property	95,000	95,000	95,406	406	
TOTAL REVENUE FROM USE OF	2				
MONEY & PROPERTY	97,500	97,500	102,176	4,676	

Fund, Major and Minor Revenue Source	Budget Original As and Minor Revenue Source Budget Amended		As	 Actual	Variance From Amended		
Charges for services:							
Charges for recreation	\$	58,500	\$	58,500	\$ 66,287	\$	7,787
Charges for NARF collections		•		-	10		10
Charges for waste collection & disposal		45,000		45,000	42,248		(2,752)
Room and board animals		500		500	 578		78
TOTAL CHARGES FOR SERVICES		104,000		104,000	 109,123		5,123
Miscellaneous revenue:							
Miscellaneous		84,500		103,868	4,842		(99,026)
Payments in lieu of taxes for		85,000		85,000	 243,508		158,508
TOTAL MISCELLANEOUS REVENUE		169,500		188,868	 248,350		59,482
Recovered costs:							
Other recovered cost		326,290		340,191	399,764		59,573
TOTAL RECOVERED COSTS		326,290		340,191	399,764		59,573
TOTAL REVENUE FROM LOCAL SOURCES	1	6,102,656	1	6,140,358	 16,154,009		13,651
Revenue from the Commonwealth:							
Noncategorical aid:							
Mobile home titling taxes		65,000		65,000	30,666		(34,334)
Tax on deeds		20,000		20,000	28,052		8,052
. Rolling stock tax		142,000		142,000	-		(142,000)
Personal property tax relief		734,026		734,026	 734,026		<u> </u>
TOTAL NONCATAGORICAL AID		961,026		961,026	792,744		(168,282)
Categorical aid:							
Shared expenses:							
Commonwealth's attorney		355,595		355,595	359,729		4,134
Sheriff		1,396,695		1,396,695	1,387,075		(9,620)
Commissioner of the Revenue		103,820		103,820	105,304		1,484
Treasurer		105,612		105,612	105,864		252
Clerk of the Circuit Court		313,840		336,225	344,293		8,068
Registrar/electoral board		36,987		36,987	37,399		412
Office of emergency services		6,000		6,000	 -		(6,000)
TOTAL SHARED EXPENSES		2,318,549		2,340,934	 2,339,664		(1,270)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended
Other categorical aid: Welfare administration and assistance	¢ 1227252	e 1227252	£ 1.140.220	¢ (100.022)
CMPT	\$ 1,337,253 658,962	\$ 1,337,253 658,962	\$ 1,149,220 688,701	\$ (188,033) 29,739
Domestic Violence	45,000	45,000	33,750	(11,250)
Local law enforcement	45,000	11,726	16,473	4,747
Litter control	11,000	11,980	12,377	397
Fire programs	55,000	55,000	63,319	8,319
Wireless E911 grant	-	55,699	88,747	33,048
Asset forfeiture grant	1,850	11,367	18,199	6,832
Victim/witness grant	94,404	94,404	23,601	(70,803)
Other aid	97,644	97,644		(97,644)
TOTAL OTHER CATEGORICAL AID	2,301,113	2,379,035	2,094,387	(284,648)
TOTAL CATEGORICAL AID	4,619,662	4,719,969	4,434,051	(285,918)
TOTAL REVENUE FROM THE				
COMMONWEALTH	5,580,688	5,680,995	5,226,795	(454,200)
Revenue from the Federal Government: Categorical aid:				
Welfare public assistance	2,061,500	2,061,500	1,771,630	(289,870)
VAW outreach grant	-	-	98,347	98,347
Forestry reimbursement	-	-	571	571
Community Development Block Grant		3,000	3,000	
TOTAL CATEGORICAL AID	2,061,500	2,064,500	1,873,548	(190,952)
TOTAL REVENUE FROM FEDERAL GOVERNMENT	2,061,500	2,064,500	1,873,548	(190,952)
TOTAL GENERAL FUND	\$ 23,744,844	\$ 23,885,853	\$ 23,254,352	\$ (631,501)
Special Revenue Fund: Law Library				
Revenue from local sources:				
Charges for services				
Law library fees	\$ -		\$ 4,035	\$ 4,035
Coal Road Improvement Fund Revenue from local sources:				
Other taxes				
Coal road tax			2,000	2,000
TOTAL SPECIAL REVENUE FUNDS	<u>\$</u> -	\$ -	\$ 6,035	\$ 6,035
GRAND TOTAL REVENUES, ALL PRIMARY GOVERNMENTAL FUNDS	\$ 23,744,844	\$ 23,885,853	\$ 23,260,387	\$ (625,466)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended
Component Unit - School Board: Special Revenue Funds: School Operating Fund: Revenue from local sources:				
Revenue from use of money & property: Revenue from use of property	\$ 5,000	\$ 5,000	\$ 4,592	\$ (408)
	<u> </u>	<u> </u>	Ψ 1,372	y (400)
Charges for services:				
Transportation	35,000	35,000	43,556	8,556
Miscellaneous revenue:				
Miscellaneous	282,175	282,175	22,787	(259,388)
Recovered costs:				
Other	12,000	12,000	76,023	64,023
TOTAL REVENUE FROM LOCAL				
SOURCES	334,175	334,175	146,958	(187,217)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	3,308,278	3,308,278	3,138,024	(170,254)
Basic school aid	13,973,854	13,973,854	13,950,560	(23,294)
Primary class size	492,135	492,135	503,836	11,701
Medicaid	275,000	275,000	329,436	54,436
GED funding	7,859	7,859	8,294	435
Foster care	17,838	17,838	10,677	(7,161)
Early intervention	87,408	87,408	90,057	2,649
Gifted & talented children	133,751	133,751	133,614	(137)
SOL	61,681	61,681	64,329	2,648
At - risk	124,974	124,974	560,820	435,846
Special education	2,422,115	2,422,115	2,420,097	(2,018)
English second language	10,632	10,632	10,189	(443)
Preschool initiative	163,964	163,964	163,964	•
Vocational education	640,177	640,177	606,621	(33,556)
Fringe benefits	3,045,613	3,045,613	3,042,502	(3,111)
Remedial education/summer school	586,269	586,269	590,195	3,926
Textbooks	305,899	305,899	305,586	(313)
VPSA technology grant	414,000	437,755	437,755	-
Alternative education	355,492	355,492	414,182	58,690
Textbook lottery	763,828	763,828	763,743	(85)
Other revenue	586,645	586,645	157,687	(428,958)
TOTAL REVENUE FROM THE				
COMMONWEALTH	27,777,412	27,801,167	27,702,168	(98,999)

Fund, Major and Minor Revenue Source	Original Budget		Budget As Amended		Actual		Variance From Amended
Revenue from the federal government:							
Categorical aid:							
Title I	\$ 860,1	190	\$ 860,190	\$	868,305	\$	8,115
Title II	126,0	000	126,000		149,581		23,581
Title IV - A		-	22,848		14,000		(8,848)
Title IV - B		-	477,987		338,302		(139,685)
Title VI - B	791,2	289	791,289		793,736		2,447
Academic Achieve		-	-		2,803		2,803
Preschool handicapped allocation	31,0	065	31,065		31,065		-
Vocational education	60,4	400	60,400		57,494		(2,906)
Forest reserve	50,0	000	50,000		50,045		45
Other revenue		100	100		•		(100)
TOTAL REVENUE FROM THE FEDERAL							
GOVERNMENT	1,919,0	044	2,419,879	_	2,305,331		(114,548)
TOTAL SCHOOL OPERATING FUND	\$ 30,030,0	631	\$ 30,555,221		30,154,457		(400,764)
School Food Service Fund:							
Revenue from local sources:							
Charges for services:							
Cafeteria sales	725,8	834	725,834		526,165		(199,669)
TOTAL REVENUE FROM LOCAL SOURCES	725,8	834	725,834	_	526,165	_	(199,669)
Revenue from the government:							
Categorical aid:							
Federal funds	1,425,0		1,425,000		1,726,806		301,806
State funds	42,0	000	42,000		39,226		(2,774)
TOTAL REVENUE FROM THE							
GOVERNMENT	1,467,0	000_	1,467,000		1,766,032		299,032
TOTAL SCHOOL FOOD SERVICE FUND	\$ 2,192,8	834	\$ 2,192,834	<u>\$</u>	2,292,197	_\$_	99,363
School Insurance Fund:							
Charges for services:							
Insurance premiums	\$		<u>\$ -</u>	_\$	3,955,590		3,955,590
Scott County Headstart:							
Revenue from local sources:							
Miscellaneous	319,9	955	319,955		531,137		211,182
Revenue from the federal government:							
Categorical aid:							
Headstart grant	1,465,8	893_	1,465,893		1,941,659		475,766
TOTAL SPECIAL REVENUE FUNDS	\$ 1,785,8	848	\$ 1,785,848		2,472,796		686,948
RAND TOTAL REVENUES - COMPONENT UNIT -							
SCHOOL BOARD	\$ 34,009,3	313	\$ 34,533,903	_\$	38,875,040	_\$_	4,341,137

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended
rund, runction, Activities and Elements	Buaget	Amended	Actual	Amended
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 553,463	\$ 542,141	\$ 518,948	23,193
General & financial administration:				
County administrator	175,850	177,573	175,473	2,100
Legal services & assessment	214,346	215,829	165,181	50,648
Independent auditors report	58,500	58,500	52,100	6,400
Commissioner of revenue	208,973	213,985	211,600	2,385
Treasurer	233,180	236,484	233,448	3,036
Info Systems Manager	151,343	151,343	183,352	(32,009)
Central accounting	95,501	95,501	94,069	1,432
Purchasing	120,537	120,537	119,461	1,076
TOTAL GENERAL & FINANCIAL				
ADMINISTRATION	1,258,230	1,269,752	1,234,684	35,068
Board of elections:				
Electoral board & officials	196,694	196,694	163,583	33,111
TOTAL GENERAL GOVERNMENT				
ADMINISTRATION	2,008,387	2,008,587	1,917,215	91,372
Judicial administration:				
Courts:				•
Clerk of the circuit court	476,702	477,307	468,857	8,450
Circuit court	76,015	76,015	71,587	4,428
General district court	. 5,831	5,831	5,013	818
Magistrate	1,965	1,965	1,359	606
IT funds from comp board	33,000	68,564	26,137	42,427
Juvenile & domestic relations	264,795	264,795	264,778	17_
TOTAL COURTS	858,308	894,477	837,731	56,746
Commonwealth's attorney:				
Commonwealth's attorney	566,969	585,125	528,375	56,750
TOTAL JUDICIAL ADMINISTRATION	1,425,277	1,479,602	1,366,106	113,496

und, Function, Activities and Elements		Original Budget		Budget As Amended		Actual	Variance From Amended	
Public safety:								
Law enforcement & traffic control:								
Sheriff	\$	2,279,271	\$	2,289,986	\$	2,268,418	\$ 21,568	
VAW outreach		30,342		30,342		30,094	248	
Criminal investigation		26,200		26,200		24,353	1,847	
Mental Health Transport		10,000		10,000		6,841	3,159	
Victim witness		94,404		94,404		94,389	1.5	
Wireless continuation of service		-		23,497		-	23,497	
Class Action on VA Laws		231,242		233,441		232,873	568	
E-911 grant		2,100		64,466		56,717	7,749	
Domestic violence grant		50,862		50,862		44,505	6,35	
Asset forfeiture grant		5,300		11,323		10,723	600	
Byrne grant		1,729		1,729		1,729	-	
Community work program		94,599		, -		· <u>-</u>	-	
Central dispatcher		676,851		684,703		668,935	15,76	
TOTAL LAW ENFORCEMENT &						· · · · · ·	 · · · ·	
TRAFFIC CONTROL		3,502,900		3,520,953		3,439,577	 81,37	
Fire & rescue services:								
Volunteer fire department		453,500		456,822		456,821		
Ambulance & rescue services		220,000		250,000		244,570	5,43	
Southwest Virginia EMS, Inc.		3,203		3,203		3,203	-	
Forest fire service		18,703		18,703		18,659	 4	
TOTAL FIRE & RESCUE SERVICES		695,406		728,728	_	723,253	5,47	
Correction and detention:								
Sheriff - jail		2,254,956		2,349,366	_	1,484,369	 864,99	
Inspections:								
Board of building appeals		93,837	_	93,837		91,044	 2,79	
Other protection:								
Emergency services		23,806		23,806		22,365	1,44	
Medical examiner		500		500		300	20	
Concealed weapon		48,000		48,000		12,820	35,18	
Litter control		54,639		58,069		56,010	2,05	
Animal control		88,954		86,504		76,541	 9,96	
TOTAL OTHER PROTECTION		215,899		216,879		168,036	 48,84	
TOTAL PUBLIC SAFETY		6,762,998		6,909,763		5,906,279	1,003,48	

County of Scott, Virginia Governmental Funds and Discretely Presented Component Units Statement of Expenditures - Budget and Actual For the Year Ended June 30, 2018

Fund, Function, Activities and Elements	Original Budget		Budget As Amended			Actual	Variance From Amended	
Public works: Sanitation & waste removal: Refuse collection	\$	416,691	\$	375,433	\$	464,202	\$	(88,769)
Refuse disposal	•	839,954		836,538	•	801,980	•	34,558
Manned solid waste sites		225,767		230,584		230,270		314
TOTAL SANITATION & WASTE REMOVAL		1,482,412		1,442,555		1,496,452		(53,897)
Maintenance of general buildings & grounds: General properties		555,504		586,011		539,070		46,941
Capital Outlays		172,840		172,840		40,831		132,009
TOTAL PUBLIC WORKS		2,210,756		2,201,406		2,076,353		125,053
Health & welfare: Health:								
Supplement of local health department		246,102		246,102		153,216		92,886
Mental health & mental retardation:								
Chapter X board		105,300		105,300		96,525		8,775
State & local hospitalization:								
Older American program		30,000		30,000		30,000		<u>-</u>
Welfare:								
Welfare administration		2,074,280		2,074,280		2,163,840		(89,560)
Public assistance		1,699,541		1,699,541		1,107,100		592,441
CMPT		985,250		985,250		1,042,216		(56,966)
Other social services		173,000		173,000		5,000		168,000
TOTAL WELFARE		4,932,071		4,932,071		4,318,156		613,915
TOTAL HEALTH & WELFARE		5,313,473		5,313,473		4,597,897		715,576
Education:								
Community colleges:		20.427		29,427		20.427		
Contributions to community colleges		29,427		29,421		29,427		-
Parks, recreation & cultural: Parks & recreation:								
Recreation centers & playgrounds		246,114		246,114		205,298		40,816
Non-park recreation		93,982		93,982		86,719		7,263
TOTAL PARKS & RECREATION		340,096		340,096		292,017		48,079
Library:								
Lonesome Pine Regional Library		209,330		209,330		209,330		
TOTAL PARK, RECREATION								
& CULTURAL		549,426		549,426		501,347		48,079

Fund, Function, Activities and Elements		Original Budget	Budget As Amended		Actual			Variance From Amended
Community development:								
Planning & community development:								
LENOWISCO	\$	38,424	\$	38,424	\$	38,424	\$	-
Planning district commission		2,400		2,400		1,550		850
Economic Development Authority		548,222		551,222		539,352		11,870
Chamber of commerce		7,500		7,500		7,500		· -
Tourism		62,548		65,583		63,229		2,354
TOTAL PLANNING & COMMUNITY								
DEVELOPMENT		659,094		665,129		650,055		15,074
Environmental management:								
Soil and water conservation								
district		40,800		40,800		40,800		-
Cooperative extension program:								
VPI extension		63,004		63,004		51,772		11,232
TOTAL COMMUNITY DEVELOPMENT		762,898		768,933		742,627		26,306
Debt service:								
Principal retirement		-		-		274,751		(274,751)
Interest & fiscal charges		-		-		19,995		(19,995)
TOTAL DEBT SERVICE		-				294,746		(294,746)
TOTAL GENERAL FUND	\$ 1	9,062,642	\$	19,260,617		17,431,997		1,828,620
Special Revenue Fund:								
Law Library Fund:								
Judicial administration:								
Courts:								
Law library	\$	12,000	_\$_	12,000	_\$_	3,510	_\$_	8,490
Coal Road Improvement Fund: Public works:								
Maintenance of highways, streets, bridges, sidewalks:								
Coal road		39,000		39,000		1,000		38,000
TOTAL SPECIAL REVENUE FUND		51,000	_\$_	51,000		4,510	_\$_	46,490
GRAND TOTAL EXPENDITURES, ALL								
PRIMARY GOVERNMENTAL FUNDS	\$ 1	9,113,642	_\$	19,311,617	_\$_	17,436,507	\$	1,875,110

County of Scott, Virginia Governmental Funds and Discretely Presented Component Units Statement of Expenditures - Budget and Actual For the Year Ended June 30, 2018

		Budget		Variance	
	Original	As	A advant	From	
Fund, Function, Activities and Elements	Budget	Amended	Actual	Amended	
Component unit - School Board					
Special revenue funds:					
School Operating Fund:					
Education:					
Administration & health services	\$ 1,519,109	\$ 1,519,109	\$ 1,542,903	\$ (23,794)	
Instruction costs:					
Instructional costs	27,848,157	28,293,456	27,965,809	327,647	
Operating costs:					
Pupil transportation	1,666,800	1,704,390	1,823,509	(119,119)	
Operation & maintenance of school plant	4,418,540	4,460,241	7,359,204	(2,898,963)	
TOTAL OPERATING COSTS	6,085,340	6,164,631	9,182,713	(3,018,082)	
TOTAL SCHOOL OPERATING FUND	\$ 35,452,606	\$ 35,977,196	\$ 38,691,425	\$ (2,714,229)	
School Food Service Fund:					
Education					
Cafeteria operation	\$ 2,192,834	\$ 2,192,834	\$ 2,237,405	\$ (44,571)	
School Debt Fund:					
Education					
Construction	\$ -	\$ -	\$ -	\$ -	
School Health Insurance:					
Education					
Insurance cost	<u> </u>	<u>\$</u> -	\$ 3,555,775	\$ (3,555,775)	
Scott County Headstart Fund:					
Education					
Instruction costs	\$ 1,785,848	\$ 1,785,848	\$ 2,476,269	\$ (690,421)	
GRAND TOTAL EXPENDITURES - COMPONENT UNIT					
- SCHOOL BOARD	\$ 39,431,288	\$ 39,955,878	\$ 46,960,874	\$ (7,004,996)	

Fiscal Year Ending	F	ntractually Required ntribution	Contributions in Relation to Contractually Required Contribution		Contribution Deficiency / Excess	Employer's Covered Employee Payroll		Covered Employee		Covered Employee		Contributions as a % of Covered Employee Payroll
Pension												
Primary Gov	vernm	ent:										
6/30/2015	\$	750,270	\$	750,270	-	\$	5,479,756	13.69%				
6/30/2016		783,453		783,453	-		5,433,100	14.42%				
6/30/2017		689,936		689,936	-		5,481,934	12.59%				
6/30/2018		712,516		712,516	-		5,663,894	12.58%				
Component	Unit S	School Boara	' - Non	-Professiona	l:							
6/30/2015	\$	199,237	\$	199,237	-	\$	2,321,227	8.58%				
6/30/2016		195,934		195,934	-		2,118,205	9.25%				
6/30/2017		155,619		155,619	-		2,178,285	7.14%				
6/30/2018		151,520		151,520	-		2,174,214	6.97%				
Other Poster	nploy	ment Benefit	<u>s</u>									
Primary Go		ent:										
6/30/2015	\$	•	\$	-	-	\$	4,686,262	0.00%				
6/30/2016		83,253		83,253	-		4,686,262	1.78%				
6/30/2017		83,254		83,254	-		4,686,262	1.78%				
6/30/2018		86,543		86,543	-		5,663,894	1.53%				
Component	Unit S	School Boara										
6/30/2015	\$	383,223	\$	383,223	-	\$	22,509,776	1.70%				
6/30/2016		421,545		421,545	-		22,509,776	1.87%				
6/30/2017		369,801		369,801	-		22,509,776	1.64%				
6/30/2018		99,010		99,010	-		22,624,219	0.44%				

Notes to Schedule:

Schedule is intended to show information for 10 years.
 Since 2015 was the first year for this presentation, no prior data is available.
 Additional years will be included as they become available.

Federal Granting Agency / Recipient State Agency /	Federal Catalogue		
Grant Program / Grant Number	Number	_ <u>E</u>	xpenditures
DEPARTMENT OF AGRICULTURE:			
Direct Payments:			
Child and Adult Care Food Program	10.558	\$	158,412
Pass Through Payments:			
Virginia Resources Authority Grant/Loan:			
Capitalization Grants for Drinking Water State			
Revolving Fund	66.468	*	173,346
Capitalization Grants for Drinking Water State			
Revolving Fund (Loan)	66.468	*	849,132
Pass Through Payments:			
State Department of Agriculture:			
Child Nutrition Cluster:			
Food Distribution - Schools	10.555		143,241
Fresh Fruit and Vegetables	10.582		4,401
Department of Social Services:			
Administrative Grant for Food Stamps	10.561		318,806
Department of Environmental Quailty:			
Forestry Reimbursements	10.000		571
Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program (SL-11)	10.555	*	1,197,151
National School Breakfast Program (SL-4)	10.553	*	178,885
Supper Program	10.559	*	346,369
Forest Reserve Funds	10.665		50,045
TOTAL AGRICULTURE		\$_	3,420,359

Federal Granting Agency / Recipient State Agency / Grant Program / Grant Number	Federal Catalogue Number	Expenditures			
APPALACHIAN REGIONAL COMMISSIOM					
Pass Through Payments					
Virginia Department of Transportation					
Appalachian Regional Development	23.001	*_\$	406,728		
DEPARTMENT OF HEALTH & HUMAN SERVICES:					
Direct Payments:					
Administration to Children, Youth and Families Head Start	93.600	* \$	1,783,247		
Pass Through Payments:					
Department of Social Services:					
Family Preservation	93.556		1,851		
Temporary Assistance to Needy Families	93.558		314,978		
Child Care and Development Fund	93.596		48,750		
Chafee Education & Training	93.599		7,190		
Adoption Incentive Payments Program	93.603		1,263		
Child Welfare Services	93.645		1,052		
Foster Care - Title IV - E	93.658		256,936		
Adoption Assistance	93.659		250,950		
Social Service Block Grant	93.667		182,631		
Independent Living	93.674		5,021		
State Children's Insurance Program	93.767		12,711		
Pass Through Payments:			,		
State Administered Program:					
Refugee and Entrant Assistance	93.566		440		
Low - Income Home Energy Assistance	93.568		41,852		
Medicaid Assistance	93.778		327,199		
TOTAL HEALTH & HUMAN SERVICES		\$	3,236,071		
DEPARTMENT OF HOUSING & URBAN DEVELOPMENT					
Pass Through Payments:					
Virginia Department of Housing & Community Development:					
Community Development Block Grant	14.228		3,000		

Federal Granting Agency /	Federal		
Recipient State Agency /	Catalogue		
Grant Program / Grant Number	Number		Expenditures
DEPARTMENT OF EDUCATION:			
Pass Through Payments:			
Department of Education:			
Title I:			
Educationally Deprived Children's - LEA	84.010	* (868,305
Improving Academic Achievement of the Disadvantaged	84.010	*	2,803
Title II: Improving Teacher Quality	84.367		149,581
Title IV-A: Student Support and Academic Enrichment	84.424		14,000
Title IV-B: 21st Century Community Learning Centers	84.287		338,302
Title VI-B:			
Assistance to States for Education of Handicapped Children:			
Handicapped State Grants (5-E002581) (6-E002585)	84.027	*	793,736
Title VI-D:			
Vocational Education:			
Basic Grant to States	84.048		57,494
Preschool Handicapped	84.173	_	31,065
TOTAL EDUCATION		_5	\$ 2,255,286
U.S DEPARTMENT OF JUSTICE			
Pass Through Payments:			
Department of Criminal Justice Services:			
Violence Against Woman Grant	16.588	_5	98,347
U.C. DED LOCKENIA OF AD LANGUAGE TO LANGUAGE			
U.S. DEPARTMENT OF TRANSPORTATION			
Pass Through Payments:			
Virginia Department of Transportation			
Safe, Accountable, Flexible			
Efficient Transportations Equity Act	20.205	* _	1,890,196
TOTAL FEDERAL FINANCIAL ASSISTANCE		9	11,309,987
		=	,,,-

Federal Granting Agency /	Federal	
Recipient State Agency /	Catalogue	
Grant Program / Grant Number	Number	Expenditures

Notes to Schedule:

1) * Denotes major program.

2) Basis of Presentation

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

3) Summary of Significant Accounting Policies

- a) Expenditures reported on the Schedule are reported in the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b) Pass-through entity identifying numbers are presented where available.
- c) Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities and disbursed.
- 4) The County did not have any subrecipients for the year ended June 30, 2018.

Section I - Summary of Auditor Results

Financial Statements

Type of auditor's opinion issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Significant deficiencies in internal control were disclosed by the

audit of the financial statements:

None Reported

Noncompliance material to financial statements noted?

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

None Reported

Significant deficiencies in internal control were disclosed by the audit of the financial statements:

Unmodified

Type of auditor's opinion issued on compliance for major programs:

Any findings disclosed that are required to be reported in accordance with 2 CFR§200.516(a)?

No

Major programs identified:	<u>CFDA</u>
Capitalization Grants for Drinking Water	66.468
National School Lunch Program (SL-11)	10.555
Administration to Children, Youth and Families Head Start	93.600
Educational Deprived Children's - LEA	84.010
Hanicapped State Grants	84.027
Safe, Accountable, Flexible Efficient Transportation Equity Act	20.205

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

Auditee qualified as low risk under 2 CFR§200.520?

Section II - Financial Statement Findings

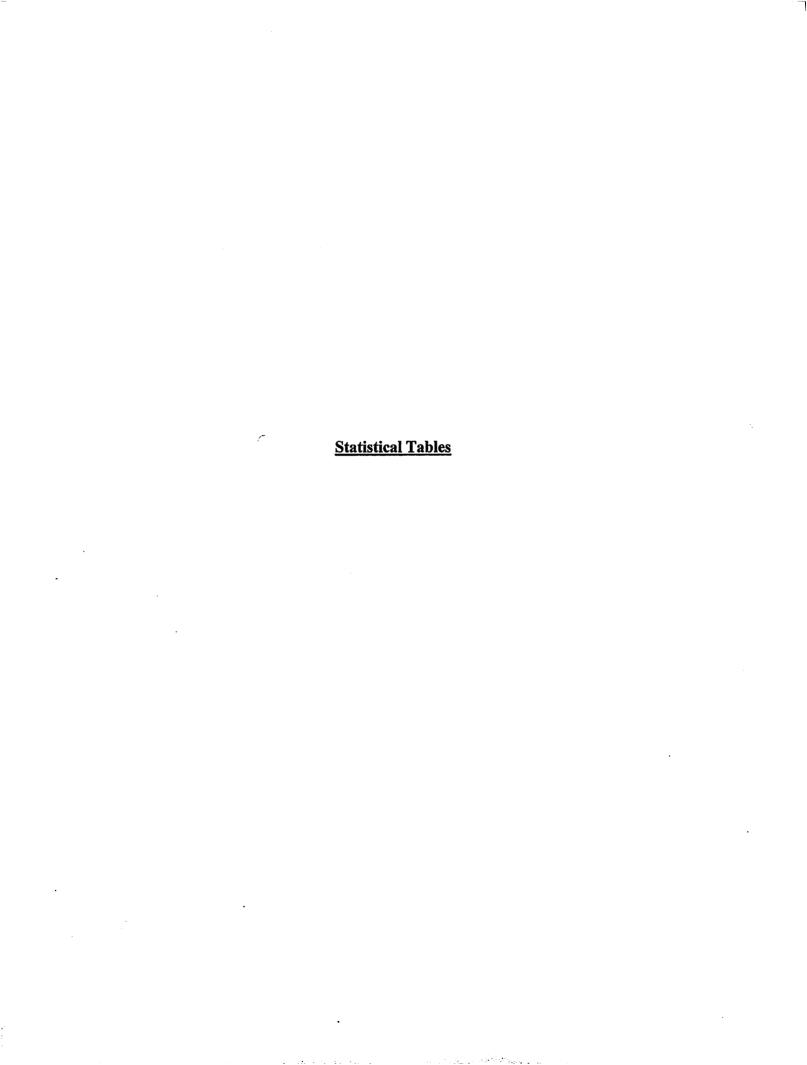
None Reported

Section III - Federal Awards Findings and Questioned Costs

None Reported

Prior Year Findings

None Reported



County of Scott, Virginia General Government Expenditures by Function (1) Last Ten Fiscal Years

Table 1

Fiscal Year	General Adminis- tration	Judicial Adminis- tration	Public Safety	Public Works	Health and Welfare	Education	Recreation and Cultural	Community Develop- ment	Debt Service	Total
2008-09	1,715,417	1,232,552	4,505,877	2,771,975	4,541,706	43,518,037	648,707	876,362	243,244	60,053,877
2009-10	1,896,713	1,144,923	4,784,534	2,432,311	4,333,286	42,923,626	604,540	420,441	176,520	58,716,894
2010-11	1,720,085	1,142,159	5,074,851	2,288,840	4,559,638	40,642,270	603,510	424,745	67,875	56,523,973
2011-12	1,528,028	1,145,352	4,980,802	2,448,139	4,518,977	39,867,234	594,934	498,724	15,800	55,597,990
2012-13	1,582,006	1,142,076	5,509,866	2,403,108	4,301,356	41,270,451	646,309	1,135,319	-	57,990,491
2013-14	1,648,455	1,163,964	5,503,599	2,239,556	4,291,851	43,611,343	576,080	601,965	96,706	59,733,519
2014-15	1,755,280	1,302,035	5,675,137	2,227,647	4,109,408	41,643,575	531,985	441,873	602,794	58,289,734
2015-16	1,848,598	1,372,808	5,969,416	1,993,743	4,413,669	41,474,323	520,613	465,292	197,063	58,255,525
2016-17	1,935,305	1,353,712	6,527,005	2,335,041	4,522,147	43,367,620	518,862	1,446,435	275,305	62,281,432
2017-18	1,917,215	1,369,616	5,906,279	2,077,353	4,597,897	46,990,301	501,347	742,627	294,746	64,397,381

⁽¹⁾ Includes general, special revenue funds and capital project funds of the primary government and its discretely presented component units.

County of Scott, Virginia General Government Revenue by Source (1) Last Ten Fiscal Years

Table 2

Fiscal	General Property	Other Local	Permit Privilege Fees & Regulatory	Fines & Forfei-	Revenues from the Use of Money &	Charges for	Miscell-	Recovered	Inter- govern-	
Year	Taxes	Taxes	Licenses	tures	Property	Services	aneous	Costs	mental	Total
2008-09	9,021,659	3,061,724	66,006	119,118	136,711	4,254,414	967,403	290,161	40,881,401	58,798,597
2009-10	7,845,243	3,119,899	48,642	185,820	101,279	5,323,624	297,840	350,720	40,596,723	57,869,790
2010-11	10,048,135	3,190,210	57,986	139,181	104,685	4,390,092	513,576	145,582	37,484,945	56,074,392
2011-12	10,385,555	3,158,479	71,233	122,300	101,870	4,927,846	777,389	201,067	36,941,261	56,687,000
2012-13	10,328,263	3,237,175	85,239	193,027	104,025	5,861,257	800,162	207,854	37,236,030	58,053,032
2013-14	10,484,330	3,170,027	71,939	207,646	100,348	5,096,716	609,109	201,090	36,849,405	56,790,610
2014-15	10,768,184	3,134,530	61,121	202,900	98,042	4,771,809	896,774	713,887	37,625,174	58,272,421
2015-16	10,805,616	3,140,302	72,092	199,654	98,088	5,267,550	683,993	405,993	37,548,062	58,221,350
2016-17	11,907,890	3,262,651	67,099	215,584	112,743	4,244,690	235,362	473,862	38,194,440	58,714,321
2017-18	11,706,326	3,301,761	72,744	215,765	106,768	4,638,469	802,274	475,787	40,815,533	62,135,427

⁽¹⁾ Includes general, special revenue funds and capital project funds of the primary government and its discretely presented component units.

Fiscal Year	Total (1) Tax Levy	Current Tax (1)(4) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding (1,3) Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2008-09	9,181,540	8,521,892	92.82%	499,767	9,021,659	98.26%	1,007,824	10.98%
2009-10	9,347,822	8,745,340	93.55%	835,563	9,580,903	102.49%	1,124,013	12.02%
2010-11	10,021,408	9,463,614	94.43%	342,130	9,805,744	97.85%	781,142	7.79%
2011-12	10,835,570	9,646,437	89.03%	484,311	10,130,748	93.50%	1,078,013	9.95%
2012-13	11,030,367	9,557,872	86.65%	549,373	10,107,245	91.63%	1,170,192	10.61%
2013-14	11,157,307	9,809,688	87.92%	464,866	10,274,554	92.09%	1,149,449	10.30%
2014-15	11,071,423	9,994,974	90.28%	489,003	10,483,977	94.69%	1,200,771	10.85%
2015-16	11,019,480	10,019,545	90.93%	492,442	10,511,987	95.39%	1,234,448	11.20%
2016-17	12,272,869	10,922,956	89.00%	556,300	11,479,256	93.53%	1,181,403	9.63%
2017-18	12,231,360	10,815,916	88.43%	552,705	11,368,621	92.95%	1,171,569	9.58%

⁽¹⁾ Exclusive of penalties and interest.

⁽²⁾ Does not include land redemptions.

⁽³⁾ Includes three years taxes.

⁽⁴⁾ Includes revenue from the commonwealth for personal property tax relief act.

			Public S	ervice	
Fiscal	Real	Personal	Real	Personal	
Year	Estate	Property	Estate	Property	Total
2008-09	945,918,300	188,842,338	76,153,851	273,600	1,211,188,089
2009-10	963,334,181	182,691,109	78,556,795	267,229	1,224,849,314
2010-11	1,158,959,900	151,617,277	101,854,725	408,747	1,412,840,649
2011-12	1,169,659,723	179,697,295	103,281,813	433,082	1,453,071,913
2012-13	1,180,192,223	190,142,164	101,691,872	507,706	1,472,533,965
2013-14	1,186,258,823	190,246,489	114,327,136	807,472	1,491,639,920
2014-15	1,193,119,123	197,694,447	84,131,357	907,258	1,475,852,185
2015-16	1,194,843,423	189,039,770	129,914,602	808,603	1,514,606,398
2016-17	1,230,983,823	193,464,087	135,928,447	605,499	1,560,981,856
2017-18	1,224,046,823	189,872,988	126,744,090	605,499	1,541,269,400

^{(1) 100%} fair market value.

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital
2008-09	0.72	1.40	0.69	0.72	0.72
2009-10	0.69	1.40	0.69	0.72	0.72
2010-11	0.69	1.40	0.69	0.72	0.72
2011-12	0.69	1.40	0.69	0.72	0.72
2012-13	0.69	1.40	0.69	0.72	0.72
2013-14	0.69	1.40	0.69	0.72	0.72
2014-15	0.69	1.40	0.69	0.72	0.72
2015-16	0.69	1.40	0.69	0.72	0.72
2016-17	0.74	1.40	0.74	0.72	0.72
2017-18	0.74	1.40	0.74	0.72	0.72

⁽¹⁾ Per \$100 of assessed value.

				Ratio of Net	
				General	
		Assessed		Obligation Bonded	Net
			_		
		Value	Gross	Debt to	Bonded
Fiscal	Population	(in thousands)	Bonded	Assessed	Debt per
Year	(1)	(2)	Debt (3)	Value	Capita
		-			
2008-09	23,403	1,211,188,089	247,816	0.02%	10.59
2009-10	23,403	1,224,849,314	80,000	0.01%	3.42
2010-11	23,177	1,412,840,649	15,000	0.00%	0.65
2011-12	23,177	1,453,071,913	-	-	-
2012-13	23,177	1,472,533,965	-	-	-
2013-14	23,177	1,491,639,920	-	-	-
2014-15	23,177	1,475,852,185	-	-	-
2015-16	23,177	1,514,606,398	-	-	-
2016-17	23,177	1,560,981,856	-	-	-
2017-18	23,177	1,541,269,400	-	-	-

⁽¹⁾ Bureau of the Census.

⁽²⁾ From Table 4.

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