County of Prince George, Virginia

Comprehensive Annual Financial Report

Year Ended June 30, 2018

COUNTY OF PRINCE GEORGE, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

Prepared By:

Prince George County Finance Department

COUNTY OF PRINCE GEORGE, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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PRINCIPAL OFFICIALS ON JUNE 30, 2018

Board of Supervisors

Alan R. Carmichael, Chairperson
Donald Hunter, Vice-Chairperson

Floyd M. Brown, Jr.
Marlene J. Waymack
T.J. Webb

County School Board

Robert E. Cox, Jr., Chairperson,
Lewis E. Stevenson, Vice-Chairperson

Rob Eley
Kevin S. Foster

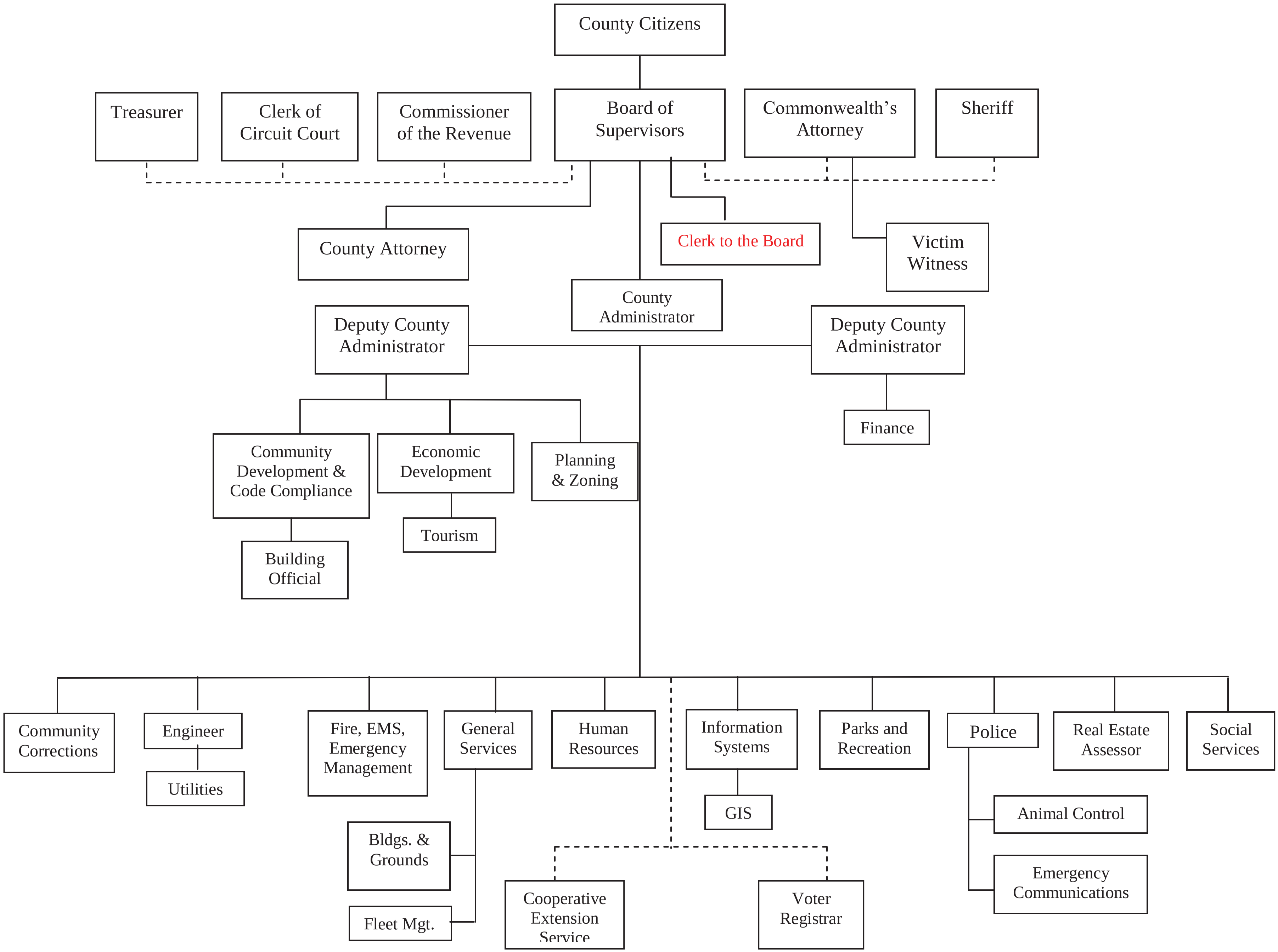
Chris Johnson

Other Officials

Chief Judge of the Circuit Court	W. Allan Sharrett
Judge of the Circuit Court	William Edward Tomko III
Clerk of the Circuit Court	C. Bishop Knott, Jr.
Chief Judge of the General District Court	Stephen D. Bloom
Presiding Judge of the General District Court	Bruce A. Clark
Judge of the General District Court	C. Ridley Bain
Judge of the General District Court	Lee Townsend, III
Chief Judge of the Juvenile and Domestic Relations Court	Jacqueline R. Waymack
Judge of the Juvenile and Domestic Relations Court	Carson E. Saunders, Jr.
Clerk of the Combined Court	Denise R. Covington
Commonwealth's Attorney	Susan O. Fierro
Commissioner of the Revenue	Darlene M. Rowsey
Treasurer	Susan C. Vargo
Sheriff	H.E. Allin, III
County Administrator	Percy C. Ashcraft
Superintendent of Schools	Renee Williams
Director of Social Services	Shel Bolyard-Douglas

Organization Chart
10/15/2018

PRINCE GEORGE COUNTY, VA



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Prince George

Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

COUNTY OF PRINCE GEORGE, VIRGINIA

Percy C. Ashcraft
County Administrator

November 30, 2018

The Honorable Members of the Board of Supervisors
County of Prince George, Virginia

Members of the Board:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Prince George County (the "County") for the fiscal year ended June 30, 2018. This report was prepared by the County's Department of Finance. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County, as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The management of the County is responsible for establishing and maintaining an internal control structure to ensure the protection of County assets. In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Section 15.2-2511 of the Code of Virginia requires that local governments have their financial records audited annually as of the end of the fiscal year by an independent certified public accountant. The County has engaged the independent accounting firm of Robinson, Farmer, Cox Associates, Inc. (RFCA) to perform the audit and prepare the accompanying financial statements.

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http://www.princegeorgecountyva.gov

The Reporting Entity and its Services

The County of Prince George's Comprehensive Annual Financial Report includes all funds of the "primary government." In Virginia, cities and counties are distinct units of government; therefore, the County is responsible for providing all services normally provided by a local government. These services include police protection, social services, recreation and cultural activities, and community development. Additionally, the County operates a water and wastewater utility system. Fire protection services are largely provided by volunteers who receive financial and administrative support from the County. Emergency medical services are provided through a combination of full-time paid and volunteer personnel.

For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, "The Financial Reporting Entity," the County has identified one discrete component unit. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations, and therefore are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of this primary government. Therefore, the County School Board is reported in a discrete presentation. Based on GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government.

The financial statements for the Riverside Regional Jail, the Appomattox Regional Library System, Appomattox River Water Authority, South Central Wastewater Authority, Crater Juvenile Detention Center, Prince George County Industrial Development Authority and Rowanty Vocational Technical School are not included in the County report. Boards separate from, and independent of, the Board of Supervisors administer these organizations.

Prince George County is located 25 miles southeast of Richmond, the capital city of Virginia, and 75 miles northeast of the Greater Hampton Roads area. The County's 276 square mile area has a population of 37,809 people (2017 Census Bureau – County Population Estimates). The greater proportion of the County's land area remains rural, although areas of the County are experiencing rapid residential, commercial and industrial growth. Prince George County is an independent political subdivision of the Commonwealth of Virginia, and has no subordinate political entities within its borders. A five-member Board of Supervisors governs the County. Other elected officials in the County government include the Clerk of Circuit Court, Commissioner of the Revenue, Commonwealth's Attorney, Sheriff, and Treasurer. All elected officials are elected on a four-year cycle except the Clerk of Circuit Court who is elected every eight years.

Major industries located in Prince George County include: warehousing and distribution centers, hotels and tourism, manufacturing, packaging, and logistics automation. Prince George's strategic location on or near several east coast transportation arteries also contributes to the proliferation of distribution centers located in the County. Interstates 95 and 295 run through Prince George, as well as Route 460, a primary arterial from the Virginia Beach area.

Based on available economic data, the local economy has remained steady. The local unemployment rate was 3.3% for September 2018, as compared to 4.2% for September 2017. The state and national unemployment rates for September 2018 were 2.9% and 3.7%, respectively.

Major Initiatives in Fiscal Year 2018

Following the vision and strategic initiatives of the Prince George County Board of Supervisors, and with the assistance and guidance of the County Administrator, County staff and departments have implemented and continued a number of specific programs and projects designed to enhance the levels of service provided to County residents while maintaining an effective and efficient government. A brief description of selected initiatives during fiscal year 2018 is as follows:

Fuel Tank & Canopy Replacement - Garage

The County replaced fuel tanks and the canopy at the Prince George County Garage fueling station. This project was completed during Fiscal Year 2018, with expenditures totaling $184,995.

Voting Equipment

The County replaced its voting equipment in Fiscal Year 2018 at a cost of $112,995. These updates were mandated by the State Electoral Board.

RCC Roof

The County replaced the roof at the Riverside Community Corrections building in Fiscal Year 2018 for a total cost of $43,609.

Recreation Improvements

During Fiscal Year 2018, the County extended the Canoe Launch at the Appomattox River and made improvements to the baseball fields at the J. E. J. Moore Athletic Complex. Concrete was poured under the bleachers and canopy coverings were added to the baseball fields during Fiscal Year 2018. These improvements totaled $105,988. The Canoe Launch extension totaled $43,609.

Community Development & Code Compliance Software Replacement

Replacement software, EnerGov, is being purchased for Community Development and Code Compliance. This software will be used to issue building permits, inspections, code compliance and sit planning documentation. EnerGov will replace the current INKforce system that has been in place since 2010. Expenditures at June 30, 2018 totaled $113,489. Total expenditures are estimated at $219,863.

Public Safety Radio System Replacement Planning

The County is working with a consultant to purchase a replacement public safety radio system. Proposal review is underway with two pre-qualified vendors. As of June 30, 2018 $185,230.34 has been expended for consulting services. This project will be underway through Fiscal Years 2019 and 2020.

Courthouse Basement Buildout

The County is currently renovating the basement of its Courthouse to relocate and expand the Juvenile and Domestic Relations Court. There will be a new courtroom, holding cells, conference meeting spaces, a break room for staff, storage areas and restrooms. Total design and renovation costs are budgeted at $1,803,325. Total expenditures on June 30, 2018 were $408,123. This project will be completed during Fiscal Year 2019.

New Route 10 Fire Station

The County acquired land for the construction of a new Route 10 Fire Station in FY16. An architect was secured in FY17 and the groundbreaking was held on October 12, 2017. Construction is underway and will be completed during Fiscal Year 2019. Expenditures as of June 30, 2018 totaled $249,468. Total construction and architectural costs of $2,960,636 are anticipated.

Sections of the Report

Fiscal year 2018 was the fifteenth year in which the County was required to present financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement Number 34. GASB 34 dramatically changed the structure of financial statements, as well as required changes in the composition of the amounts reported. This limits the comparability of statements from prior fiscal years to the statements produced after implementation of GASB 34.

Compliance with GASB 34 also requires a written analysis of the County's financial performance for the year to be included in the financial statements. This analysis, referred to as management's discussion and analysis (MD&A), is included immediately following the auditor's letter. Prince George County's audited basic financial statements immediately follow the management's discussion and analysis. The notes to financial statements are an integral part of these basic financial statements. In accordance with GASB 34 and the opinion of the Auditor of Public Accounts, financed school plant and equipment, as well as the related debt, are reported with the primary government instead of the component unit school board.

The supplementary information, supporting schedules, and statistical tables provided after the basic financial statements contain more detailed information in support of the basic financial statements and are unaudited.

For federal programs and related funding, the County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations.* Information related to compliance with these regulations is located in the *Compliance* section of this report.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Prince George for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017. This was the fourteenth year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

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

The preparation of this report would not have been possible without the cooperation and dedication of the staff of the Prince George County Finance Department and the accounting firm of Robinson Farmer Cox Associates. Credit also must be given to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of Prince George County's finances.

Respectfully submitted,

Percy C. Ashcraft
County Administrator

Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Change in Accounting Principle

As described in Note 18 to the financial statements, in 2018, the County of Prince George, Virginia adopted new accounting guidance, GASB Statement Nos. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* and 85 *Omnibus 2017*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 18 to the financial statements, in 2018, the County of Prince George, Virginia restated beginning balances to reflect the requirements of GASB Statement No. 75.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-12, 121-124, and 125-142 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

Other Matters: (Continued)

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2018, on our consideration of the County of Prince George, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Prince George, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Prince George, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 29, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion of the County of Prince George's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2018. Please review it in conjunction with the trans7mittal letter in the beginning of this report and the County's financial statements, which begin after this analysis.

FINANCIAL HIGHLIGHTS

Government Wide Financial Statements (Full Accrual Basis)

The assets of the County exceeded its liabilities at June 30, 2018 by $56,701,645 (net position). Of this amount, $20,337,359 is unrestricted and may be used to meet the County's future obligations.

The County's total net position from Governmental Activities was $31,908,681 on June 30, 2018, compared to $29,972,590 total net position on June 30, 2017, as restated. Total net position represents the amount by which the County's assets exceeded its liabilities. The governmental net position increased $1,936,091.

The total net position from Business-type activities (Water and Sewer Fund) was $24,792,964 on June 30, 2018, compared to $23,225,186 total net position on June 30, 2017, as restated. Net position increased $1,537,778 during FY 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Comprehensive Annual Financial Report contains a variety of schedules and tables designed to provide a comprehensive look at the use of the County's financial resources throughout the 2018 fiscal year and at the status of those financial resources at June 30, 2018, the end of the fiscal year. The basic financial statements contained in this report are separated into three sections:

- **Government-wide financial statements** provide a broad overview of both the long and short-term financial status of the County. Government-wide financial statements, a component of governmental financial reporting under GASB 34, provide financial information in a manner similar to private sector businesses. These statements include the value of capital assets (less accumulated depreciation) and the long-term liabilities of the County.

- **Fund financial statements** are similar in nature to financial statements issued by local governments prior to implementation of GASB 34. These are prepared on the modified accrual basis of accounting, and therefore do not include long-term liabilities, capital assets, or depreciation. Fund financial statements provide more detail on the operations of the County than the government-wide financial statements.

- **Notes to the financial statements** are an integral part of the previous two sections. These notes provide explanations of the amounts in the basic financial statements, and offer the reader information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

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. Government-wide financial reporting consists of two statements: the Statement of Net Position and the Statement of Activities.

The *statement of net* position presents information on all County 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 deteriorating.

OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

The *statement of activities* presents information identifying how 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, some items of revenues and expenses are reported in this statement that will result in cash flows in future fiscal periods.

In the Statement of Net Position and the Statement of Activities, the County is divided into the following categories:

- **Governmental activities** – Most of the County's basic services are reported here including general government, public safety, public works, education, health and welfare, parks and recreation and economic and community development.

- **Business-type activities** – The County's water and sewer services are reported here. These services are supported by charges for services based on use.

- **Component Units** – The County includes one separate legal entity in its report – the Prince George County School Board. While legally separate, the County is financially accountable for and provides operating and capital funding to the School Board.

Fund Financial Statements

Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the County's most significant funds. The fund financial statements are 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, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Capital Projects and Debt Service funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds – The County maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer operations.

OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

Fund Financial Statements: (Continued)

Fiduciary Funds – The fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The accounting used for fiduciary funds is similar to that of the proprietary funds.

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. The notes to the financial statements can be found following the Basic Financial Statements section of this report.

Required Supplementary Information – In addition to the basic financial statements and notes, this report also presents budgetary comparison schedules, a schedule of funding progress and employer contributions and notes to the required supplementary information.

Other Supplementary Information – This report also presents combining and individual fund statements and schedules.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements include two basic statements: the statement of net position and the statement of activities. Both of these statements include all assets and liabilities for all County funds (except fiduciary funds) using the full accrual basis of accounting. The accrual basis of accounting is the method used by private-sector businesses.

The Statement of Net Position

The following table reflects the condensed statement of net position:

County of Prince George, Virginia
Schedule of Assets, Liabilities and Net Position
Governmental and Business-type Activities
For the Years Ended June 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Totals	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Current and other assets	$ 50,396,912	$ 41,857,557	$ 11,594,064	$ 10,302,196	$ 61,990,976	$ 52,159,753
Capital assets	53,070,969	56,596,025	16,855,149	16,543,473	69,926,118	73,139,498
Total assets	$ 103,467,881	$ 98,453,582	$ 28,449,213	$ 26,845,669	$ 131,917,094	$ 125,299,251
Deferred outflows of resources	$ 2,621,809	$ 3,858,835	$ 176,223	$ 248,572	$ 2,798,032	$ 4,107,407
Long-term liabilities outstanding	$ 62,643,218	$ 61,889,132	$ 2,658,445	$ 2,859,028	$ 65,301,663	$ 64,748,160
Current liabilities	9,144,458	8,438,144	1,050,970	744,956	10,195,428	9,183,100
Total liabilities	$ 71,787,676	$ 70,327,276	$ 3,709,415	$ 3,603,984	$ 75,497,091	$ 73,931,260
Deferred inflows of resources	$ 2,393,333	$ 253,530	$ 123,057	$ -	$ 2,516,390	$ 253,530
Net position:						
Net investment in capital assets	$ 21,281,179	$ 10,313,551	$ 14,866,149	$ 14,324,473	$ 36,147,328	$ 24,638,024
Restricted Cash	216,958	10,196,143	-	-	216,958	10,196,143
Unrestricted	10,410,544	9,462,896	9,926,815	8,930,713	20,337,359	18,393,609
Total net position	$ 31,908,681	$ 29,972,590	$ 24,792,964	$ 23,255,186	$ 56,701,645	$ 53,227,776

GOVERNMENT-WIDE FINANCIAL STATEMENTS: (CONTINUED)

Net position (assets in excess of liabilities and deferred inflows of resources) may serve over time as a useful indicator of a government's financial position. At June 30, 2018 the County's governmental assets exceeded liabilities and deferred inflows of resources by $31,908,681 while business assets exceeded its liabilities by $24,792,964. The largest portion of the County's net position, 66.69% and 34.4% in 2018 and 2017, respectively, represents its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment), net of accumulated depreciation and less any related debt used to acquire or construct those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The majority of the remaining balance of net position, 32.63% and 65.6% in 2018 and 2017, respectively, represents unrestricted net position, which may be used to meet the County's ongoing obligations. Unrestricted net position increased in governmental activities in FY 18 by $947,648 and increased in business-type activities by $996,102.

The Statement of Activities

The statement of activities, which also uses the full accrual basis of accounting, illustrates the cost of governmental activities net of related revenues. It also shows the general revenue sources that fund governmental operations. A summary of the statement of activities for the fiscal years covering July 1, 2016 through June 30, 2018 follows:

County of Prince George, Virginia
Changes in Net Position
Governmental and Business-type Activities
For the Years Ended June 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	$ 2,344,303	$ 1,949,047	$ 6,051,239	$ 5,761,503	$ 8,395,542	$ 7,710,550
Operating grants and contributions	5,599,776	6,174,523	-	-	5,599,776	6,174,523
Capital grants and contributions	-	-	77,113	-	77,113	-
General revenues:						
General property taxes	33,407,855	35,621,127	-	-	33,407,855	35,621,127
Other local taxes	8,385,405	8,276,384	-	-	8,385,405	8,276,384
Use of money and property	579,573	644,235	60,324	263,979	639,897	908,214
C/VA non-categorical aid	5,920,066	5,004,589	-	-	5,920,066	5,004,589
Other general revenues	234,044	849,983	22,943	66,991	256,987	916,974
Total revenues	$ 56,471,022	$ 58,519,888	$ 6,211,619	$ 6,092,473	$ 62,682,641	$ 64,612,361
Expenses:						
General government administration	$ 5,516,354	$ 6,291,210	$ -	$ -	$ 5,516,354	$ 6,291,210
Judicial administration	2,326,800	1,601,574	-	-	2,326,800	1,601,574
Public safety	15,796,407	14,804,237	-	-	15,796,407	14,804,237
Public works	2,129,080	2,029,476	-	-	2,129,080	2,029,476
Health and welfare	4,199,909	3,993,580	-	-	4,199,909	3,993,580
Education	19,360,755	17,186,958	-	-	19,360,755	17,186,958
Parks, recreation, and cultural	2,131,881	1,808,204	-	-	2,131,881	1,808,204
Community development	1,385,661	3,388,237	-	-	1,385,661	3,388,237
Interest and other fiscal charges	1,539,356	1,272,381	-	-	1,539,356	1,272,381
Water and sewer	-	-	4,822,569	5,130,765	4,822,569	5,130,765
Total expenses	$ 54,386,203	$ 52,375,857	$ 4,822,569	$ 5,130,765	$ 59,208,772	$ 57,506,622
Increase in net position before transfers	$ 2,084,819	$ 6,144,031	$ 1,389,050	$ 961,708	$ 3,473,869	$ 7,105,739
Transfers	(148,728)	(149,805)	148,728	149,805	-	-
Increase in net position	$ 1,936,091	$ 5,994,226	$ 1,537,778	$ 1,111,513	$ 3,473,869	$ 7,105,739
Net position, beginning (as restated)	29,972,590	23,978,364	23,255,186	22,143,673	53,227,776	46,122,037
Net position, ending	$ 31,908,681	$ 29,972,590	$ 24,792,964	$ 23,255,186	$ 56,701,645	$ 53,227,776

GOVERNMENT-WIDE FINANCIAL STATEMENTS: (CONTINUED)

Governmental Activities

Governmental activities revenues decreased from $58,519,888 to $56,471,022 or $2,048,866 (3.50%) in FY 18 over FY 17. Decreases in general property taxes represent the majority of this decrease. Decreases were also seen in uses of money and property, as well as in other general revenues. Non-categorical revenues from the Commonwealth of Virginia increased as did other local tax revenues.

Governmental activities expenses increased from $52,375,857 to $54,386,203 or 3.84%. Increases were seen in Judicial Administration, Public Safety, Public Works, Health and Welfare, Education, Parks and Recreation and Interest and Other Fiscal Charges. There were decreases in General Government Administration, and Community Development.

Business-type activities

The Water and Sewer Fund revenues increased $119,146; an increase of 1.96% over FY 17.

Total expenses for the Water and Sewer Fund fell from $5,130,765 in FY 17 to $4,822,569 in FY 18, or by 6.01%.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental funds. The focus of 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 government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $44,595,968. Of this amount $20,699,327 is assigned for capital projects and $1,179,488 is assigned to various special revenue funds.

General Fund. The general fund is the chief operating fund of the County. At the end of the current fiscal year, the general fund balance was $22,717,153 of which $22,717,153 represents unassigned fund balance of the General Fund. This amount represents 22.75% of General Fund and School Operating expenditures (including debt service). The Board of Supervisors has committed to maintaining an unreserved General Fund balance of at least 12.5% of General Fund and School Operating expenditures and has met and exceeded that target for the fiscal year ending June 30, 2018.

The net decrease to unassigned fund balance for the General Fund for 2018 was $2,254,867. Unassigned fund balance at June 30, 2017 was $24,972,020. This decrease in fund balance is largely attributable to planned use of fund balance as described below.

> **Use of Fund Balance**: For FY 2018, there was significant planned use of fund balance. $1,346,508 of fund balance was re-appropriated to schools for use in FY 2018 for capital improvements, security, equipment, textbook, technology and furniture purchases. The Board appropriated $1,960,636 for construction of a new Route 10 Fire Station in lieu of borrowing funds to complete construction. $380,958 was re-appropriated to cover grant funds spanning multiple years and for purchase order obligations. Another $299,404 of fund balance was appropriated to provide County employees a one-time bonus, as no pay increase was provided to employees in FY2018. In total, the appropriated planned use of fund balance was $3,987,506. Net of appropriated fund balance use, General fund revenues exceeded expenditures by $1,732,639.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS: (CONTINUED)

Capital projects fund. The Capital Projects Fund accounts for all construction projects of general public improvements, excluding capital projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was $20,699,327, which was an increase of $9,984,150 from the FY 17 balance of $10,715,177. This increase in the capital fund balance is due to unspent spring 2018 and 2017 bond proceeds for projects that will be ongoing in fiscal years 2019 and 2020. The County in currently renovating the Courthouse basement to relocate the Juvenile and Domestic Relations Court and $282,592 was expended in FY 2018 for this project. An additional $125,650 was expended in consulting services to replace the County's public safety radio system. The County recently completed canopy and fuel tank replacements at the County's garage for a cost of $184,995. The County purchased voting equipment and replaced the roof at the Riverside Community Corrections building for costs of $112,995 and $43,609 respectively. $374,710 was expended for new police vehicles and another $90,991 for Fire/EMS apparatus or vehicles. More details of specific project revenues and expenditures can be found in Note 5 and Exhibit 31.

Debt service fund. The Debt Service Fund received transfers from the General Fund sufficient to meet its requirements thus it has no fund balance. The General Fund transfer for FY 2018 was $7,198,155 and principal retirements of indebtedness totaled $6,772,154 while interest expense totaled $1,254,084. More information on the County's long-term obligations including general obligation bonds and school indebtedness can be found in Note 7.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the proprietary funds at the end of the current fiscal year totaled $24,792,964. Details of the Water and Sewer operations were previously discussed in the letter.

General Fund Budgetary Highlights

Prince George County generally takes a conservative approach to financial management, staying well within budgetary limits for expenditures during the fiscal year and fiscal year 2018 was no exception. *General fund adopted budget totaled $53,647,351, amended budget and transfers out totaled $56,169,611, an increase of $2,522,260. Actual general fund expenditures and transfers out totaled $56,364,880. Details supporting comparison of final amended budget and actual results can be found on Exhibit 12 (*this exhibit combines stormwater fund activity with general fund activity). No appropriation category exceeded its amended appropriations during FY 18. The following is a summary of the most significant changes in the adopted and amended budgets for FY 18:

- An increase of $1,691,539 was approved in stormwater projects (bond proceeds and purchase order obligations). These projects will be completed in fiscal years 2018 and 2019.

- Increases and appropriations from fund balance were approved for one-time or capital purposes and were for:
  - $1,346,508 increase in local transfer to the school board for capital improvements, textbooks, equipment, security, technology and furniture purchases;
  - $1,960,636 increase in local transfer to Capital Improvement fund for new Route 10 Fire Station in lieu of borrowing;
  - $342,024 for multi-year federal and state grants;
  - $299,404 for a one-time employee bonus;
  - $38,934 for purchase order obligations.

- General Fund Contingency was used to increase the comprehensive services act budget rather than Fund Balance in FY 18.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Governmental Accounting Standards Board (GASB) Statement 34 requires the primary government (the County) to report debt and debt service incurred "on behalf" of component units (the School Board). In this report, capital assets such as school buildings that have related debt are reported with the primary government on the Statement of Net Position. The portion of these capital assets free of related debt are reported as buildings and improvements under the component unit School Board (see Note 5 in the Notes to Financial Statements).

The following table summarizes the County's capital assets, net of depreciation, as of June 30, 2018. The County's total investment in capital assets, such as land, buildings and improvements, utility plant, equipment, and construction in progress totals $106,674,319 (includes schools).

County of Prince George, Virginia
Capital Assets (net of Depreciation)
Governmental and Business-type Activities
For the Year Ended June 30, 2018

	Governmental Activities 2018	Business-type Activities 2018
Land	$ 3,995,201	$ 244,744
Buildings and improvements	67,057,327	-
Utility plant	-	31,387,769
Equipment	27,689,758	1,270,291
Construction in progress	1,117,325	1,025,719
Total	$ 99,859,611	$ 33,928,523
Less accumulated depreciation	46,788,642	17,073,375
Net capital assets	$ 53,070,969	$ 16,855,148

More information on the County's capital assets can be found in note 5 to the financial statements.

At the end of fiscal year 2018, the County had total outstanding debt of $55,176,114 (excluding compensated absences, bond premiums, length of service award program and OPEB, see Note 7 in the Notes to Financial Statements), in comparison; the County had $52,878,268 and $49,692,022 outstanding at June 30, 2017 and 2016, respectfully. Of the $55,176,114 of outstanding debt at June 30, 2018, $36,659,918 is for general government purposes and $16,527,196 is outstanding debt on behalf of the School Board. The Water and Sewer Fund has outstanding debt of $1,989,000.

For more information regarding Prince George County's long-term obligations, see Note 7 in the Notes to Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Based on available economic data, the local economy has remained stable. The local unemployment rate was 3.3% for September 2018, as compared to 4.2% for September 2017. The state and national unemployment rates for September 2018 were 2.9% and 3.7%, respectively.

The FY 19 General Fund operating budget totaled $55,318,519, which was a $1,763,168 (3.3%) increase over the FY 18 adopted budget. The Real Estate Tax Rate remained at $0.86 with no increase and there was ***no reliance on fund balance*** during FY 19 for operations.

It is the continued mission of the County to provide the most cost-efficient services to the taxpayers of Prince George County, and to make Prince George "the best place to live, learn, work and raise a family."

REQUESTS FOR INFORMATION

This financial report is designed to provide the Board of Supervisors, citizens, taxpayers, customers, and creditors of Prince George County, Virginia with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Prince George County, PO Box 68, Prince George, VA 23875, telephone (804) 722-8710.

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position
At June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 26,996,348	$ 10,033,148	$ 37,029,496	$ 9,201,696
Restricted cash	17,277,285	-	17,277,285	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	4,775,277	-	4,775,277	-
Accounts receivable	568,140	137,883	706,023	14,049
Internal balances	(1,423,033)	1,423,033	-	-
Due from Component Unit	654,380	-	654,380	-
Due from other governmental units	1,548,515	-	1,548,515	1,603,431
Total current assets	$ 50,396,912	$ 11,594,064	$ 61,990,976	$ 10,819,176
Noncurrent Assets:				
Capital assets (net of accumulated depreciation):				
Land	$ 3,995,201	$ 244,744	$ 4,239,945	$ 1,154,404
Construction in progress	1,117,325	1,025,720	2,143,045	305,314
Buildings	23,405,612	-	23,405,612	32,052,568
Machinery and equipment	8,025,634	948,395	8,974,029	3,235,916
Jointly owned assets	16,527,197	-	16,527,197	-
Utility plant in service	-	14,636,290	14,636,290	-
Total capital assets	$ 53,070,969	$ 16,855,149	$ 69,926,118	$ 36,748,202
Total assets	$ 103,467,881	$ 28,449,213	$ 131,917,094	$ 47,567,378
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	$ 1,807,149	$ 173,200	$ 1,980,349	$ 7,162,172
OPEB related items	62,215	3,023	65,238	589,432
Deferred amount on bond refunding	752,445	-	752,445	-
Total deferred outflows of resources	$ 2,621,809	$ 176,223	$ 2,798,032	$ 7,751,604
LIABILITIES				
Current Liabilities:				
Accounts payable	$ 1,473,287	$ 688,785	$ 2,162,072	$ 1,428,157
Accrued liabilities	160,157	-	160,157	6,657,218
Customer deposits	-	104,035	104,035	-
Unearned revenues	11,098	-	11,098	-
Due to Primary Government	-	-	-	654,380
Accrued interest payable	618,886	17,776	636,662	-
Long-term liabilities:				
Due within one year	6,881,030	240,374	7,121,404	39,386
Due in more than one year	62,643,218	2,658,445	65,301,663	67,135,326
Total liabilities	$ 71,787,676	$ 3,709,415	$ 75,497,091	$ 75,914,467
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property tax	155,093	$ -	$ 155,093	$ -
Pension related items	2,108,531	116,443	2,224,974	8,133,894
OPEB related items	129,709	6,614	136,323	608,098
Total deferred inflows of resources	$ 2,393,333	$ 123,057	$ 2,516,390	$ 8,741,992
NET POSITION				
Net Investment in capital assets	$ 21,281,179	$ 14,866,149	$ 36,147,328	$ 36,748,202
Restricted cash:				
Proffers	216,958	-	216,958	-
Unrestricted (deficit)	10,410,544	9,926,815	20,337,359	(66,085,679)
Total net position	$ 31,908,681	$ 24,792,964	$ 56,701,645	$ (29,337,477)

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2018

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	$ 5,516,354	$ 552,704	$ 278,186	$ -
Judicial administration	2,326,800	425,782	780,213	-
Public safety	15,796,407	775,931	1,936,491	-
Public works	2,129,080	482,356	7,327	-
Health and welfare	4,199,909	-	2,558,372	-
Education	19,360,755	-	-	-
Parks, recreation, and cultural	2,131,881	107,530	39,187	-
Community development	1,385,661	-	-	-
Interest on long-term debt	1,539,356	-	-	-
Total governmental activities	$ 54,386,203	$ 2,344,303	$ 5,599,776	$ -
Business-type activities:				
Public Utilities	$ 4,822,569	$ 6,051,239	$ -	$ 77,113
Total business-type activities	$ 4,822,569	$ 6,051,239	$ -	$ 77,113
Total primary government	$ 59,208,772	$ 8,395,542	$ 5,599,776	$ 77,113
COMPONENT UNIT:				
School Board	$ 58,622,382	$ 1,471,057	$ 50,048,790	$ -
Total component unit	$ 58,622,382	$ 1,471,057	$ 50,048,790	$ -

General revenues:
- General property taxes
- Local sales and use taxes
- Consumer utility taxes
- Business license taxes
- Motor vehicle license taxes
- Taxes on recordation and wills
- Meals taxes
- Lodging taxes
- Bank stock tax
- Unrestricted revenues from use of money and property
- Miscellaneous
- County contribution to School Board
- Grants and contributions not restricted to specific programs

Transfers
- Total general revenues and transfers

Change in net position
Net position - beginning of year, as restated
Net position - end of year

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

Exhibit 2

Governmental Activities	Business-type Activities	Total	Component Unit School Board
	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
$ (4,685,464)	$ -	$ (4,685,464)	$ -
(1,120,805)	-	(1,120,805)	-
(13,083,985)	-	(13,083,985)	-
(1,639,397)	-	(1,639,397)	-
(1,641,537)	-	(1,641,537)	-
(19,360,755)	-	(19,360,755)	-
(1,985,164)	-	(1,985,164)	-
(1,385,661)	-	(1,385,661)	-
(1,539,356)	-	(1,539,356)	-
$ (46,442,124)	$ -	$ (46,442,124)	$ -
$ -	$ 1,305,783	$ 1,305,783	$ -
$ -	$ 1,305,783	$ 1,305,783	$ -
$ (46,442,124)	$ 1,305,783	$ (45,136,341)	$ -
$ -	$ -	$ -	$ (7,102,535)
$ -	$ -	$ -	$ (7,102,535)
$ 33,407,855	$ -	$ 33,407,855	$ -
2,584,683	-	2,584,683	-
863,427	-	863,427	-
1,695,605	-	1,695,605	-
1,000,920	-	1,000,920	-
358,400	-	358,400	-
1,030,363	-	1,030,363	-
718,418	-	718,418	-
133,589	-	133,589	-
579,573	60,324	639,897	-
234,044	22,943	256,987	77,727
-	-	-	15,635,853
5,920,066	-	5,920,066	-
(148,728)	148,728	-	-
$ 48,378,215	$ 231,995	$ 48,610,210	$ 15,713,580
$ 1,936,091	$ 1,537,778	$ 3,473,869	$ 8,611,045
29,972,590	23,255,186	53,227,776	(37,948,522)
$ 31,908,681	$ 24,792,964	$ 56,701,645	$ (29,337,477)

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Fund Financial Statements

Balance Sheet
Governmental Funds
At June 30, 2018

	General	Capital Projects	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	$ 22,178,028	$ 3,850,653	$ 967,667	$ 26,996,348
Restricted cash	-	17,277,285	-	17,277,285
Receivables (net of allowance for uncollectibles):				
Taxes receivable	4,775,277	-	-	4,775,277
Accounts receivable	339,338	-	228,802	568,140
Due from component unit	654,380	-	-	654,380
Due from other governmental units	1,513,294	-	35,221	1,548,515
Total assets	$ 29,460,317	$ 21,127,938	$ 1,231,690	$ 51,819,945
LIABILITIES				
Accounts payable	$ 1,001,866	$ 428,611	$ 42,810	$ 1,473,287
Deferred revenue	5,131	-	5,967	11,098
Accrued liabilities	156,732	-	3,425	160,157
Due to other funds	1,423,033	-	-	1,423,033
Total liabilities	$ 2,586,762	$ 428,611	$ 52,202	$ 3,067,575
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property tax	$ 4,156,402	$ -	$ -	$ 4,156,402
FUND BALANCES				
Restricted:				
Proffers	$ -	$ 216,958	$ -	$ 216,958
Unspent bond proceeds - various projects	-	17,060,327	-	17,060,327
Total restricted	$ -	$ 17,277,285	$ -	$ 17,277,285
Assigned:				
Public safety	$ -	$ -	$ 435,093	$ 435,093
Economic development	-	-	386,305	386,305
Capital projects	-	3,422,042	-	3,422,042
Asset forfeiture	-	-	81,018	81,018
Tourism	-	-	277,072	277,072
Total assigned	$ -	$ 3,422,042	$ 1,179,488	$ 4,601,530
Unassigned	$ 22,717,153	$ -	$ -	$ 22,717,153
Total fund balance	$ 22,717,153	$ 20,699,327	$ 1,179,488	$ 44,595,968
Total liabilities, deferred inflows of resources and fund balance	$ 29,460,317	$ 21,127,938	$ 1,231,690	$ 51,819,945

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

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

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 44,595,968
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		53,070,969
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(618,886)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue-property taxes		4,001,309
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.		
Deferred outflows related to:		
Net pension liabilities	$ 1,807,149	
Net OPEB liabilities	62,215	1,869,364
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liabilities	$ (2,108,531)	
Net OPEB liabilities	(129,709)	(2,238,240)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Details supporting this amount are as follows:		
Deferred amount on refunding		752,445
Compensated absences		(1,663,498)
County general obligation bonds		(36,659,918)
School Board general obligation bonds		(9,197,196)
School board literary fund loans		(7,330,000)
Net OPEB liability		(3,563,425)
Net pension liabilities		(10,940,250)
School Board premium on bonds payable		(169,961)
Net position of governmental activities		$ 31,908,681

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

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

	General	Capital Projects	Debt Service	Other Governmental Funds	Total
REVENUES					
General property taxes	$ 33,397,818	$ -	$ -	$ -	$ 33,397,818
Other local taxes	6,923,990	-	-	1,461,415	8,385,405
Permits, privilege fees, and regulatory licenses	375,326	-	-	-	375,326
Fines and forfeitures	352,358	-	-	-	352,358
Revenue from the use of money and property	349,716	229,857	-	-	579,573
Charges for services	1,585,848	-	-	30,771	1,616,619
Miscellaneous	64,250	167,136	-	2,659	234,045
Recovered costs	306,040	-	-	136,598	442,638
Intergovernmental:					
Commonwealth	9,211,013	818	-	763,806	9,975,637
Federal	1,543,654	-	-	551	1,544,205
Total revenues	$ 54,110,013	$ 397,811	$ -	$ 2,395,800	$ 56,903,624
EXPENDITURES					
Current:					
General government administration	$ 5,107,544	$ 459,112	$ -	$ -	$ 5,566,656
Judicial administration	2,621,390	-	-	-	2,621,390
Public safety	13,751,706	882,168	-	976,569	15,610,443
Public works	2,151,970	-	-	-	2,151,970
Health and welfare	4,217,359	-	-	-	4,217,359
Education	15,650,347	223,372	-	-	15,873,719
Parks, recreation, and cultural	1,619,067	827,449	-	-	2,446,516
Community development	151,099	175,808	-	1,234,608	1,561,515
Debt service:					
Bond issuance cost	-	132,819	-	-	132,819
Principal retirement	-	-	6,772,154	-	6,772,154
Interest and other fiscal charges	-	-	1,254,084	-	1,254,084
Total expenditures	$ 45,270,482	$ 2,700,728	$ 8,026,238	$ 2,211,177	$ 58,208,625
Excess (deficiency) of revenues over (under) expenditures	$ 8,839,531	$ (2,302,917)	$ (8,026,238)	$ 184,623	$ (1,305,001)
OTHER FINANCING SOURCES (USES)					
Transfers in	$ -	$ 2,987,067	$ 8,026,238	$ 467,372	$ 11,480,677
Issuance of debt	-	9,300,000	-	-	9,300,000
Transfers (out)	(11,094,398)	-	-	(535,007)	(11,629,405)
Total other financing sources (uses)	$ (11,094,398)	$ 12,287,067	$ 8,026,238	$ (67,635)	$ 9,151,272
Net change in fund balances	$ (2,254,867)	$ 9,984,150	$ -	$ 116,988	$ 7,846,271
Fund balances - beginning	24,972,020	10,715,177	-	1,062,500	36,749,697
Fund balances - ending	$ 22,717,153	$ 20,699,327	$ -	$ 1,179,488	$ 44,595,968

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

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

Amounts reported for governmental activities in the Statement of Activities are different because:				
Net change in fund balances - total governmental funds			$	7,846,271
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. Details are as follows:				
Depreciation expense	$	(3,813,751)		
Capital asset additions		2,635,923		
Transfer of joint tenancy assets from Primary Government to the Component Unit		(2,347,228)		(3,525,056)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.				
Property taxes				10,037
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.				
Details supporting these changes are as follows:				
Issuance of debt	$	(9,300,000)		
Amortization of premium on bonds payable		21,246		
Retirement of County general obligation bonds		3,285,117		
Retirement of School Board general obligation bonds		3,402,037		
Retirement of School Board literary fund loans		85,000		(2,506,600)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.				
Details supporting these changes are as follows:				
Change in accrued interest payable	$	(77,687)		
Pension expense		195,682		
OPEB expense		47,233		
Deferred amount on refunding		(96,012)		
Change in compensated absences		42,223		111,439
Change in net position of governmental activities			$	1,936,091

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

COUNTY OF PRINCE GEORGE, VIRGINIA **Exhibit 7**

Statement of Net Position
Proprietary Funds
At June 30, 2018

		Enterprise Funds
		Water and Sewer
ASSETS		
Current assets:		
Cash and cash equivalents	$	10,033,148
Accounts receivable, net of allowance for uncollectibles		137,883
Total current assets	$	10,171,031
Noncurrent assets:		
Due from other funds	$	1,423,033
Capital assets (net of accumulated depreciation):		
Land	$	244,744
Utility plant in service		14,636,290
Machinery and equipment		948,395
Construction in progress		1,025,720
Total capital assets	$	16,855,149
Total noncurrent assets	$	18,278,182
Total assets	$	28,449,213
DEFERRED OUTFLOWS OF RESOUCES		
Pension related items	$	173,200
OPEB related items		3,023
Total deferred outflows of resources	$	176,223
Total assets and deferred outflows of resources	$	28,625,436
LIABILITIES		
Current liabilities:		
Accounts payable	$	688,785
Customers' deposits		104,035
Accrued interest payable		17,776
Compensated absences - current portion		6,374
Bonds payable - current portion		234,000
Total current liabilities	$	1,050,970
Noncurrent liabilities:		
Compensated absences - net of current portion	$	57,368
Net pension liability		608,048
Net OPEB liabilities		238,029
Bonds payable - net of current portion		1,755,000
Total noncurrent liabilities	$	2,658,445
Total liabilities	$	3,709,415
DEFERRED INFLOWS OF RESOUCES		
Pension related items	$	116,443
OPEB related items		6,614
Total deferred inflows of resources	$	123,057
NET POSITION		
Net investment in capital assets	$	14,866,149
Unrestricted		9,926,815
Total net position	$	24,792,964
Total liabilities, deferred inflows of resources and net position	$	28,625,436

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

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

		Enterprise Funds
		Water and Sewer
OPERATING REVENUES		
Charges for services:		
Water revenues	$	1,713,210
Sewer revenues		3,700,301
Penalty/reconnection charges		179,551
Miscellaneous		22,943
Total operating revenues	$	5,616,005
OPERATING EXPENSES		
Water supply, treatment and pumping	$	598,572
Wastewater treatment, pumping and disposal		2,061,453
Administrative and operation		1,204,709
Other supplies and expenses		98,010
Depreciation		692,872
Total operating expenses	$	4,655,616
Operating income (loss)	$	960,389
NONOPERATING REVENUES (EXPENSES)		
Connection/capacity fees	$	458,177
Interest income		19,796
Rental income		27,376
Gain from sale of assets		13,152
Interest expense		(166,953)
Total nonoperating revenues (expenses)	$	351,548
Income (loss) before contributions and transfers	$	1,311,937
Capital contributions	$	77,113
Transfers in	$	148,728
Change in net position	$	1,537,778
Net position - beginning, as restated		23,255,186
Net position - ending	$	24,792,964

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

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

		Enterprise Funds
		Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$	5,874,934
Payments for operating activities		(2,558,265)
Payments to employees		(1,210,970)
Net cash provided by (used for) operating activities	$	2,105,699
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Loan to other funds	$	276,209
Transfers from other funds		148,728
Net cash provided by (used for) noncapital financing activities	$	424,937
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	$	(1,070,903)
Proceeds from sale of capital assets		79,507
Connection/capacity charges		458,177
Principal payments on bonds		(230,000)
Interest expense		(168,731)
Net cash provided by (used for) capital and related financing activities	$	(931,950)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	$	19,796
Rental income		104,489
Net cash provided by (used for) investing activities	$	124,285
Net increase in cash and cash equivalents	$	1,722,971
Cash and cash equivalents - beginning		8,310,177
Cash and cash equivalents - ending	$	10,033,148
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$	960,389
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	$	692,872
Change in accounts receivable		154,894
Change in deferred outflows of resources		75,268
Change in deferred inflows of resources		122,993
Change in accounts payable		199,770
Change in customer deposits		104,035
Change in compensated absences		(130)
Change in net pension liability		(204,495)
Change in net OPEB liabilities		103
Total adjustments	$	1,145,310
Net cash provided by (used for) operating activities	$	2,105,699
Noncash investing, capital, and financing activities:		
Capital contributions	$	77,113

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

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

	Pension Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	$ 30,460	$ 1,789,709
Guaranteed investment contracts	1,681,219	-
Total assets	$ 1,711,679	$ 1,789,709
LIABILITIES		
Amounts held for others	$ -	$ 1,787,484
Accounts payable	-	2,225
Total liabilities	$ -	$ 1,789,709
NET POSITION RESTRICTED FOR PENSIONS		
Held in trust for benefits	$ 1,711,679	$ -
Total net position restricted for pensions	$ 1,711,679	$ -
Total liabilities and net position restricted for pensions	$ 1,711,679	$ 1,789,709

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

Statement of Changes in Fiduciary Net Position
Pension Trust Fund
Year Ended June 30, 2018

Additions:		
Employer contributions	$	184,242
Interest income		433
Total additions	$	184,675
Deductions:		
Members' benefits	$	166,854
Total deductions	$	166,854
Change in net position	$	17,821
Net position - beginning of year		1,693,858
Net position - end of year	$	1,711,679

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

Financial Statement Presentation

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 statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component unit. The governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

The County's internal activities include water and sewer billings and activities of the County garage. It is the County's policy not to eliminate these internal activities in the government-wide Statement of Activities.

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit - The County has no blended component units at June 30, 2018.

Discretely Presented Component Unit - The School Board members are elected by the citizens of Prince George County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School 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.

C. Other Related Organizations

Included in the County's Comprehensive Annual Financial Report

None

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

C. Other Related Organizations: (Continued)

Excluded from the County's Comprehensive Annual Financial Report

Joint Ventures

South Central Wastewater Authority

The South Central Wastewater Authority is considered a joint venture and therefore its operations are not included in the County's financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights each appoint one member to the five member board. Each participating entity purchases wastewater treatment services from the Authority at prescribed rates and capacity levels. The County's expenditures for wastewater treatment services for the year ended June 30, 2018 were $550,486. The participants have no ongoing financial responsibilities to or equity interest in the Authority.

Complete financial statements for the Authority can be obtained from the Authority's office at 900 Magazine Road, Petersburg, Virginia 23803.

Riverside Regional Jail Authority

The Riverside Regional Jail Authority is considered a joint venture and therefore its operations are not included in the County's financial statements. The Counties of Charles City, Chesterfield, Prince George and Surry and the Cities of Petersburg, Colonial Heights and Hopewell each appoint two members to the fourteen member board. Each participating entity is required to commit prisoners and pay the established per diem charge in accordance with its service agreement with the Authority. The County's expenditures for confinement services for the year ended June 30, 2018 were $1,497,327. The participants have no ongoing financial responsibilities to or equity interest in the Authority.

Complete financial statements for the Authority can be obtained from the Authority's office at 1000 River Road, Hopewell, Virginia 23860.

Appomattox River Water Authority

The Appomattox River Water Authority is considered a joint venture and therefore its operations are not included in the County's financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights each appoint one member to the five member board. Each participating entity purchases water from the Authority at prescribed rates and capacity levels. The County's expenses for water purchased for the year ended June 30, 2018 were $349,475. The participants have no ongoing financial responsibilities to or equity interest in the Authority.

Complete financial statements for the Authority can be obtained from the Authority's office at 21300 Chesdin Road, Petersburg, Virginia 23860.

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

C. Other Related Organizations: (Continued)

Excluded from the County's Comprehensive Annual Financial Report: (Continued)

Appomattox Regional Library

The County is a participant with the County of Dinwiddie and the City of Hopewell in a joint venture to operate the Appomattox Regional Library (the Library). The Library is governed by a 9 member board composed of three appointees each from Hopewell, Dinwiddie, and Prince George. Each locality is obligated by contract to fund a percentage of the Library’s approved budget. In accordance with the joint venture agreement, the County remitted $592,224 to the Library for fiscal 2018. Financial statements for the Library can be obtained at its administrative offices at 245 East Cawson Street, Hopewell, Virginia 23860. The participants have no ongoing financial responsibilities to or equity interest in the Library.

Jointly Governed Organizations

The County participates with eight other localities in District 19 Community Services Board. The County also participates with five other localities in Virginia’s Gateway Region, a regional economic development organization. The County provided funding of $107,342 to District 19 CSB during fiscal 2018. The County provided funding of $244,912 to Crater Youth Care Commission during fiscal 2018. The County provided funding of $40,479 to Virginia Gateway Region during fiscal 2018.

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

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

The government-wide financial statements and fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds have no measurement focus since they do not record equity balances, only assets and liabilities. 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.

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

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

Generally the effect of interfund activity has been eliminated from the County's government-wide financial statements. Exceptions to our general rule are payments-in-lieu of taxes where the amounts are equivalent to interfund services provided and other charges between the government's proprietary funds and various other functions of government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

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

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

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

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

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

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

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

1. Governmental Funds

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

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

Special Revenue Funds: Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Funds are considered nonmajor governmental funds and consist of the Economic Development Fund, Community Corrections Fund, Asset Forfeiture Fund and Tourism Fund.

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

Debt Service Fund – The Debt Service Fund Accounts for and reports resources that are restricted, committed or assigned to expenditure for principal and interest or to report financial resources being accumulated for future debt service. The Debt Service fund is considered a major governmental fund.

2. Proprietary Funds

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

Enterprise Funds - Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The County's Enterprise Funds consist of the Water and Sewer Fund, which is considered a major fund.

3. Fiduciary Funds (Trust and Agency Funds)

Fiduciary Funds account for assets held by a governmental unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Trust and Agency Funds. These funds utilize the accrual basis of accounting as described in the Proprietary Funds. Fiduciary funds are not included in the government-wide financial statements. Trust Funds include the Pension Trust Fund. Agency funds include the Special Welfare Fund, Fringe Benefits Fund and the Performance Bond Fund.

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

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

4. Component Unit

The Prince George County School Board has the following funds:

Governmental Funds:

School Operating Fund - This fund is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Prince George and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

Special Revenue Funds: Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Adult Basic Education, Textbook Fund and School Cafeteria Funds are considered to be nonmajor funds.

E. Cash and Cash Equivalents

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

F. Investments

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

G. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $1,389,890 at June 30, 2018 is comprised of property taxes in the amount of $1,063,914 and utility accounts of $325,976.

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

G. Receivables and Payables: (Continued)

Real and Personal Property Tax Data:

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

	Real Property	Personal Property
Levy	July 1	January 1
Due Date	June 5/December 5	June 5
Lien Date	July 1	January 1

The County bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

Assets	Years
Buildings	40
Machinery and Equipment	5-20
Utility Plant	30-50
Buses	10

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

I. Compensated Absences

County employees are granted vacation and sick pay in varying amounts based on years of service. Employees may accumulate, subject to certain limitations, unused vacation and sick pay earned and, upon retirement, termination, or death, may be compensated for certain amounts at specified rates. The cost of accumulated vacation and sick pay expected to be paid from future expendable resources is accounted for as a liability in the government-wide statements and proprietary statements.

All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. For governmental fund types, the amount of accumulated unpaid vacation leave which is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirement or resignation. For the County's Water and Sewer Fund, the cost of vacation and sick leave is recorded as a liability when earned.

J. Use of Estimates

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

K. Fund Equity

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

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);

- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

K. Fund Equity: (Continued)

- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

The Board of Supervisors establishes and modifies or rescinds fund balance commitments and assignments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment or assignment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). The County does this through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes). The County's Board of Supervisors has not delegated this authority to assign amounts to any individual for the fiscal year ended June 30, 2018.

In the General Fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 15% of the actual GAAP basis expenditures and other financing sources and uses.

L. Long-term Obligations

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

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

M. Restricted Cash

The County has total restricted assets of $20,658,454, which consist of proffers in the amount of $216,958, and unspent bond proceeds of $20,441,496 at June 30, 2018.

N. Net Position

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

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

O. Net Position Flow Assumption

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

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has several items that qualify for reporting in this category. One item is comprised of certain items related to the measurement of the net pension liabilities and net OPEB liabilities. Another item relates to contributions to the pension plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date, which will be recognized as a reduction of the net pension liability and net OPEB liability next fiscal year. For more detailed information on these items, reference the pension and OPEB notes. Another is the deferred amount on bond refunding, which is the difference between the reacquisition price and the net carrying amount of the retired debt.

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

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

Q. Pensions

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

R. Other Postemployment Benefits (OPEB)

Group Life Insurance

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

Teacher Employee Health Insurance Credit Program

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

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING:

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

1. On or before March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain citizen comments.

3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

4. The Appropriations Resolution places legal restrictions on expenditures at the department level for the General Fund and Fund level for other Governmental Funds. The School Board is authorized to transfer budgeted amounts within the school system's categories.

5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

6. Appropriations lapse on June 30 for all County units with the exception of Capital Projects.

Expenditures and Appropriations

Expenditures exceeded appropriations in the Correction and Detention department of the General Fund by $264,000. School Cafeteria Fund expenditures exceed appropriations by $164,303.

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

Statutes authorize the County and School Board Component Unit to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). Bond proceeds subject to arbitrage rebate are invested in the State Non-Arbitrage Program.

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

The County limits the investment of funds in Debt Securities to those with credit ratings of at least Aa3/AA-. The County's rated debt investments as of June 30, 2018 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

Rated Debt Investments' Values

Rated Debt Investments	Value	AAAm
Virginia Investment Pool	$ 10,127,759	$ 10,127,759
SNAP	20,441,496	20,441,496
Total	$ 30,569,255	$ 30,569,255

Interest Rate Risk

The County does not have a formal policy relating to interest rate risk.

Investment Type	Fair Value	Less Than 1 Year
Virginia Investment Pool	$ 10,127,759	10,127,759
SNAP	20,441,496	20,441,496
Total	$ 30,569,255	$ 30,569,255

Custodial Credit Risk

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

Redemption Restrictions:

Fair Value Measurements:

Fair value of the Virginia Investment Pool is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County has measured fair value of the above investments at the net asset value (NAV).

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

External Investment Pools

SNAP is an amortized cost basis portfolio under the provisions of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

NOTE 4—DUE TO/FROM OTHER GOVERNMENTS:

At June 30, 2018, the County has amounts due from other governments as follows:

	Primary Government	Component Unit School Board
City of Hopewell:		
Community corrections	$ 26,774	-
Commonwealth of Virginia:		
Local sales tax	473,996	-
Social Services	58,385	-
Comprehensive services	270,024	-
Constitutional officer reimbursements	130,934	-
Communication tax	187,117	-
Crater detention	-	138,166
Other funds	76,975	27,454
State sales tax	-	736,444
Victim witness	5,845	-
Federal Government:		
Other funds	2,120	-
SAFER grants	193,533	-
Food service	-	74,826
JROTC	-	7,823
School grants	-	618,718
Victim witness	17,535	-
Social Services	105,277	-
Total due from other governments	$ 1,548,515	$ 1,603,431

NOTE 5—CAPITAL ASSETS:

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

Primary Government:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 3,995,201	$ -	$ -	$ 3,995,201
Construction in progress	501,710	1,633,546	1,017,931	1,117,325
Total capital assets not being depreciated	$ 4,496,911	$ 1,633,546	$ 1,017,931	$ 5,112,526
Capital assets being depreciated:				
Buildings	$ 37,225,044	$ 891,392	$ -	$ 38,116,436
Machinery and equipment	27,192,126	1,128,916	631,284	27,689,758
Jointly owned assets	33,609,299	376,004	5,044,412	28,940,891
Total capital assets being depreciated	$ 98,026,469	$ 2,396,312	$ 5,675,696	$ 94,747,085
Accumulated depreciation:				
Buildings	$ 13,568,966	$ 1,141,858	$ -	$ 14,710,824
Machinery and equipment	18,763,323	1,532,085	631,284	19,664,124
Jointly owned assets	13,595,066	1,139,808	2,321,180	12,413,694
Total accumulated depreciation	$ 45,927,355	$ 3,813,751	$ 2,952,464	$ 46,788,642
Total capital assets being depreciated, net	$ 52,099,114	$ (1,417,439)	$ 2,723,232	$ 47,958,443
Governmental activities capital assets, net	$ 56,596,025	$ 216,107	$ 3,741,163	$ 53,070,969

NOTE 5—CAPITAL ASSETS: (CONTINUED)

Primary Government: (continued)

The following is a summary of capital project activity for the fiscal year ended June 30, 2018:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Community Center Parking Lot	$ 24,827	$ 217,555	$ 242,382	$ -
Central Wellness Parking Lot	19,332	-	-	19,332
Central Wellness Center	184,104	4,927	189,031	-
Broadband	20,787	-	20,787	-
Software Community Development	-	113,490	-	113,490
New Route 10 Fire Station	64,668	184,800	-	249,468
RCJA Roof	-	43,609	43,609	-
Courthouse Basement Buildout Renovations	125,531	282,592	-	408,123
Public Safety Radio Project	59,580	125,650	-	185,230
Appomattox River Canoe Launch	-	41,938	41,938	-
JEJ Moore Athletic Complex	-	105,988	105,988	-
Fuel Tank and Canopy Replacement	-	184,995	184,995	-
Human Services HVAC	-	33,475	33,475	-
Voting Equipment	-	112,995	112,995	-
Burn Building	-	30,050	-	30,050
Central Wellness Center Computer Lab	-	81,282	-	81,282
Central Wellness Center Bleachers	-	30,350	-	30,350
Central Wellness Center Pipe Repairs/Upgrades	2,881	39,850	42,731	-
	$ 501,710	$ 1,633,546	$ 1,017,931	$ 1,117,325

NOTE 5—CAPITAL ASSETS: (CONTINUED)

Primary Government: (continued)

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Business-type Activities:				
Capital assets, not being depreciated:				
Land	$ 244,744	$ -	$ -	$ 244,744
Construction in progress	145,845	879,874	-	1,025,719
Total capital assets not being depreciated	$ 390,589	$ 879,874	$ -	$ 1,270,463
Capital assets being depreciated:				
Utility plant in service	$ 31,351,957	$ 35,812	$ -	$ 31,387,769
Machinery and equipment	1,209,868	155,218	94,795	1,270,291
Total capital assets being depreciated	$ 32,561,825	$ 191,030	$ 94,795	$ 32,658,060
Accumulated depreciation:				
Utility plant in service	$ 16,072,801	$ 678,678	$ -	$ 16,751,479
Machinery and equipment	336,140	14,194	28,438	321,896
Total accumulated depreciation	$ 16,408,941	$ 692,872	$ 28,438	$ 17,073,375
Total capital assets being depreciated, net	$ 16,152,884	$ (501,842)	$ 66,357	$ 15,584,685
Business-type activities capital assets, net	$ 16,543,473	$ 378,032	$ 66,357	$ 16,855,148

NOTE 5—CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Unit—School Board:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	$ 1,154,404	$ -	$ -	$ 1,154,404
Construction in progress	-	305,314	-	305,314
Total capital assets not being depreciated	$ 1,154,404	$ 305,314	$ -	$ 1,459,718
Capital assets being depreciated:				
Buildings	$ 51,083,067	$ 5,044,412	$ -	$ 56,127,479
Machinery and equipment	11,244,912	360,894	161,083	11,444,723
Total capital assets being depreciated	$ 62,327,979	$ 5,405,306	$ 161,083	$ 67,572,202
Accumulated depreciation:				
Buildings	$ 20,663,259	$ 3,411,652	$ -	$ 24,074,911
Machinery and equipment	7,494,371	875,519	161,083	8,208,807
Total accumulated depreciation	$ 28,157,630	$ 4,287,171	$ 161,083	$ 32,283,718
Total capital assets being depreciated, net	$ 34,170,349	$ 1,118,135	$ -	$ 35,288,484
School Board capital assets, net	$ 35,324,753	$ 1,423,449	$ -	$ 36,748,202

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government administration	$	525,820
Judicial administration		382,167
Public safety		1,257,447
Public works		24,834
Health and welfare		88,135
Education		1,139,808
Parks, recreation and cultural		362,786
Community development		32,754
Total Governmental activities	$	3,813,751
Business-type activities	$	692,872
Component Unit School Board	$	1,965,991 *
* Transfer of jointly owned assets		2,321,180
Total accumulated depreciation increase	$	4,287,171

NOTE 6—INTERFUND TRANSFERS:

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

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	$ -	$ 11,094,398
Proprietary Fund	148,728	-
Capital Projects Fund	2,987,067	-
Debt Service Fund	8,026,238	-
Nonmajor Funds	467,372	535,007
Total	$ 11,629,405	$ 11,629,405

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

The following is a summary of due to/from other funds/Component Units at June 30, 2018:

	Interfund Receivables	Interfund Payables
Primary Government:		
General Fund	$ -	$ 1,423,033
Water and Sewer Fund	1,423,033	-
Total	$ 1,423,033	$ 1,423,033
Entity-Wide		
Component Unit School Board	$ -	$ 654,380
General Fund	654,380	-
Total	$ 654,380	$ 654,380

NOTE 7—LONG-TERM OBLIGATIONS:

Primary Government:

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

	Restated Balance at July 1, 2017	Issuances / Increases	Retirements / Decreases	Balance at June 30, 2018	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurred by County:					
Compensated absences	$ 1,705,721	$ 170,572	$ 212,795	$ 1,663,498	$ 166,350
Net OPEB liability	3,619,491	184,964	241,030	3,563,425	-
Net pension liabilities:					
Net pension liability	13,965,498	1,100,644	4,861,831	10,204,311	-
Net LOSAP liability	531,022	204,917	-	735,939	-
Total net pension liabilities	14,496,520	1,305,561	4,861,831	10,940,250	-
General obligation bonds	30,645,035	9,300,000	3,285,117	36,659,918	4,532,937
Total incurred by County	$ 50,466,767	$ 10,961,097	$ 8,600,773	$ 52,827,091	$ 4,699,287
Incurred by School Board:					
State Literary Fund Loans	$ 7,415,000	$ -	$ 85,000	$ 7,330,000	$ 170,000
General Obligation Bonds	12,599,233	-	3,402,037	9,197,196	1,990,497
Premium on Bonds	191,207	-	21,246	169,961	21,246
Total incurred by School Board	$ 20,205,440	$ -	$ 3,508,283	$ 16,697,157	$ 2,181,743
Total Governmental Obligations	$ 70,672,207	$ 10,961,097	$ 12,109,056	$ 69,524,248	$ 6,881,030

The general fund revenues are used to liquidate compensated absences and other long-term obligation amounts to include net pension liabilities and net other postemployment benefit obligation.

	Restated Balance at July 1, 2017	Issuances / Increases	Retirements / Decreases	Balance at June 30, 2018	Amounts Due Within One Year
Business-type Activities Obligations:					
Compensated absences	$ 63,872	$ 6,257	$ 6,387	$ 63,742	$ 6,374
Net pension liability	812,543	145,556	350,049	608,050	-
Net OPEB liabilities	237,926	13,409	13,306	238,029	-
General obligation bonds	2,219,000	-	230,000	1,989,000	234,000
Total Enterprise Fund Obligations	$ 3,333,341	$ 165,222	$ 599,742	$ 2,898,821	$ 240,374

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Annual requirements to amortize general obligation long-term obligations are as follows:

Year Ending June 30,	Governmental Activities General Obligation Bonds Principal	Interest
2019	$ 4,532,937	$ 843,700
2020	3,661,757	822,659
2021	2,960,576	746,109
2022	2,950,396	670,662
2023	3,020,217	593,849
2024	2,561,035	515,265
2025	2,219,000	446,673
2026	2,000,000	386,705
2027	2,049,000	334,957
2028	2,106,000	281,897
2029	2,159,000	227,354
2030	2,035,000	171,395
2031	2,088,000	118,282
2032	1,559,000	66,130
2033	758,000	23,952
Total	$ 36,659,918	$ 6,249,589

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Annual requirements to amortize school and enterprise long-term obligations are as follows:

Year	Governmental Activities		School		Business-type Activities	
Ending	State Literary Fund Loans		General Obligation Bonds		General Obligation Bonds	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 170,000	$ 146,600	$ 1,990,497	$ 353,700	$ 234,000	$ 40,760
2020	445,000	143,200	1,782,512	265,150	240,000	36,327
2021	460,000	134,300	1,841,090	184,406	244,000	31,794
2022	470,000	125,100	595,769	130,318	249,000	27,172
2023	480,000	115,700	611,786	103,904	103,000	23,583
2024	485,000	106,100	628,282	77,926	105,000	21,056
2025	495,000	96,400	580,666	51,829	108,000	18,468
2026	505,000	86,500	596,594	26,423	111,000	15,807
2027	515,000	76,400	108,000	12,539	113,000	13,086
2028	525,000	66,100	111,000	9,878	116,000	10,303
2029	535,000	55,600	114,000	7,144	119,000	7,448
2030	545,000	44,900	117,000	4,338	122,000	4,520
2031	555,000	34,000	120,000	1,458	125,000	1,513
2032	565,000	22,900	-	-	-	-
2033	580,000	11,600	-	-	-	-
Total	$ 7,330,000	$ 1,265,400	$ 9,197,196	$ 1,229,013	$ 1,989,000	$ 251,837

Governmental Activities

General Obligations—Incurred by the County:

The following is a summary of general obligations incurred by the County:

General Obligation Bonds:	
$405,000 General Obligation and Refunding Bond 2015A series issued September 1, 2015 due in varying annual installments through August 1, 2021, interest payable semi-annually, at 1.50%	$ 246,000
$2,431,000 General Obligation Bond 2015B series issued September 1, 2015 due in varying annual installments through August 1, 2030, interest payable semi-annually, at 2.43%	2,156,000
$4,457,000 General Obligation Refunding Bond 2016A series issued February 11, 2016 due in varying annual installments through February 1, 2031, interest payable semi-annually, at 2.32%	4,290,000
$1,218,000 General Obligation Note 2014C series issued December 12, 2014 due in varying annual installments through August 1, 2024, interest payable semi-annually, at 2.01%	880,000

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Governmental Activities: (Continued)

General Obligations—Incurred by the County: (Continued)

General Obligation Bonds:		
$2,130,000 General Obligation Note 2014D series issued December 12, 2014 due in varying annual installments through August 1, 2019, interest payable semi-annually, at 1.365%		871,000
$1,625,000 General Obligation Note 2014E series issued December 12, 2014 due in varying annual installments through August 1, 2019, interest payable semi-annually, at 1.47%		752,000
$386,500 General Obligation Note 2014A series issued April 4, 2014 due in varying annual installments through February 1, 2024, interest payable semi-annually, at 2.15%		245,918
$2,257,000 General Obligation Note 2014B series issued April 4, 2014 due in varying annual installments through February 1, 2024, interest payable semi-annually, at 2.4%		1,750,000
$5,233,000 General Obligation Refunding Note, Series 2012A issued May 10, 2012 due in varying installments through February 1, 2019, interest payable semi-annually, at 1.70%		783,000
$880,000 RZED 2010A, issued March 15, 2010, due in various semi-annual payments through February 15, 2025, interest payable semi-annually at average rate of 5.5%, subsidized by the Federal Government at .35%		865,000
$9,009,000 General Obligation Refunding Note, Series 2012B, issued May 24, 2012, due in various semi-annual payments through February 11, 2024, interest payable semi-annually, at 2.25%		4,521,000
$9,000,000 General Obligation Note Series 2017A issued April 12, 2017 due in varying annual installments through February 2032, interest payable semi-annually, at 2.30%		9,000,000
$1,000,000 General Obligation Note Series 2017B issued April 12, 2017 due in varying annual installments through February 2020, interest payable semi-annually, at 1.75%		1,000,000
$9,300,000 General Obligation Note Series 2018 issued May 2, 2018 due in varying annual installments through February 2033, interest payable semi-annually, at 3.16%		9,300,000
Total General Obligation Bonds	$	36,659,918
Net OPEB liabilities		3,563,425
Net pension liabilities		10,940,250
Compensated absences		1,663,498
Total incurred by the County	$	52,827,091

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Governmental Activities: (Continued)

General Obligations—Incurred by the School Board:

The following is a summary of long-term obligations incurred by the School Board:

Premium on bond	$	169,961
State Literary Fund Loans:		
$7,500,000, issued April 1, 2016, due in various annual installments through April 1, 2033, interest payable annually at 2%	$	7,330,000
General Obligation Bonds:		
$10,284,493 issued November, 2000, due in various annual installments through July, 2020. Interest payable semi-annually at coupon rates varying from 4.975% to 5.850%	$	1,707,096
$5,000,000 issued November, 2000, due in various annual installments through July, 2020. Interest payable semi-annually at coupon rates varying from 4.975% to 5.850%		1,334,576
$7,760,053 issued November 10, 2006, due in various annual installments through July 2025. Interest payable semi-annually at 4.06%		3,576,442
$10,150,000 Public Improvement Bond issued February 20, 2008, payable in various semi-annual installments through February 1, 2031, interest at 4.25%		260,000
$556,500 General Obligation Note 2014A series issued April 4, 2014 due in varying annual installments through February 1, 2024, interest payable semi-annually, at 2.15%		354,082
$1,013,000 General Obligation and Refunding Bond 2015A series issued September 1, 2015 due in varying annual installments through August 1, 2021, interest payable semi-annually, at 1.50%		617,000
$1,520,000 General Obligation Bond 2015B series issued September 1, 2015 due in varying annual installments through August 1, 2030, interest payable semi-annually, at 2.43%		1,348,000
Total General Obligation Bonds	$	9,197,196
Total Incurred by School Board	$	16,697,157
Total Governmental Long-term Obligations	$	69,524,248

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Business-type Activities:

The following is a summary of long-term obligations incurred by the Enterprise Fund:

General Obligation Bonds:		
$856,000 General Obligation and Refunding Bond 2015A series issued September 1, 2015 due in varying annual installments through August 1, 2021, interest payable semi-annually, at 1.50%	$	579,000
$1,590,000 General Obligation Bond 2015B series issued September 1, 2015 due in varying annual installments through August 1, 2030, interest payable semi-annually, at 2.43%		1,410,000
Total General Obligation Bonds	$	1,989,000
Net pension liability	$	608,050
Net OPEB liabilities	$	238,029
Compensated Absences	$	63,742
Total Incurred by Business-type Activities	$	2,898,821

Component Unit School Board:

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

	Restated Balance at July 1, 2017	Increases	Decreases	Balance at June 30, 2018	Amounts Due Within One Year
Compensated absences	$ 340,138	$ 87,740	$ 34,014	$ 393,864	$ 39,386
Net pension liability	61,788,350	8,606,973	18,324,904	52,070,419	-
Net OPEB liabilities	15,033,347	911,526	1,234,444	14,710,429	-
Total	$ 77,161,835	$ 9,606,239	$ 19,593,362	$ 67,174,712	$ 39,386

NOTE 8—DEFERRED/UNAVAILABLE REVENUE:

The following is a summary of unearned/unavailable revenue for the year ended June 30, 2018:

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Deferred/Unavailable Revenue		
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures	$ -	$ 4,001,309
Prepaid property taxes due in December 2017, but paid in advance by the taxpayers.	155,093	155,093
Total unavailable/deferred revenue	$ 155,093	$ 4,156,402

NOTE 9—COMMITMENTS AND CONTINGENT LIABILITIES:

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of the Uniform Guidance. Pursuant to the provisions of this guidance all major programs and certain other programs were tested for compliance with applicable grant requirements.

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

At June 30, 2018, the County had the following construction contracts outstanding:

Project	Contractor	Balance June 30, 2018
High School Track Renovation	Precision Sports Surfaces, Inc.	$ 16,969
South Crater Road Pump Station 6	Southwood Building Systems, Inc.	184,295
South Elementary Windows	Centennial Contractors Enterprises, Inc.	272,440
Harrison Elementary Window	Centennial Contractors Enterprises, Inc.	379,412
Courthouse Basement	JW Enochs, Inc.	137,559
Total		$ 990,675

NOTE 10—LITIGATION:

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

NOTE 11—RISK MANAGEMENT:

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

The County is a member of the Virginia Association of Counties Risk Pool (VaCorp) insurance program for its property, automobile, liability, public officials and worker's compensation coverage. The pool is a nonprofit, tax exempt association.

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

The County continues to carry commercial insurance for all other risks of losses. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

NOTE 12—PENSION PLAN:

Plan Description

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS (CONTINUED)</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENT PLAN</th></tr>
<tr><td>About Plan 1 (Cont.)</td><td>About Plan 2 (Cont.)</td><td>About the Hybrid Retirement Plan (Cont.)
• 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.</td></tr>
<tr><td>Eligible Members
Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.

Hybrid Opt-In Election
VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan’s effective date for eligible Plan 1 members who opted in was July 1, 2014.</td><td>Eligible Members
Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

Hybrid Opt-In Election
Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan’s effective date for eligible Plan 2 members who opted in was July 1, 2014.</td><td>Eligible Members
Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
• Political subdivision employees*
• School division employees
• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014.

*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.</td></tr>
</table>

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Hybrid Opt-In Election (Cont.) If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	**Hybrid Opt-In Election (Cont.)** If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. 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.	***Non-Eligible Members (Cont.)** 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.
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Creditable Service** Same as Plan 1.	**Creditable Service** **Defined Benefit Component:** Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contribution Component:** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** **<u>Defined Benefit Component:</u>** 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. **<u>Defined Contribution Component:</u>** 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. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions.

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting (Cont.)	**Vesting (Cont.)**	**Vesting (Cont.)** **Defined Contribution Component: (Cont.)** • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1. **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. **Eligibility:** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. 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.	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. **Eligibility:** Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Not applicable. **Eligibility:** Same as Plan 1 and Plan 2.
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability.	**Exceptions to COLA Effective Dates:** Same as Plan 1.	**Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) in Retirement (Cont.) **Exceptions to COLA Effective Dates: (Cont.)** • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates: (Cont.)**	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates: (Cont.)**
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. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**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. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

NOTE 12—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

Pension Plan Data

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

NOTE 12—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	138	126
Inactive members:		
Vested inactive members	44	11
Non-vested inactive members	45	52
Inactive members active elsewhere in VRS	92	16
Total inactive members	181	79
Active members	231	172
Total covered employees	550	377

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2017 was 14.48% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were $1,775,595 and $1,782,156 for the years ended June 30, 2018 and June 30, 2017, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2018 was 8.38% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

NOTE 12—PENSION PLAN: (CONTINUED)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were $331,058 and $363,984 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net Pension Liability

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

Actuarial Assumptions – General Employees

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

NOTE 12—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

Mortality rates: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 – Non-Hazardous Duty:

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

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

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

NOTE 12—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

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

Inflation	2.5%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	7.0%, net of pension plan investment 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.

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

NOTE 12—PENSION PLAN: (CONTINUED)

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

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

Largest 10 – Hazardous Duty:

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

All Others (Non 10 Largest) –Hazardous Duty:

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

NOTE 12—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

NOTE 12—PENSION PLAN: (CONTINUED)

Discount Rate

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

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	$ 60,216,152	$ 45,438,111	$ 14,778,041
Changes for the year:			
Service cost	$ 1,724,984	$ -	$ 1,724,984
Interest	4,120,883	-	4,120,883
Changes of assumptions	(81)	-	(81)
Differences between expected and actual experience	(1,906,805)	-	(1,906,805)
Contributions - employer	-	1,785,303	(1,785,303)
Contributions - employee	-	613,996	(613,996)
Net investment income	-	5,541,986	(5,541,986)
Benefit payments, including refunds of employee contributions	(2,692,781)	(2,692,781)	-
Administrative expenses	-	(31,674)	31,674
Other changes	-	(4,950)	4,950
Net changes	$ 1,246,200	$ 5,211,880	$ (3,965,680)
Balances at June 30, 2017	$ 61,462,352	$ 50,649,991	$ 10,812,361

NOTE 12—PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability

	Component School Board (nonprofessional) Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	$ 17,899,315	$ 15,143,965	$ 2,755,350
Changes for the year:			
Service cost	$ 406,040	$ -	$ 406,040
Interest	1,219,527	-	1,219,527
Changes of assumptions	(206,348)	-	(206,348)
Differences between expected and actual experience	(192,234)	-	(192,234)
Contributions - employer	-	355,732	(355,732)
Contributions - employee	-	190,544	(190,544)
Net investment income	-	1,822,949	(1,822,949)
Benefit payments, including refunds of employee contributions	(955,012)	(955,012)	-
Administrative expenses	-	(10,692)	10,692
Other changes	-	(1,617)	1,617
Net changes	$ 271,973	$ 1,401,904	$ (1,129,931)
Balances at June 30, 2017	$ 18,171,288	$ 16,545,869	$ 1,625,419

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County of Prince George Net Pension Liability	$ 18,787,531	$ 10,812,361	$ 4,180,380
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	$ 3,575,711	$ 1,625,419	$ (34,764)

NOTE 12—PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2018, the County and Component Unit School Board (nonprofessional) recognized pension expense of $1,185,414 and ($167,258), respectively. At June 30, 2018, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 76,571	1,358,045	-	345,848
Change in proportionate share	86,899	86,899		
Change in assumptions	-	58	-	130,205
Net difference between projected and actual earnings on pension plan investments	$ -	$ 728,528	$ -	$ 225,841
Employer contributions subsequent to the measurement date	1,775,595	-	331,058	-
Total	$ 1,939,065	$ 2,173,530	$ 331,058	$ 701,894

$1,775,595 and $331,058 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2019	$ (921,540)	$ (521,184)
2020	(350,294)	(28,811)
2021	(263,650)	3,621
2022	(474,576)	(155,520)
Thereafter	-	-

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional)

Plan Description

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

Contributions

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

Each School Division's contractually required employer contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 adjusted for the transfer in June 2015 of $192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were $5,095,114 and $4,687,068 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of $50,445,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was 0.41019% as compared to 0.42124% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized pension expense of $3,581,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 3,572,000
Change in assumptions	736,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,000,000	2,027,000
Net difference between projected and actual earnings on pension plan investments	-	1,833,000
Employer contributions subsequent to the measurement date	5,095,114	-
Total	$ 6,831,114	$ 7,432,000

$5,095,114 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2019	$ (2,122,000)
2020	(421,000)
2021	(905,000)
2022	(1,904,000)
2023	(344,000)

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

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

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

Mortality rates:

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

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

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

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

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

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

Long-Term Expected Rate of Return

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

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

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

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Discount Rate

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

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	$ 75,331,000	$ 50,445,000	$ 29,859,000

Pension Plan Fiduciary Net Position

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

NOTE 13—LANDFILL POSTCLOSURE CARE COSTS:

The County closed its landfill prior to the date mandated by state and federal laws and regulations and the Department of Environmental Quality in the Commonwealth of Virginia has indicated the County is no longer liable for post closure care monitoring and maintenance.

NOTE 14—SURETY BONDS:

		Amount
Division of Risk Management Surety:		
Commonwealth Funds		
C. Bishop Knott, Jr., Clerk of the Circuit Court	$	400,000
Susan Vargo, Treasurer		500,000
Darlene M. Rowsey, Commissioner of the Revenue		3,000
H.E. Allin III, Sheriff		30,000
Virginia Association of Counites Risk Pool:		
All County employees covered under Crime Policy		500,000
All Public Officals covered under Public Officials Liability		5,000,000
Virginia Municipal League:		
All School Board employees covered under Crime Policy		500,000

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB:

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

Plan Description

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

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

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

Plan Description: (Continued)

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

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
Eligible Employees The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
Benefit Amounts The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • **At Retirement** – For Teacher and other professional school employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount. • **Disability Retirement** – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: o $4.00 per month, multiplied by twice the amount of service credit, or o $4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
Health Insurance Credit Program Notes: • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 1.23% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Program were $398,264 and $358,589 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of $5,193,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was .40934% as compared to .42121% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of $402,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	$ -	$ 9,000
Change in assumptions	-	54,000
Change in proportion	-	131,000
Employer contributions subsequent to the measurement date	398,264	-
Total	$ 398,264	$ 194,000

$398,264 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2019	$ (30,000)
2020	(30,000)
2021	(30,000)
2022	(30,000)
2023	(28,000)
Thereafter	(46,000)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

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

Actuarial Assumptions

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

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

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

Mortality Rates – Teachers

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

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

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

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

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

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

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

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

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

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

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

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

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

		Rate	
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	$ 5,796,000	$ 5,193,000	$ 4,681,000

Teacher Employee HIC OPEB Fiduciary Net Position

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

Group Life Insurance (GLI) Program (OPEB Plan):

Plan Description

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

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

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Plan Description

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

Eligible Employees

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

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

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

Benefit Amounts

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

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

Reduction in Benefit Amounts

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

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

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

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were $65,238 and $65,145 for the years ended June 30, 2018 and June 30, 2017, respectively, for the County; $19,426 and $20,556 for the years ended June 30, 2018 and June 30, 2017, respectively, for the School Board (nonprofessional); $171,742 and $168,151 for the years ended June 30, 2018 and June 30, 2017, respectively, for the School Board (professional).

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

At June 30, 2018, the entity reported a liability of $1,022,000 for the County; $323,000 for the School Board (nonprofessional); and $2,638,000 for the School Board (professional) for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the participating employer's proportion was .06792% as compared to .06853% at June 30, 2016 for the County. At June 30, 2017, the participating employer's proportion was .02143% as compared to.02168% at June 30, 2016 for the School Board (nonprofessional). At June 30, 2017, the participating employer's proportion was .17531% as compared to .17875% at June 30, 2016 for the School Board (professional).

For the year ended June 30, 2018, the participating employer recognized GLI OPEB expense of $9,000 (County), $3,000 (School Board – nonprofessional), and $21,000 (School Board – professional). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government		
Differences between expected and actual experience	$ -	$ 23,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	38,000
Change in assumptions	-	53,000
Changes in proportion	-	9,000
Employer contributions subsequent to the measurement date	65,238	-
Total	$ 65,238	$ 123,000
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	$ -	$ 7,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	12,000
Change in assumptions	-	17,000
Changes in proportion	-	3,000
Employer contributions subsequent to the measurement date	19,426	-
Total	$ 19,426	$ 39,000
Component Unit School Board (professional)		
Differences between expected and actual experience	$ -	$ 59,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	99,000
Change in assumptions	-	136,000
Changes in proportion	-	51,000
Employer contributions subsequent to the measurement date	171,742	-
Total	$ 171,742	$ 345,000

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

$65,238 (County); $19,426 (School Board nonprofessional), and $171,742 (School Board professional) were reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2019	$ (25,000)	$ (8,000)	$ (69,000)
2020	(25,000)	(8,000)	(69,000)
2021	(25,000)	(8,000)	(69,000)
2022	(25,000)	(7,000)	(69,000)
2023	(15,000)	(4,000)	(45,000)
Thereafter	(8,000)	(4,000)	(24,000)

Actuarial Assumptions

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

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

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

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Actuarial Assumptions: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Mortality Rates – General State Employees

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

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

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

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

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

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers

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

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

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

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

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

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – SPORS Employees

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

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

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

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

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

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – VaLORS Employees

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

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

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

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

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

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – JRS Employees

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

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

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

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

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

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Largest Ten Locality Employers – General Employees

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

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

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

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

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

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

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

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

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

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

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

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

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

NET GLI OPEB Liability

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

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

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

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 1,322,000	$ 1,022,000	$ 779,000
School Board(nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 417,000	$ 323,000	$ 246,000
School Board(professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 3,412,000	$ 2,638,000	$ 2,011,000

Group Life Insurance Program Fiduciary Net Position

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

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan):

County

Plan Description

In addition to the pension benefits described in Note 12 and the group life benefits described above, the County administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Life insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. In addition, the County provides a fixed basic death benefit for all retirees.

Plan Membership

At June 30, 2018 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	$	168
Total retirees with coverage		7
Total	$	175

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County Board. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2018 was $55,013.

Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as January 1, 2017.

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

County: (Continued)

Actuarial Assumptions

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

Inflation	2.50% per year as of January 1, 2017
Salary Increases	3.00% per year for general salary inflations as of January 1, 2017
Discount Rate	3.62% for accounting and funding disclosures as of January 1, 2017

Mortality rates for Active employees and healthy retirees were based on a RPH-2015 Total Dataset Mortality Table fully generational using scale MP-2015 while mortality rates for disabled retirees were based on a RPH-2015 Disabled Mortality Table fully generational using scale MP-15. The RPH-2015 table is calculated based on a RPH-2014 table with 8 years of MP-2014 mortality improvement backed out and projected to 2015 using scale MP-2015.

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

Discount Rate

The discount rate used to measure the total OPEB liability is 3.62%. There is no prefunding of benefits in an OPEB trust for this plan, therefore the discount rate is equal to the yield on a 20-year municipal bond Aa index as of June 30, 2018.

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

County: (Continued)

Changes in Total OPEB Liability

		Primary Government Total OPEB Liability
Balances at June 30, 2017	$	2,658,417
Changes for the year:		
Service cost		93,700
Interest		97,005
Changes in assumptions		(14,655)
Benefit payments		(55,013)
Net changes		121,037
Balances at June 30, 2018	$	2,779,454

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.62%) or one percentage point higher (4.62%) than the current discount rate:

	Rate				
	1% Decrease (2.62%)		Current Discount Rate (3.62%)		1% Increase (4.62%)
$	3,051,386	$	2,779,454	$	2,559,641

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

The following presents the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.00% decreasing by 0.25% annually to an ultimate rate of 4.25%) or one percentage point higher (7.00% decreasing by 0.25% annually to an ultimate rate of 5.25%) than the current healthcare cost trend rates:

	Rates				
	1% Decrease (5.00% decreasing to 3.25%)		Healthcare Cost Trend (6.00% decreasing to 4.25%)		1% Increase (7.00% decreasing to 5.25%)
$	2,473,349	$	2,779,454	$	3,169,563

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

County: (Continued)

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

For the year ended June 30, 2018, the County recognized OPEB expense in the amount of $189,373. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resouces	Deferred Inflows of Resources
Changes in assumptions	$ -	$ 13,323
Total	$ -	$ 13,323

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

Year Ended June 30	
2019	$ (1,332)
2020	(1,332)
2021	(1,332)
2022	(1,332)
2023	(1,332)
Thereafter	(6,663)

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

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

School Board

Plan Description

In addition to the pension benefits described in Note 12 and the health insurance credit and group life benefits described above, the School Board administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Life insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. In addition, the School Board provides a fixed basic death benefit for all retirees.

Plan Membership

At June 30, 2018 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	$	564
Total retirees with coverage		44
Total retirees without coverage		8
Total	$	616

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2018 was $84,346.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January1, 2017.

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

Actuarial Assumptions

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

Inflation	2.50% per year as of January 1, 2017
Salary Increases	3.00% per year for general salary inflations as of January 1, 2017
Discount Rate	3.62% for accounting and funding disclosures as of January 1, 2017

Mortality rates for Active employees and healthy retirees were based on a RPH-2015 Total Dataset Mortality Table fully generational using scale MP-2015 while mortality rates for disabled retirees were based on a RPH-2015 Disabled Mortality Table fully generational using scale MP-15. The RPH-2015 table is calculated based on a RPH-2014 table with 8 years of MP-2014 mortality improvement backed out and projected to 2015 using scale MP-2015.

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

Discount Rate

The discount rate used to measure the total OPEB liability is 3.62%. There is no prefunding of benefits in an OPEB trust for this plan, therefore the discount rate is equal to the yield on a 20-year municipal bond Aa index as of June 30, 2018.

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

Changes in Total OPEB Liability

		Primary Government Total OPEB Liability
Balances at June 30, 2017	$	6,185,347
Changes for the year:		
Service cost		260,550
Interest		227,986
Changes in assumptions		(33,108)
Contributions - employer		(84,346)
Net changes		371,082
Balances at June 30, 2018	$	6,556,429

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.62%) or one percentage point higher (4.62%) than the current discount rate:

Rate		
1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
$ 7,175,380	$ 6,556,429	$ 6,058,935

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.00% decreasing by 0.25% annually to an ultimate rate of 4.25%) or one percentage point higher (7.00% decreasing by 0.25% annually to an ultimate rate of 5.25%) than the current healthcare cost trend rates:

Rates		
1% Decrease (5.00% decreasing to 3.25%)	Healthcare Cost Trend (6.00% decreasing to 4.25%)	1% Increase (7.00% decreasing to 5.25%)
$ 5,851,133	$ 6,556,429	$ 7,466,011

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED)

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

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

For the year ended June 30, 2018, the School Board recognized OPEB expense in the amount of $485,526. At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resouces	Deferred Inflows of Resources
Changes in assumptions	$ -	$ 30,098
Total	$ -	$ 30,098

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

Year Ended June 30	
2019	$ (3,010)
2020	(3,010)
2021	(3,010)
2022	(3,010)
2023	(3,010)
Thereafter	(15,048)

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

NOTE 16—LENGTH OF SERVICE AWARD PENSION PROGRAM:

Plan Description and Provisions

On January 1, 2001 the Prince George County Board of Supervisors adopted the Length of Service Awards Program for the Prince George County Volunteer Fire Companies and Emergency Crew to recognize the service provided by the volunteers. The plan is a single employer, defined benefit pension plan open to any volunteer emergency service technician or volunteer firefighter who has earned a year of credited service. Participants vest after five years of service and earn a fixed dollar benefit based on years of service. Benefits and refunds of the postemployment defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan. No separate financial report is issued for the plan.

NOTE 16—LENGTH OF SERVICE AWARD PENSION PROGRAM: (CONTINUED)

Plan Description and Provisions: (Continued)

As of June 30, 2018, the date of the most recent actuarial valuation, the program membership consisted of the following:

	LOSAP
Inactive members or their beneficiaries currently receiving benefits	37
Inactive members:	
Vested inactive members	59
Total inactive members	59
Active members	130
Total covered employees	226

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Discount Rate	4.97%
Long term expected rate of return	5.00%

Investments

The following was the County's adopted asset allocation as of June 30, 2018:

Asset Class (Strategy)	Target Allocation
Fixed Income	99.26%
Cash	0.74%
Total	100.00%

NOTE 16—LENGTH OF SERVICE AWARD PENSION PROGRAM: (CONTINUED)

Net Pension Liability of the County

The components of the net pension liability of the County at June 30, 2018 were as follows:

	LOSAP		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	$ 2,466,856	$ 1,693,858	$ 772,998
Changes for the year:			
Service cost	$ 73,069	$ -	$ 73,069
Interest	120,949	-	120,949
Differences between expected and actual experience	(4,863)	-	(4,863)
Change in assumptions	(46,581)	-	(46,581)
Contributions - employer	-	135,000	(135,000)
Net investment income	-	44,633	(44,633)
Benefit payments	(86,045)	(86,045)	-
Net changes	$ 56,529	$ 93,588	$ (37,059)
Balances at June 30, 2018	$ 2,523,385	$ 1,787,446	$ 735,939

Discount Rate

The discount rate used to measure the total pension liability was 4.97%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates at lesser or equal to the difference between actuarially determined contribution rates and the member rate. 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 plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 16—LENGTH OF SERVICE AWARD PENSION PROGRAM: (CONTINUED)

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

The following presents the net pension liability of the County, calculated using the discount rate of 4.97%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.97%) or 1-percentage-point higher (5.97%) than the current rate:

	1% Decrease (3.97%)	Current Discount Rate (4.97%)	1% Increase (5.97%)
LOSAP			
Net Pension Liability	$ 1,124,000	$ 735,939	$ 415,000

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

For the year ended June 30, 2018, the County recognized pension expense of $92,244. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LOSAP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	4,863
Change in assumptions	-	46,581
Net difference between projected and actual earnings on pension plan investments	$ 41,284	$ -
Total	$ 41,284	$ 51,444

Amounts reported as deferred outflows of resources to pensions will be recognized in pension expense in future accounting periods as follows:

Year ended June 30	LOSAP
2019	$ 4,523
2020	4,523
2021	4,523
2022	4,523
2023	4,523
Thereafter	(32,775)

NOTE 17—UPCOMING PRONOUNCEMENTS:

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

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

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

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

NOTE 17—UPCOMING PRONOUNCEMENTS: (CONTINUED)

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. 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. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

NOTE 18—ADOPTION OF ACCOUNTING POLICIES:

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

	Primary Government		Component Unit
	Governmental Activities	**Business-type Activities**	**School Board**
Net Position as reported at June 30, 2017	$ 31,731,611	$ 23,490,193	$ (29,533,124)
Implementation of GASB No. 75	(1,759,021)	(235,007)	(8,415,398)
Net Position as restated at June 30, 2017	$ 29,972,590	$ 23,255,186	$ (37,948,522)

Required Supplementary Information

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	$ 34,156,000	$ 34,156,000	$ 33,397,818	$ (758,182)
Other local taxes	6,374,930	6,374,930	6,923,990	549,060
Permits, privilege fees, and regulatory licenses	311,950	311,950	375,326	63,376
Fines and forfeitures	302,600	302,600	352,358	49,758
Revenue from the use of money and property	259,800	259,800	349,716	89,916
Charges for services	1,531,950	1,538,974	1,585,848	46,874
Miscellaneous	-	41,695	64,250	22,555
Recovered costs	192,500	319,383	306,040	(13,343)
Intergovernmental:				
Commonwealth	9,196,323	9,514,846	9,197,931	(316,915)
Federal	1,321,298	1,657,894	1,556,736	(101,158)
Total revenues	$ 53,647,351	$ 54,478,072	$ 54,110,013	$ (368,059)
EXPENDITURES				
Current:				
General government administration:				
Legislative:				
Board of supervisors	$ 117,735	$ 125,035	$ 120,399	$ 4,636
General and financial administration:				
County administrator	$ 401,947	$ 436,211	$ 411,859	$ 24,352
Human resources	323,226	327,263	375,954	(48,691)
Legal services	324,105	326,796	322,447	4,349
Commissioner of revenue	460,976	469,050	421,743	47,307
Treasurer	573,275	580,676	558,872	21,804
Assessor	489,680	495,063	427,773	67,290
Finance	723,823	732,570	702,388	30,182
Information Technology	873,381	908,554	949,051	(40,497)
County garage	462,390	472,850	455,137	17,713
Other general and financial administration	261,024	261,024	103,101	157,923
Total general and financial administration	$ 4,893,827	$ 5,010,057	$ 4,728,325	$ 281,732
Board of elections:				
Registrar	$ 270,977	$ 274,341	$ 258,820	$ 15,521
Total general government administration	$ 5,282,539	$ 5,409,433	$ 5,107,544	$ 301,889
Judicial administration:				
Courts:				
Circuit court	$ 126,591	$ 127,937	$ 115,597	$ 12,340
General district court	48,360	48,360	44,995	3,365
Magistrate	475	475	373	102
Sheriff	1,116,165	1,197,704	1,172,816	24,888
Law library	-	17,968	12,372	5,596

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

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES: (Continued)				
Judicial administration: (Continued)				
Courts: (Continued)				
Victim witness	$ 113,998	$ 115,344	$ 95,770	$ 19,574
Clerk of Circuit Court	567,741	592,136	595,347	(3,211)
Total courts	$ 1,973,330	$ 2,099,924	$ 2,037,270	$ 62,654
Commonwealth's attorney:				
Commonwealth's attorney	$ 590,841	$ 600,261	$ 584,120	$ 16,141
Total judical administration	$ 2,564,171	$ 2,700,185	$ 2,621,390	$ 78,795
Public safety:				
Law enforcement and traffic control:				
Police department	$ 5,360,345	$ 5,488,312	$ 5,382,501	$ 105,811
Law enforcement grants	-	108,470	58,464	50,006
Total law enforcement and traffic control	$ 5,360,345	$ 5,596,782	$ 5,440,965	$ 155,817
Fire and rescue services:				
Volunteer fire departments	$ 263,724	$ 545,669	$ 391,488	$ 154,181
Volunteer emergency crew	11,000	11,000	8,641	2,359
LOSAP volunteers	135,000	135,000	135,000	-
SAFER Grant	-	334,306	252,696	81,610
Fire and rescue service	2,716,746	2,954,229	3,062,561	(108,332)
Total fire and rescue services	$ 3,126,470	$ 3,980,204	$ 3,850,386	$ 129,818
Correction and detention:				
Confinement and care of prisoners	$ 1,476,332	$ 1,476,332	$ 1,736,002	$ (259,670)
Juvenile services - VJCCCA	73,441	74,787	77,907	(3,120)
Court services	2,100	2,100	3,310	(1,210)
Total correction and detention	$ 1,551,873	$ 1,553,219	$ 1,817,219	$ (264,000)
Inspections:				
Building	$ 1,216,969	$ 1,226,389	$ 998,357	$ 228,032
Other protection:				
Animal control	$ 442,716	$ 455,647	$ 463,872	$ (8,225)
Emergency services	1,163,953	1,342,243	1,180,907	161,336
Total other protection	$ 1,606,669	$ 1,797,890	$ 1,644,779	$ 153,111
Total public safety	$ 12,862,326	$ 14,154,484	$ 13,751,706	$ 402,778

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES: (Continued)				
Public works:				
Sanitation and waste removal:				
Refuse disposal	$ 58,823	$ 58,823	$ 50,588	$ 8,235
Total sanitation and waste removal	$ 58,823	$ 58,823	$ 50,588	$ 8,235
Maintenance of general buildings and grounds:				
General properties	$ 2,180,356	$ 2,196,336	$ 2,099,576	$ 96,760
Engineering	4,000	4,000	1,806	2,194
Total maintenance of general buildings and grounds	$ 2,184,356	$ 2,200,336	$ 2,101,382	$ 98,954
Total public works	$ 2,243,179	$ 2,259,159	$ 2,151,970	$ 107,189
Health and welfare:				
Health:				
Supplement of local health department	$ 222,377	$ 222,377	$ 222,377	$ -
Mental health and mental retardation:				
District 19 CSB	$ 107,342	$ 107,342	$ 107,342	$ -
Welfare:				
Public assistance and welfare administration	$ 2,585,637	$ 2,639,082	$ 2,343,818	$ 295,264
Comprehensive services	1,275,000	1,423,252	1,384,363	38,889
Tax Relief for the Elderly & Disabled	250,000	250,000	159,459	90,541
Total welfare	$ 4,110,637	$ 4,312,334	$ 3,887,640	$ 424,694
Total health and welfare	$ 4,440,356	$ 4,642,053	$ 4,217,359	$ 424,694
Education:				
Other instructional costs:				
Contribution to School Board Component Unit	$ 16,250,249	$ 16,697,317	$ 15,635,853	$ 1,061,464
Contribution to local colleges	14,494	14,494	14,494	-
Total education	$ 16,264,743	$ 16,711,811	$ 15,650,347	$ 1,061,464
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation department	$ 991,843	$ 1,031,164	$ 1,017,712	$ 13,452
Farmer's market	10,959	11,083	9,131	1,952

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES: (Continued)				
Parks, recreation, and cultural: (Continued)				
Library:				
Contribution to regional library	$ 592,224	$ 592,224	$ 592,224	$ -
Total parks, recreation, and cultural	$ 1,595,026	$ 1,634,471	$ 1,619,067	$ 15,404
Community development:				
Environmental management:				
Contribution to soil and water conservation district	$ 18,000	$ 18,000	$ 18,000	$ -
Stormwater upgrades	196	1,691,735	65,292	1,626,443
Resource conservation and development council	3,000	3,000	3,000	-
Total environmental management	$ 21,196	$ 1,712,735	$ 86,292	$ 1,626,443
Cooperative extension program:				
Extension office	$ 79,880	$ 79,880	$ 64,807	$ 15,073
Total community development	$ 101,076	$ 1,792,615	$ 151,099	$ 1,641,516
Total expenditures	$ 45,353,416	$ 49,304,211	$ 45,270,482	$ 4,033,729
Excess (deficiency) of revenues over (under) expenditures	$ 8,293,935	$ 5,173,861	$ 8,839,531	$ 3,665,670
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 350,000	$ 4,337,505	$ -	$ (4,337,505)
Transfers (out)	(8,643,935)	(11,202,905)	(11,094,398)	108,507
Total other financing sources (uses)	$ (8,293,935)	$ (6,865,400)	$ (11,094,398)	$ (4,228,998)
Net change in fund balances	$ -	$ (1,691,539)	$ (2,254,867)	$ (563,328)
Fund balances - beginning	-	1,691,539	24,972,020	23,280,481
Fund balances - ending	$ -	$ -	$ 22,717,153	$ 22,717,153

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
Primary Government
Years Ended June 30, 2015 through June 30, 2018

	2017	2016	2015	2014
Total pension liability				
Service cost	$ 1,724,984	$ 1,631,572	$ 1,613,853	$ 1,467,866
Interest	4,120,883	3,916,207	3,699,509	3,513,756
Changes of assumptions	(81)	-	-	-
Differences between expected and actual experience	(1,906,805)	(1,580)	329,000	-
Benefit payments, including refunds of employee contributions	(2,692,781)	(2,551,709)	(2,541,646)	(2,114,367)
Net change in total pension liability	$ 1,246,200	$ 2,994,490	$ 3,100,716	$ 2,867,255
Total pension liability - beginning	60,216,152	57,221,662	54,120,946	51,253,691
Total pension liability - ending (a)	$ 61,462,352	$ 60,216,152	$ 57,221,662	$ 54,120,946
Plan fiduciary net position				
Contributions - employer	$ 1,785,303	$ 1,925,702	$ 1,906,737	$ 1,913,168
Contributions - employee	613,996	606,201	603,046	593,887
Net investment income	5,541,986	781,596	1,968,791	5,814,591
Benefit payments, including refunds of employee contributions	(2,692,781)	(2,551,709)	(2,541,646)	(2,114,367)
Administrative expense	(31,674)	(27,427)	(26,604)	(30,700)
Other	(4,950)	(332)	(414)	306
Net change in plan fiduciary net position	$ 5,211,880	$ 734,031	$ 1,909,910	$ 6,176,885
Plan fiduciary net position - beginning	45,438,111	44,704,080	42,794,170	36,617,285
Plan fiduciary net position - ending (b)	$ 50,649,991	$ 45,438,111	$ 44,704,080	$ 42,794,170
County's net pension liability - ending (a) - (b)	$ 10,812,361	$ 14,778,041	$ 12,517,582	$ 11,326,776
Plan fiduciary net position as a percentage of the total pension liability	82.41%	75.46%	78.12%	79.07%
Covered payroll	$ 12,437,319	$ 12,301,757	$ 12,155,198	$ 11,848,964
County's net pension liability as a percentage of covered payroll	86.93%	120.13%	102.98%	95.59%

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

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

	2017	2016	2015	2014
Total pension liability				
Service cost	$ 406,040	$ 417,396	$ 428,123	$ 409,306
Interest	1,219,527	1,223,081	1,181,493	1,135,508
Changes of assumptions	(206,348)	-	-	-
Differences between expected and actual experience	(192,234)	(724,912)	(66,650)	-
Benefit payments, including refunds of employee contributions	(955,012)	(977,659)	(920,068)	(855,679)
Net change in total pension liability	$ 271,973	$ (62,094)	$ 622,898	$ 689,135
Total pension liability - beginning	17,899,315	17,961,409	17,338,511	16,649,376
Total pension liability - ending (a)	$ 18,171,288	$ 17,899,315	$ 17,961,409	$ 17,338,511
Plan fiduciary net position				
Contributions - employer	$ 355,732	$ 434,571	$ 441,561	$ 471,667
Contributions - employee	190,544	190,538	194,358	205,593
Net investment income	1,822,949	258,910	670,676	2,031,194
Benefit payments, including refunds of employee contributions	(955,012)	(977,659)	(920,068)	(855,679)
Administrative expense	(10,692)	(9,483)	(9,320)	(11,024)
Other	(1,617)	(111)	(143)	107
Net change in plan fiduciary net position	$ 1,401,904	$ (103,234)	$ 377,064	$ 1,841,858
Plan fiduciary net position - beginning	15,143,965	15,247,199	14,870,135	13,028,277
Plan fiduciary net position - ending (b)	$ 16,545,869	$ 15,143,965	$ 15,247,199	$ 14,870,135
School subdivision's net pension liability - ending (a) - (b)	$ 1,625,419	$ 2,755,350	$ 2,714,210	$ 2,468,376
Plan fiduciary net position as a percentage of the total pension liability	91.06%	84.61%	84.89%	85.76%
Covered payroll	$ 3,935,335	$ 3,885,016	$ 3,930,143	$ 4,107,517
School subdivision's net pension liability as a percentage of covered payroll	41.30%	70.92%	69.06%	60.09%

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

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

	2017	**2016**	**2015**	**2014**
Employer's Proportion of the Net Pension Liability (Asset)	0.41019%	0.42124%	0.41460%	0.42720%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 50,445,000	$ 59,033,000	$ 52,186,000	$ 51,625,000
Employer's Covered Payroll	32,307,287	32,125,441	26,635,819	26,967,312
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	156.14%	183.76%	195.92%	191.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.68%	70.68%	70.88%	70.88%

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

Schedule of Employer Contributions
Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
County:					
2018	$ 1,775,595	$ 1,775,595	$ -	$ 12,417,476	14.30%
2017	1,782,156	1,782,156	-	12,437,319	14.33%
2016	1,825,702	1,825,702	-	12,301,757	14.84%
2015	1,912,013	1,912,013	-	12,155,198	15.73%
2014	1,913,608	1,913,608	-	11,848,964	16.15%
2013	1,743,353	1,743,353	-	10,794,754	16.15%
2012	1,505,652	1,505,652	-	10,974,136	13.72%
2011	1,586,153	1,586,153	-	11,560,882	13.72%
2010	1,505,992	1,505,992	-	11,747,210	12.82%
2009	1,487,700	1,487,700	-	11,604,528	12.82%
School Board - Non-Professionals:					
2018	$ 331,058	$ 331,058	$ -	$ 3,836,815	8.63%
2017	363,984	363,984	-	3,935,335	9.25%
2016	434,571	434,571	-	3,885,016	11.19%
2015	443,713	443,713	-	3,930,143	11.29%
2014	448,541	448,541	-	4,107,517	10.92%
2013	421,769	421,769	-	3,862,356	10.92%
2012	381,178	381,178	-	4,125,302	9.24%
2011	398,799	398,799	-	4,316,005	9.24%
2010	460,971	460,971	-	4,423,901	10.42%
2009	463,491	463,491	-	4,448,086	10.42%
School Board - Professionals:					
2018	$ 5,095,114	$ 5,095,114	$ -	$ 35,074,106	14.53%
2017	4,687,068	4,687,068	-	32,307,287	14.51%
2016	4,516,837	4,516,837	-	32,125,441	14.06%
2015	4,323,112	4,323,112	-	26,635,819	16.23%

The School Board Professional schedule is intended to report information for 10 years. 2015 is the first year for this presentation, no other data is available. Additional years will be included when available.

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

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

Largest 10 – Non-Hazardous Duty:

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

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

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

Schedule of Changes in Net Pension Liabiltiy and Related Ratios
Pension Trust Fund
Year Ended June 30, 2018

		2018
Total pension liability:		
Service costs	$	73,069
Interest cost		120,949
Change due to differences in experience		(4,863)
Change in assumptions		(46,581)
Benefit payments		(86,045)
Net change in total pension liability	$	56,529
Total pension liability - beginning		2,466,856
Total pension liability - ending	$	2,523,385
Plan fiduciary net position:		
Employer contributions	$	135,000
Net investment income		44,633
Benefit payments		(86,045)
Net change in plan fiduciary net position	$	93,588
Plan fiduciary net position - beginning		1,693,858
Plan fiduciary net position - ending	$	1,787,446
Net pension liability	$	735,939
Plan fiduciary net position as a percentage of the total pension liability	$	71%

Schedule of Employer Contributions
Pension Trust Fund
Years Ended June 30, 2014 through June 30, 2018

	2014	2015	2016	2017	2018
Actuarially determined contribution	$ 144,598	$ 144,755	$ 127,637	$ 172,160	$ 140,657
Contributions in relation to the actuarially determined contribution	104,500	104,500	104,500	104,500	135,000
Contribution deficiency (excess)	$ (40,098)	$ (40,255)	$ (23,137)	$ (67,660)	$ (5,657)

This schedule is intended to report information for 10 years. Information prior to the 2014 is not available. However, additional years will be included as they become available.

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, 2018.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar on a closed amortization period
Remaining amortization period	10 years
Inflation	n/a
Investment rate of return	5.00%

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2017	0.40934%	$ 5,193,000	$ 32,336,732	16.06%	7.04%

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

Schedule of Employer Contributions
Teacher Health Insurance Credit Program (HIC)
For the Years Ended June 30, 2017 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2018	$ 398,264	$ 398,264	$ -	$ 32,697,249	1.22%
2017	358,589	358,589	-	32,336,732	1.11%

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

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

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

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

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

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2017	0.06792%	$ 1,022,000	$ 12,527,854	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2017	0.02143%	$ 323,000	$ 3,953,134	8.17%	48.86%
Component Unit School Board (professional)					
2017	0.17531%	$ 2,638,000	$ 32,336,732	8.16%	48.86%

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

Schedule of Employer Contributions
Group Life Insurance Program
For the Years Ended June 30, 2017 through June 30, 2018

Date		Contractually Required Contribution (1)		Contributions in Relation to Contractually Required Contribution (2)		Contribution Deficiency (Excess) (3)		Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government									
2018	$	65,238	$	65,238	$	-	$	12,450,965	0.52%
2017		65,145		65,145		-		12,527,854	0.52%
Component Unit School Board (nonprofessional)									
2018	$	19,426	$	19,426	$	-	$	3,692,563	0.53%
2017		20,556		20,556		-		3,953,134	0.52%
Component Unit School Board (professional)									
2018	$	171,742	$	171,742	$	-	$	32,697,249	0.53%
2017		168,151		168,151		-		32,336,732	0.52%

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

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

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

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

General State Employees

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

Teachers

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

SPORS Employees

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

VaLORS Employees

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

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

JRS Employees

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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

		2018
Total OPEB liability		
Service cost	$	93,700
Interest		97,005
Changes in assumptions		(14,655)
Differences between expected and actual experience		-
Benefit payments		(55,013)
Net change in total OPEB liability	$	121,037
Total OPEB liability - beginning		2,658,417
Total OPEB liability - ending	$	2,779,454
Covered payroll	$	9,602,174
County's total OPEB liability (asset) as a percentage of covered payroll		28.95%

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

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

Valuation Date: 1/1/2017
Measurement Date: 6/30/2018

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.62% as of January 1, 2017; 3.62% as of June 30, 2018
Inflation	2.50% per year as of June 30, 2018
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.00% in 2017 and gradually declines to 4.25% by the year 2087
Salary Increase Rates	The salary increase rate starts at 3.00% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RPH-2015 Total Dataset Mortality Table fully generational using scale MP-2015. The mortality rates for disabled retirees and calculated using the PRH-2015 Disabled Mortality Table fully generational using scale MP-2015.

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

		2018
Total OPEB liability		
Service cost	$	260,550
Interest		227,986
Changes in assumptions		(33,108)
Differences between expected and actual experience		-
Benefit payments		(84,346)
Net change in total OPEB liability	$	371,082
Total OPEB liability - beginning		6,185,347
Total OPEB liability - ending	$	6,556,429
Covered payroll	$	23,107,306
County's total OPEB liability (asset) as a percentage of covered payroll		28.37%

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

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

Valuation Date: 1/1/2017
Measurement Date: 6/30/2018

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.62% as of January 1, 2017; 3.62% as of June 30, 2018
Inflation	2.50% per year as of June 30, 2018
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.00% in 2017 and gradually declines to 4.25% by the year 2087
Salary Increase Rates	The salary increase rate starts at 3.00% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RPH-2015 Total Dataset Mortality Table fully generational using scale MP-2015. The mortality rates for disabled retirees and calculated using the PRH-2015 Disabled Mortality Table fully generational using scale MP-2015.

<u>Other Supplementary Information</u>

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

	Budgeted Amounts			Variance with Final Budget -
	Original	**Final**	**Actual Amounts**	**Positive (Negative)**
REVENUES				
Revenue from local sources:				
Revenue from the use of money and property	$ -	$ -	$ 229,857	$ 229,857
Miscellaneous	5,158	165,464	167,136	1,672
Intergovernmental:				
Commonwealth	480,818	480,818	818	(480,000)
Total revenues	$ 485,976	$ 646,282	$ 397,811	$ (248,471)
EXPENDITURES				
Current:				
General government administration				
Broadband implementation	$ 27,147	$ -	$ -	$ -
Courthouse renovations	1,457,882	1,677,794	282,592	1,395,202
Voting equipment	112,995	112,995	112,995	-
Burn building	480,000	480,000	30,050	449,950
Miscellaneous outlays / projects	86,546	134,096	33,475	100,621
Total general government administration	$ 2,164,570	$ 2,404,885	$ 459,112	$ 1,945,773
Public safety				
Police vehicles	$ 6,148	$ 406,148	$ 374,710	$ 31,438
Body cameras	56,500	56,500	-	56,500
RCJA roofing repair	56,000	43,609	43,609	-
Fire / EMS apparatus	224,418	300,350	90,991	209,359
Radios	6,677,872	14,120,645	125,650	13,994,995
Southpoint study	78,010	78,010	62,408	15,602
New fire station	447,307	-	-	-
Route 10 fire station	488,025	2,895,968	184,800	2,711,168
Total public safety	$ 8,034,280	$ 17,901,230	$ 882,168	$ 17,019,062
Parks, recreation, and cultural:				
Central Wellness Center	$ 683,883	$ 684,489	$ 116,559	$ 567,930
Central Wellness Center pipe repair	137,119	39,850	39,850	-
Canoe launch	39,488	41,938	41,938	-
Community center parking lot	218,947	218,947	217,555	1,392
Moore complex bleachers	106,840	105,988	105,988	-
Park and playground development	16,574	16,574	-	16,574
Tennis and basketball courts	26,521	8,425	7,075	1,350
Fuel tank and canopy	184,995	184,995	184,995	-
CDCC software replacements	219,863	219,863	113,489	106,374
Scott Park	1,050	-	-	-
Total parks, recreation and cultural	$ 1,635,280	$ 1,521,069	$ 827,449	$ 693,620
Education:				
School bus replacement	$ 6,587	$ 13,610	$ -	$ 13,610
School track	230,000	230,000	223,372	6,628
School fieldhouse	80,000	80,000	-	80,000
School security improvements	300,000	300,000	-	300,000
Window replacements	352,500	652,500	-	652,500
North Elementary improvements	13,122	13,122	-	13,122
Total education	$ 982,209	$ 1,289,232	$ 223,372	$ 1,065,860
Community development:				
Exit 45 upgrades	$ -	$ 187,454	$ 175,808	$ 11,646
Building permit software	3,493	3,493	-	3,493
Total community development	$ 3,493	$ 190,947	$ 175,808	$ 15,139
Debt service:				
Bond issuance cost	$ 2,399	$ 180,851	$ 132,819	$ 48,032
Total expenditures	$ 12,822,231	$ 23,488,214	$ 2,700,728	$ 20,787,486
Excess (deficiency) of revenues over (under) expenditures	$ (12,336,255)	$ (22,841,932)	$ (2,302,917)	$ 20,539,015
OTHER FINANCING SOURCES (USES)				
Transfer in	$ -	$ 2,987,067	$ 2,987,067	$ -
Issuance of refunding debt	130,790	87,610	-	(87,610)
Issuance of debt	-	9,293,820	9,300,000	6,180
Total other financing sources (uses)	$ 130,790	$ 12,368,497	$ 12,287,067	$ (81,430)
Net change in fund balances	$ (12,205,465)	$ (10,473,435)	$ 9,984,150	$ 20,457,585
Fund balances - beginning	12,205,465	10,473,435	10,715,177	241,742
Fund balances - ending	$ -	$ -	$ 20,699,327	$ 20,699,327

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

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Miscellaneous	$ -	$ -	$ -	$ -
Total revenues	$ -	$ -	$ -	$ -
EXPENDITURES				
Debt Service - School Obligations:				
Principal retirement	$ 3,487,037	$ 3,487,037	$ 3,487,037	$ -
Interest and other fiscal charges	628,797	628,797	627,417	1,380
Total debt service school obligations	$ 4,115,834	$ 4,115,834	$ 4,114,454	$ 1,380
Debt Service - County Obligations:				
Principal retirement	$ 3,285,118	$ 3,285,118	$ 3,285,117	$ 1
Interest and other fiscal charges	650,226	650,226	626,667	23,559
Total debt service county obligations	$ 3,935,344	$ 3,935,344	$ 3,911,784	$ 23,560
Total expenditures:				
Principal retirement	$ 6,772,155	$ 6,772,155	$ 6,772,154	$ 1
Interest and other fiscal charges	1,279,023	1,279,023	1,254,084	24,939
Total debt service expenditures	$ 8,051,178	$ 8,051,178	$ 8,026,238	$ 24,940
Excess (deficiency) of revenues over (under) expenditures	$ (8,051,178)	$ (8,051,178)	$ (8,026,238)	$ 24,940
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 8,051,178	$ 8,051,178	$ 8,026,238	$ (24,940)
Total other financing sources (uses)	$ 8,051,178	$ 8,051,178	$ 8,026,238	$ (24,940)
Net change in fund balances	$ -	$ -	$ -	$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

Combining Balance Sheet
Nonmajor Governmental Funds
At June 30, 2018

	Community Corrections Fund	Economic Development Fund	Asset Forfeiture Fund	Tourism Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	$ 434,242	$ 204,783	$ 88,743	$ 239,899	$ 967,667
Receivables (net of allowance for uncollectibles):					
Accounts receivable	-	186,149	-	42,653	228,802
Due from other government	35,221	-	-	-	35,221
Total assets	$ 469,463	$ 390,932	$ 88,743	$ 282,552	$ 1,231,690
LIABILITIES					
Liabilities:					
Accounts payable	$ 30,945	$ 4,627	$ 1,758	$ 5,480	$ 42,810
Deferred revenue	-	-	5,967	-	5,967
Accrued expenses	3,425	-	-	-	3,425
Total liabilities	$ 34,370	$ 4,627	$ 7,725	$ 5,480	$ 52,202
FUND BALANCES					
Assigned:					
Special revenue	$ 435,093	$ 386,305	$ 81,018	$ 277,072	$ 1,179,488
Total fund balances	$ 435,093	$ 386,305	$ 81,018	$ 277,072	$ 1,179,488
Total liabilities and fund balances	$ 469,463	$ 390,932	$ 88,743	$ 282,552	$ 1,231,690

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

	Community Corrections Fund	Economic Development Fund	Asset Forfeiture Fund	Tourism Fund	Total Nonmajor Governmental Funds
REVENUES					
Other local taxes	$ -	$ 1,030,363	$ -	$ 431,052	$ 1,461,415
Charges for services	30,771	-	-	-	30,771
Miscellaneous	-	-	2,659	-	2,659
Recovered costs	136,598	-	-	-	136,598
Intergovernmental:					
Commonwealth	735,820	-	27,986	-	763,806
Federal	-	-	551	-	551
Total revenues	$ 903,189	$ 1,030,363	$ 31,196	$ 431,052	$ 2,395,800
EXPENDITURES					
Current:					
Public safety	$ 972,042	$ -	$ 4,527	$ -	$ 976,569
Community Development	-	959,678	-	274,930	1,234,608
Total expenditures	$ 972,042	$ 959,678	$ 4,527	$ 274,930	$ 2,211,177
Excess (deficiency) of revenues over (under) expenditures	$ (68,853)	$ 70,685	$ 26,669	$ 156,122	$ 184,623
OTHER FINANCING SOURCES (USES)					
Transfers in	$ 91,260	$ 376,112	$ -	$ -	$ 467,372
Transfers (out)	-	(386,279)	-	(148,728)	(535,007)
Total other financing sources (uses)	$ 91,260	$ (10,167)	$ -	$ (148,728)	$ (67,635)
Net change in fund balances	$ 22,407	$ 60,518	$ 26,669	$ 7,394	$ 116,988
Fund balances - beginning	412,686	325,787	54,349	269,678	1,062,500
Fund balances - ending	$ 435,093	$ 386,305	$ 81,018	$ 277,072	$ 1,179,488

COUNTY OF PRINCE GEORGE, VIRGINIA

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

	Community Corrections Fund				Economic Development Fund			
	Budgeted Amounts			Variance with Final Budget Positive	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
REVENUES								
Other local taxes	$ -	$ -	$	$ -	$ 951,343	$ 951,343	$ 1,030,363	$ 79,020
Charges for services	26,000	31,700	30,771	(929)	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Recovered costs	126,822	131,077	136,598	5,521	-	-	-	-
Intergovernmental:								
Commonwealth	757,313	757,313	735,820	(21,493)	-	-	-	-
Federal	-	-	-	-	-	-	-	-
Total revenues	$ 910,135	$ 920,090	$ 903,189	$ (16,901)	$ 951,343	$ 951,343	$ 1,030,363	$ 79,020
EXPENDITURES								
Current:								
Public Safety:								
Law enforcement and traffic control:								
Drug enforcement	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Correction and detention:								
Local Community Corrections	1,001,395	1,023,461	972,042	51,419	-	-	-	-
Total public safety	$ 1,001,395	$ 1,023,461	$ 972,042	$ 51,419	$ -	$ -	$ -	$ -
Community Development:								
Planning and community devlopment:								
Tourism initiatives	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Economic development	-	-	-	-	941,176	1,015,005	959,678	55,327
Total community development	$ -	$ -	$ -	$ -	$ 941,176	$ 1,015,005	$ 959,678	$ 55,327
Total expenditures	$ 1,001,395	$ 1,023,461	$ 972,042	$ 51,419	$ 941,176	$ 1,015,005	$ 959,678	$ 55,327
Excess (deficiency) of revenues over (under) expenditures	$ (91,260)	$ (103,371)	$ (68,853)	$ 34,518	$ 10,167	$ (63,662)	$ 70,685	$ 134,347
OTHER FINANCING SOURCES (USES)								
Transfers in	$ 91,260	$ 103,371	$ 91,260	$ (12,111)	$ 376,112	$ 449,941	$ 376,112	$ (73,829)
Transfers (out)	-	-	-	-	(386,279)	(386,279)	(386,279)	-
Total other financing sources (uses)	$ 91,260	$ 103,371	$ 91,260	$ (12,111)	$ (10,167)	$ 63,662	$ (10,167)	$ (73,829)
Net change in fund balances	$ -	$ -	$ 22,407	$ 22,407	$ -	$ -	$ 60,518	$ 60,518
Fund balances - beginning	-	-	412,686	412,686	-	-	325,787	325,787
Fund balances - ending	$ -	$ -	$ 435,093	$ 435,093	$ -	$ -	$ 386,305	$ 386,305

Asset Forfeiture Fund				Tourism Fund			
Budgeted Amounts			Variance with Final Budget Positive	Budgeted Amounts			Variance with Final Budget Positive
Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
$ -	$ -	$ -	$ -	$ 405,000	$ 405,000	$ 431,052	$ 26,052
-	-	-	-	-	-	-	-
-	2,659	2,659	-	-	-	-	-
-	-	-	-	-	-	-	-
-	27,986	27,986	-	-	-	-	-
-	551	551	-	-	-	-	-
$ -	$ 31,196	$ 31,196	$ -	$ 405,000	$ 405,000	$ 431,052	$ 26,052
$ -	$ 85,529	$ 4,527	$ 81,002	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
$ -	$ 85,529	$ 4,527	$ 81,002	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ 256,272	$ 344,272	$ 274,930	$ 69,342
-	-	-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ 256,272	$ 344,272	$ 274,930	$ 69,342
$ -	$ 85,529	$ 4,527	$ 81,002	$ 256,272	$ 344,272	$ 274,930	$ 69,342
$ -	$ (54,333)	$ 26,669	$ 81,002	$ 148,728	$ 60,728	$ 156,122	$ 95,394
$ -	$ -	$ -	$ -	$ -	$ 88,000	$ -	$ (88,000)
-	-	-	-	(148,728)	(148,728)	(148,728)	-
$ -	$ -	$ -	$ -	$ (148,728)	$ (60,728)	$ (148,728)	$ (88,000)
$ -	$ (54,333)	$ 26,669	$ 81,002	$ -	$ -	$ 7,394	$ 7,394
-	43,555	54,349	10,794	-	-	269,678	269,678
$ -	$ (10,778)	$ 81,018	$ 91,796	$ -	$ -	$ 277,072	$ 277,072

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

	Agency Funds			
	Special Welfare Fund	Fringe Benefits Fund	Performance Bond Fund	Total
ASSETS				
Cash and cash equivalents	$ 1,267	$ 1,725,606	$ 62,836	$ 1,789,709
Total assets	$ 1,267	$ 1,725,606	$ 62,836	$ 1,789,709
LIABILITIES				
Amounts held for others	$ 1,267	$ 1,723,381	$ 62,836	$ 1,787,484
Accounts payable	-	2,225	-	2,225
Total liabilities	$ 1,267	$ 1,725,606	$ 62,836	$ 1,789,709

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	$ 2,691	$ 7,442	$ 8,866	$ 1,267
Liabilities:				
Amounts held for others	$ 2,691	$ 7,442	$ 8,866	$ 1,267
Fringe Benefits Fund:				
Assets:				
Cash and cash equivalents	$ 1,428,769	$ 6,931,780	$ 6,634,943	$ 1,725,606
Liabilities:				
Amounts held for others	$ 1,428,769	$ 6,929,555	$ 6,634,943	$ 1,723,381
Accounts payable	-	2,225	-	2,225
Total liabilities	$ 1,428,769	$ 6,931,780	$ 6,634,943	$ 1,725,606
Performance Bond Fund:				
Assets:				
Cash and cash equivalents	$ 29,956	$ 273,843	$ 240,963	$ 62,836
Liabilities:				
Amounts held for others	$ 29,956	$ 273,843	$ 240,963	$ 62,836
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	$ 1,461,416	$ 7,213,065	$ 6,884,772	$ 1,789,709
Liabilities:				
Amounts held for others	$ 1,461,416	$ 7,210,840	$ 6,884,772	$ 1,787,484
Accounts payable	-	2,225	-	2,225
Total liabilities	$ 1,461,416	$ 7,213,065	$ 6,884,772	$ 1,789,709

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Discretely Presented Component Unit – School Board

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

	Major Fund	NonMajor Funds			
	School Operating Fund	**School Cafeteria Fund**	**Adult Basic Education Fund**	**Textbook Fund**	**Total Governmental Funds**
ASSETS					
Cash and cash equivalents	$ 7,013,731	$ 1,281,058	$ 226,568	$ 680,339	$ 9,201,696
Receivables (net of allowance for uncollectibles):					
Accounts receivable	1,360	-	12,689	-	14,049
Due from other governmental units	1,493,851	74,826	34,754	-	1,603,431
Total assets	$ 8,508,942	$ 1,355,884	$ 274,011	$ 680,339	$ 10,819,176
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 1,355,619	$ 42,004	$ 270	$ 30,264	$ 1,428,157
Due to Primary Government	654,380	-	-	-	654,380
Accrued liabilities	6,498,743	158,475	-	-	6,657,218
Total liabilities	$ 8,508,742	$ 200,479	$ 270	$ 30,264	$ 8,739,755
Fund balances:					
Assigned:					
Special Revenue	$ 200	$ 1,155,405	$ 273,741	$ 650,075	$ 2,079,421
Total fund balances	$ 200	$ 1,155,405	$ 273,741	$ 650,075	$ 2,079,421
Total liabilities and fund balances	$ 8,508,942	$ 1,355,884	$ 274,011	$ 680,339	$ 10,819,176

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Total fund balances per above		$ 2,079,421
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		36,748,202
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.		
Pension related items	$ 7,162,172	
OPEB related items	589,432	7,751,604
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	$ (393,864)	
Net pension liability	(52,070,419)	
Net OPEB liabilities	(14,710,429)	(67,174,712)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (8,133,894)	
OPEB related items	(608,098)	(8,741,992)
Net position of governmental activities		$ (29,337,477)

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

	Major Fund	Nonmajor Funds			
	School Operating Fund	School Cafeteria Fund	Adult Basic Education Fund	Textbook Fund	Total Governmental Funds
REVENUES					
Charges for services	$ 98,973	$ 1,211,095	$ 160,989	$ -	$ 1,471,057
Miscellaneous	77,727	-	-	-	77,727
Recovered costs	142,252	-	-	-	142,252
Intergovernmental:					
County contribution to school board	15,059,758	-	-	576,095	15,635,853
Commonwealth	39,651,060	63,809	201,984	512,719	40,429,572
Federal	7,473,757	1,857,553	287,908	-	9,619,218
Total revenues	$ 62,503,527	$ 3,132,457	$ 650,881	$ 1,088,814	$ 67,375,679
EXPENDITURES					
Current:					
Education	$ 62,503,527	$ 2,981,972	$ 643,549	$ 438,739	$ 66,567,787
Total expenditures	$ 62,503,527	$ 2,981,972	$ 643,549	$ 438,739	$ 66,567,787
Net change in fund balances	$ -	$ 150,485	$ 7,332	$ 650,075	$ 807,892
Fund balances - beginning	200	1,004,920	266,409	-	1,271,529
Fund balances - ending	$ 200	$ 1,155,405	$ 273,741	$ 650,075	$ 2,079,421

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above		$ 807,892
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 exceeded depreciation expense in the current period. Details are as follows:		
Current year asset additions	$ 5,710,620	
Depreciation expense	(4,287,171)	1,423,449
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. Details supporting these changes are as follows:		
Change in compensated absences	$ (53,726)	
Pension expense	6,671,178	
OPEB expense	(237,748)	6,379,704
Change in net position of governmental activities		$ 8,611,045

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

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for services	$ 122,400	$ 122,400	$ 98,973	$ (23,427)
Miscellaneous	20,000	67,866	77,727	9,861
Recovered costs	90,000	90,000	142,252	52,252
Intergovernmental:				
County contribution to School Board	15,595,833	15,636,394	15,059,758	(576,636)
Commonwealth	40,600,447	40,600,447	39,651,060	(949,387)
Federal	6,000,804	6,570,036	7,473,757	903,721
Total revenues	$ 62,429,484	$ 63,087,143	$ 62,503,527	$ (583,616)
EXPENDITURES				
Current:				
Education				
Instruction	$ 46,239,694	$ 46,263,421	$ 45,884,905	$ 378,516
Administrative, attendance & health services	3,148,507	3,258,792	3,258,792	-
Pupil transportation	3,973,635	3,686,136	3,481,036	205,100
Operation and maintenance	5,773,478	6,062,730	6,062,730	-
Facilities	509,869	580,392	580,392	-
Technology	2,784,301	3,235,672	3,235,672	-
Total education	$ 62,429,484	$ 63,087,143	$ 62,503,527	$ 583,616
Total expenditures	$ 62,429,484	$ 63,087,143	$ 62,503,527	$ 583,616
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ -	$ -
Net change in fund balances	$ -	$ -	$ -	$ -
Fund balances - beginning	-	-	200	200
Fund balances - ending	$ -	$ -	$ 200	$ 200

COUNTY OF PRINCE GEORGE, VIRGINIA

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

	School Cafeteria Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for services	$ 1,200,500	$ 1,200,500	$ 1,211,095	$ 10,595
Intergovernmental:				
County contribution to School Board	-	-	-	-
Commonwealth	52,169	52,169	63,809	11,640
Federal	1,565,000	1,565,000	1,857,553	292,553
Total revenues	$ 2,817,669	$ 2,817,669	$ 3,132,457	$ 314,788
EXPENDITURES				
Current:				
Education				
Instruction	$ -	$ -	$ -	$ -
School food services	2,817,669	2,817,669	2,981,972	(164,303)
Total expenditures	$ 2,817,669	$ 2,817,669	$ 2,981,972	$ (164,303)
Net change in fund balances	$ -	$ -	$ 150,485	$ 150,485
Fund balances - beginning	-	-	1,004,920	1,004,920
Fund balances - ending	$ -	$ -	$ 1,155,405	$ 1,155,405

Adult Basic Education Fund				Textbook Fund			
Budgeted Amounts			Variance with Final Budget Positive	Budgeted Amounts			Variance with Final Budget Positive
Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
$ 398,151	$ 398,151	$ 160,989	$ (237,162)	$ -	$ -	$ -	$ -
-	-	-	-	169,587	576,095	576,095	-
202,007	202,007	201,984	(23)	521,478	521,478	512,719	(8,759)
314,971	327,644	287,908	(39,736)	-	-	-	-
$ 915,129	$ 927,802	$ 650,881	$ (276,921)	$ 691,065	$ 1,097,573	$ 1,088,814	$ (8,759)
$ 915,129	$ 927,802	$ 643,549	$ 284,253	$ 691,065	$ 1,097,573	$ 438,739	$ 658,834
-	-	-	-	-	-	-	-
$ 915,129	$ 927,802	$ 643,549	$ 284,253	$ 691,065	$ 1,097,573	$ 438,739	$ 658,834
$ -	$ -	$ 7,332	$ 7,332	$ -	$ -	$ 650,075	$ 650,075
-	-	266,409	266,409	-	-	-	-
$ -	$ -	$ 273,741	$ 273,741	$ -	$ -	$ 650,075	$ 650,075

Statistical Table of Contents

Sources:

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

COUNTY OF PRINCE GEORGE, VIRGINIA

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

Governmental Activities	**2009**	**2010**	**2011**	**2012**
Net investment in capital assets	$ 14,336,083	$ 16,753,416	$ 20,812,603	$ 18,506,792
Restricted	-	-	704,609	730,241
Unrestricted	20,678,342	20,097,636	9,829,238	11,820,361
Total Governmental Activities Net Position	$ 35,014,425	$ 36,851,052	$ 31,346,450	$ 31,057,394
Business-Type Activities				
Net investment in capital assets	$ 15,914,863	$ 15,801,892	$ 16,652,732	$ 16,208,880
Unrestricted	4,461,519	4,966,361	5,654,321	5,512,962
Total Business-Type Activities Net Position	$ 20,376,382	$ 20,768,253	$ 22,307,053	$ 21,721,842
Primary Government				
Net investment in capital assets	$ 29,231,327	$ 36,402,257	$ 37,465,335	$ 34,715,672
Restricted	-	-	704,609	730,241
Unrestricted	32,489,861	32,343,997	15,483,559	17,333,323
Total Primary Government Activities Net Position	$ 61,721,188	$ 68,746,254	$ 53,653,503	$ 52,779,236

Table 1

	2013	2014	2015	2016	2017	2018
	$ 22,029,930	$ 18,291,890	$ 15,188,357	$ 17,875,023	$ 20,292,736	$ 21,281,179
	284,061	338,206	398,838	393,414	216,958	216,958
	9,433,937	13,496,337	10,222,062	7,846,042	11,221,917	10,410,544
	$ 31,747,928	$ 32,126,433	$ 25,809,257	$ 26,114,479	$ 31,731,611	$ 31,908,681
	$ 15,885,286	$ 15,778,830	$ 15,339,288	$ 13,606,908	$ 14,324,473	$ 14,866,149
	6,224,416	6,636,804	6,423,645	8,771,772	9,165,720	9,926,815
	$ 22,109,702	$ 22,415,634	$ 21,762,933	$ 22,378,680	$ 23,490,193	$ 24,792,964
	$ 37,915,216	$ 34,070,720	$ 30,527,645	$ 31,481,931	$ 34,617,209	$ 36,147,328
	284,061	338,206	398,838	393,414	216,958	216,958
	15,658,353	20,133,141	16,645,707	16,617,814	20,387,637	20,337,359
	$ 53,857,630	$ 54,542,067	$ 47,572,190	$ 48,493,159	$ 55,221,804	$ 56,701,645

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
General Government Administration	$ 4,912,326	$ 4,466,221	$ 4,578,412	$ 4,887,534	$ 4,927,971	$ 4,895,544	$ 5,226,913	$ 5,330,273	$ 6,291,210	$ 5,516,354
Judicial Administration	2,268,022	2,241,269	2,118,018	2,189,341	2,105,719	2,279,571	2,361,018	2,431,271	1,601,574	2,326,800
Public Safety	12,941,920	12,554,537	12,527,189	13,139,882	13,620,239	15,209,669	14,683,153	15,317,725	14,804,237	15,796,407
Public Works	2,955,347	1,789,189	1,813,526	2,008,209	1,985,467	1,918,871	1,976,333	2,225,922	2,029,476	2,129,080
Health and Welfare	3,604,839	3,436,317	3,468,253	3,797,482	3,508,587	3,825,004	3,893,335	4,255,353	3,993,580	4,199,909
Education	27,698,650	14,895,354	24,520,498	15,792,643	15,976,873	17,189,503	13,944,549	17,867,950	17,186,958	19,360,755
Parks, Recreation, and Cultural	986,137	1,212,554	1,248,896	1,839,838	1,803,237	1,840,982	2,169,979	1,749,036	1,808,204	2,131,881
Community Development	7,577,851	980,382	772,579	1,161,919	646,834	1,715,143	1,246,531	1,470,872	3,388,237	1,385,661
Interest on Long-Term Debt	4,234,390	3,701,436	3,577,996	2,586,665	2,006,445	1,848,132	1,585,509	2,268,088	1,272,381	1,539,356
Total Governmental Activities Expenses	$ 67,179,482	$ 45,277,259	$ 54,625,367	$ 47,403,513	$ 46,581,372	$ 50,722,418	$ 47,087,320	$ 52,916,490	$ 52,375,857	$ 54,386,203
Business-Type Activities										
Public Utilities	$ 3,920,804	$ 4,078,522	$ 3,942,765	$ 4,907,268	$ 3,919,095	$ 4,551,777	$ 5,049,902	$ 5,061,020	$ 5,130,765	$ 4,822,569
Total Business-Type Activities Expenses	$ 3,920,804	$ 4,078,522	$ 3,942,765	$ 4,907,268	$ 3,919,095	$ 4,551,777	$ 5,049,902	$ 5,061,020	$ 5,130,765	$ 4,822,569
Total Primary Government Expenses	**$ 71,100,286**	**$ 49,355,781**	**$ 58,568,132**	**$ 52,310,781**	**$ 50,500,467**	**$ 55,274,195**	**$ 52,137,222**	**$ 57,977,510**	**$ 57,506,622**	**$ 59,208,772**
Program Revenues										
Governmental Activities										
Charges for Services										
General Government Administration	$ 312	$ 4,455	$ 186,865	$ 180,435	$ 44,476	$ 13,625	$ 315,724	$ 295,174	$ 383,810	$ 552,704
Judicial Administration	477,248	572,973	677,370	601,631	788,800	577,035	478,272	430,620	522,609	425,782
Public Safety	869,831	894,482	764,177	717,115	729,407	857,627	647,770	655,492	797,867	775,931
Public Works	407,362	396,658	227,707	155,793	65,298	427,282	119,175	130,123	115,353	482,356
Parks, Recreation, and Cultural	119,881	130,764	136,609	138,982	125,298	135,969	122,734	120,063	129,408	107,530
Community Development	3,784	1,392	41,718	29,929	407,599	119,583	35,578	-	-	-
Operating Grants and Contributions	5,788,348	5,134,599	5,013,445	5,203,184	5,013,258	6,114,788	6,327,951	6,383,355	6,174,523	5,599,776
Capital Grants and Contributions	6,010,436	3,687,143	5,000,000	-	-	2,691,550	-	-	-	-
Total Governmental Activities Program Revenues	$ 13,677,202	$ 10,822,466	$ 12,047,891	$ 7,027,069	$ 7,174,136	$ 10,937,459	$ 8,047,204	$ 8,014,827	$ 8,123,570	$ 7,944,079
Business-Type Activities										
Charges for Services										
Public Utilities	$ 4,085,219	$ 4,224,792	$ 4,974,219	$ 4,076,488	$ 4,044,255	$ 4,640,279	$ 4,602,908	$ 5,127,476	$ 5,761,503	$ 6,051,239
Capital Grants and Contributions	-	-	-	-	-	-	-	73,968	212,603	77,113
Total Business-Type Activities Program Revenues	$ 4,085,219	$ 4,224,792	$ 4,974,219	$ 4,076,488	$ 4,044,255	$ 4,640,279	$ 4,602,908	$ 5,201,444	$ 5,974,106	$ 6,128,352
Total Primary Government Program Revenues	**$ 17,762,421**	**$ 15,047,258**	**$ 17,022,110**	**$ 11,103,557**	**$ 11,218,391**	**$ 15,577,738**	**$ 12,650,112**	**$ 13,216,271**	**$ 14,097,676**	**$ 14,072,431**

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program Revenues: (Continued)										
Net (Expense)/ Revenue										
Governmental Activities	(53,502,280)	(34,454,793)	(42,577,475)	(40,376,444)	(39,407,236)	(39,784,959)	(39,040,116)	(44,901,663)	(44,252,287)	(46,442,124)
Business-Type Activities	164,415	146,270	1,031,454	(830,780)	125,160	88,502	(446,994)	140,424	843,341	1,305,783
Total Primary Government Net Expense	**(53,337,865)**	**(34,308,523)**	**(41,546,021)**	**(41,207,224)**	**(39,282,076)**	**(39,696,457)**	**(39,487,110)**	**(44,761,239)**	**(43,408,946)**	**(45,136,341)**
General Revenues and Other Changes in Net Position										
Governmental Activities										
General Property Taxes	27,104,556	28,233,803	28,041,192	28,463,166	28,383,780	30,689,457	31,796,896	31,587,598	35,621,127	33,407,855
Other Local Taxes	8,818,359	8,563,138	8,120,610	7,373,261	6,867,373	6,868,405	7,455,217	8,016,257	8,276,384	8,385,405
Unrestricted Revenues from Use of Money and Property	1,145,446	512,337	268,838	314,909	238,946	197,888	200,428	350,693	644,235	579,573
Miscellaneous	128,819	146,753	1,098,511	60,435	330,799	315,552	373,723	209,866	849,983	234,044
Grants and contributions not restricted to specific programs	3,863,597	3,789,308	3,813,016	5,197,796			5,240,754	5,200,471	5,004,589	5,920,066
Gain on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-
County Contribution to School Board, unrestricted	-	-	-	-	5,100,696	5,097,195	-	-	-	-
Transfers	(157,450)	(157,350)	424,693	(158,070)	(159,189)	(157,100)	(158,000)	(158,000)	(149,805)	(148,728)
Total Governmental Activities	40,903,327	41,087,989	41,766,860	41,251,497	40,762,405	43,011,397	44,909,018	45,206,885	50,246,513	48,378,215
Business-Type Activities										
Unrestricted Revenues from Use of Money and Property	46,607	54,196	51,735	54,466	54,438	60,330	80,465	79,578	51,376	60,324
Miscellaneous	30,935	34,055	30,918	33,033	49,073	-	56,952	237,745	66,991	22,943
Transfers	157,450	157,350	424,693	158,070	159,189	157,100	158,000	158,000	149,805	148,728
Total Business-Type Activities	234,992	245,601	507,346	245,569	262,700	217,430	295,417	475,323	268,172	231,995
Total Primary Government	**41,138,319**	**41,333,590**	**42,274,206**	**41,497,066**	**41,025,105**	**43,228,827**	**45,204,435**	**45,682,208**	**50,514,685**	**48,610,210**
Change in Net Position										
Governmental Activities	(12,598,953)	6,633,196	(810,615)	875,053	1,355,169	3,226,438	5,868,902	305,222	5,994,226	1,936,091
Business-Type Activities	399,407	391,871	1,538,800	(585,211)	387,860	305,932	(151,577)	615,747	1,111,513	1,537,778
Total Primary Government Change in Net Position	**(12,199,546)**	**7,025,067**	**728,185**	**289,842**	**1,743,029**	**3,532,370**	**5,717,325**	**920,969**	**7,105,739**	**3,473,869**

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

General Fund	2009	2010	2011	2012
Reserved	$ -	$ -	$ -	$ -
Unreserved, Designated for Revenue Maximization	26,140	38,439	-	-
Unreserved, Designated for Housing	36,944	38,523	-	-
Unreserved, Designated for Community Corrections	-	150,043	-	-
Unreserved	21,377,327	25,356,429	-	-
Restriced:				
Public safety	-	-	136,047	210,199
Committed:				
Subsequent years expenditures	-	-	-	-
Assigned:				
Public safety	-	-	35,021	-
Parks and recreation	-	-	8,932	-
Unassigned	-	-	16,835,504	17,473,532
Total General Fund	$ 21,440,411	$ 25,583,434	$ 17,015,504	$ 17,683,731
All Other Governmental Funds				
Unavailable revenue	$ -	$ -	$ -	$ -
Reserved for capital projects	29,338,168	20,288,574	-	-
Unreserved, reported in Debt Service Fund	-	-	-	-
Unreserved, reported in Special Revenue Funds	1,587,521	748,326	-	-
Unreserved, reported in Capital Projects Fund	-	-	-	-
Restricted:				
Proffers	-	-	704,609	730,241
Unspent bond proceeds - various projects	-	-	5,273	16,904
Committed:				
Library	-	-	264,573	-
Crosspointe Center	-	-	1,051,238	1,315,919
Animal Shelter	-	-	2,204,096	422,142
Police Building	-	-	65,568	-
Human Services Building	-	-	-	-
Disoutanta Fire Station	-	-	-	-
Broadband Implementation	-	-	-	-
Fire EMS Apparatus	-	-	-	-
Enterprise Resource Software	-	-	890,000	1,017,636
Assigned:				
Other capital purposes	-	-	5,944,695	3,680,196
Special revenue	-	-	915,769	896,868
Total All Other Governmental Funds	$ 30,925,689	$ 21,036,900	$ 12,745,157	$ 8,793,243
Total Governmental Funds	$ 52,366,100	$ 46,620,334	$ 29,760,661	$ 26,476,974

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

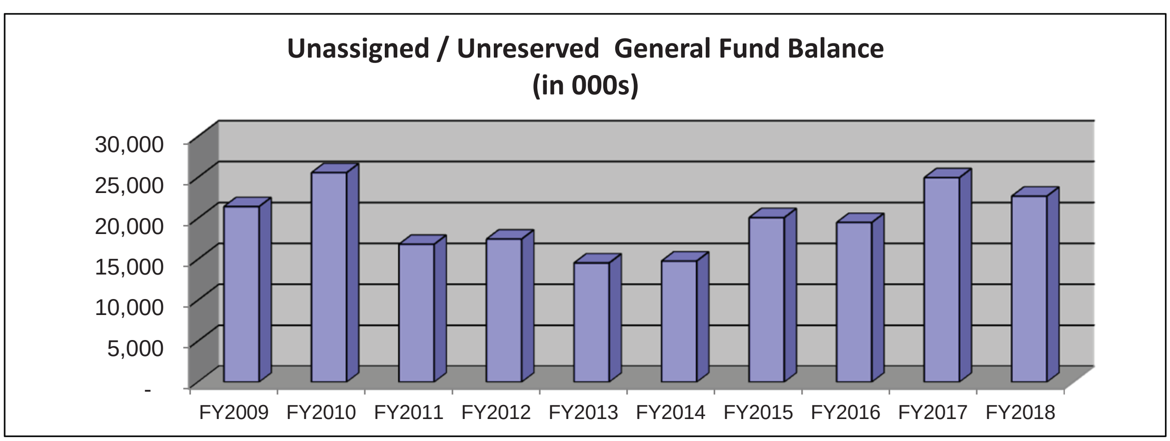


Table 3

2013	2014	2015	2016	2017	2018
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,269,724	926,055	635,843	-	-	-
60,000					
398,582					
14,555,614	14,793,246	20,095,407	19,499,501	24,972,020	22,717,153
$ 16,283,920	$ 15,719,301	$ 20,731,250	19,499,501	24,972,020	22,717,153
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
284,061	338,206	398,838	393,414	216,958	216,958
-				9,979,185	17,060,327
-	-	-	-	-	-
953,060	4,185,139	-	-	-	-
146,840	51,256	-	-	-	-
-	-	-	-	-	-
515,801	42,423	-	-	-	-
-	172,061	-	-	-	-
32,060	32,060	-	-	-	-
180,073	246,016	-	-	-	-
591,607	121,120	-	-	-	-
1,857,859	257,540	7,086,250	4,252,010	519,034	3,422,042
1,210,370	1,163,795	1,057,316	748,968	1,062,500	1,179,488
$ 5,771,730	$ 6,609,616	$ 8,542,404	$ 5,394,392	$ 11,777,677	$ 21,878,815
$ 22,055,650	$ 22,328,917	$ 29,273,654	24,893,893	36,749,697	44,595,968

COUNTY OF PRINCE GEORGE, VIRGINIA

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

	2009	2010	2011	2012	2013
Revenues					
General Property Taxes	$ 26,778,786	$ 28,033,301	$ 27,774,462	$ 28,278,105	$ 28,076,404
Other Local Taxes	8,818,359	8,563,138	8,969,995	7,373,261	6,867,372
Permits, Privilege Fees, and Licenses	396,316	453,302	360,836	301,859	421,103
Fines and Forfeitures	340,961	411,747	550,593	472,094	719,967
Revenue from Use of Money and Property	1,145,446	512,337	268,838	314,909	238,946
Charges for Services	1,141,141	1,135,675	1,123,017	1,049,932	1,019,808
Miscellaneous	128,818	146,754	1,098,511	60,435	330,799
Recovered Costs	418,352	321,467	691,048	291,421	316,849
Intergovernmental Revenues:					
Commonwealth	14,590,546	11,597,678	12,895,099	9,214,172	9,272,385
Federal	1,071,835	1,013,370	931,361	1,186,808	841,568
Total Revenues	**$ 54,830,560**	**$ 52,188,769**	**$ 54,663,760**	**$ 48,542,996**	**$ 48,105,201**
Expenditures					
General Government Administration	$ 4,660,952	$ 4,254,648	$ 4,375,716	$ 4,671,416	$ 4,546,495
Judicial Administration	2,089,073	2,103,408	2,045,372	2,083,443	2,122,535
Public Safety	11,076,575	11,250,451	11,790,734	11,955,650	12,048,224
Public Works	1,812,627	1,804,265	1,891,639	1,989,512	1,988,541
Health and Welfare	3,512,350	3,379,645	3,464,941	3,854,750	3,520,115
Education	12,690,392	11,926,355	13,694,270	13,245,989	13,292,762
Parks, Recreation, and Cultural	1,097,109	1,100,437	1,077,696	1,285,903	3,118,571
Community Development	1,239,599	894,021	928,536	1,187,412	616,973
Capital Projects	18,022,853	7,122,731	8,719,257	4,657,799	3,200,916
Debt Service:					
Bond issuance cost	-	-	-	-	-
Principal Retirement	8,978,291	15,564,571	19,855,149	18,111,981	5,136,233
Interest and Other Fiscal Charges	3,807,361	3,826,653	3,960,041	2,892,390	2,045,733
Total Expenditures	**$ 68,987,182**	**$ 63,227,185**	**$ 71,803,351**	**$ 65,936,245**	**$ 51,637,098**
Excess (deficiency) of revenues over (under) expenditures	**$ (14,156,622)**	**$ (11,038,416)**	**$ (17,139,591)**	**$ (17,393,249)**	**$ (3,531,897)**
Other Financing Sources (Uses)					
Transfers in	$ 8,167,466	$ 17,860,254	$ 30,028,510	$ 7,744,887	$ 8,358,994
Transfers (out)	(8,324,916)	(18,017,604)	(30,453,203)	(7,902,957)	(8,518,183)
Issuance of general obligation debt	5,300,000	5,450,000	-	13,741,089	-
Issuance of refunding debt					
Premium on Bonds	-	-	-	-	-
Payments to bond escrow agent	-	-	-	-	-
Total Other Financing Sources (Uses)	**$ 5,142,550**	**$ 5,292,650**	**$ (424,693)**	**$ 13,583,019**	**$ (159,189)**
Net Change in Fund Balances	**$ (9,014,072)**	**$ (5,745,766)**	**$ (17,564,282)**	**$ (3,810,230)**	**$ (3,691,086)**
Debt Service as a Percentage of Noncapital Expenditures:					
Total debt service	$ 12,785,652	$ 19,391,224	$ 23,815,190	$ 21,004,371	$ 7,181,966
Total expenditures	$ 68,987,182	$ 63,227,185	$ 71,803,351	$ 65,936,245	$ 51,637,098
Capital outlay	(17,979,571)	(7,032,012)	(8,980,372)	(4,708,846)	(3,200,916)
Non-capital expenditures	$ 51,007,611	$ 56,195,173	$ 62,822,979	$ 61,227,399	$ 48,436,182
Debt service as a percentage of non-capital expenditures	25.1%	34.5%	37.9%	34.3%	14.8%

Table 4

2014	2015	2016	2017	2018
$ 30,609,309	$ 30,767,843	$ 32,466,861	$ 34,360,764	$ 33,397,818
6,868,405	7,455,217	8,016,256	8,276,384	8,385,405
314,697	290,882	282,172	357,281	375,326
525,325	351,183	294,009	393,147	352,358
197,888	200,428	350,693	644,235	579,573
1,291,099	1,077,188	1,055,291	1,198,619	1,616,619
315,552	373,723	209,866	849,983	234,045
319,517	299,535	335,485	330,901	442,638
12,690,688	10,020,925	10,000,195	9,764,955	9,975,637
1,233,767	1,547,779	1,583,631	1,414,157	1,544,205
$ 54,366,247	**$ 52,384,703**	**$ 54,594,459**	**$ 57,590,426**	**$ 56,903,624**
$ 5,029,115	$ 5,220,634	$ 5,591,463	$ 5,871,259	$ 5,566,656
2,191,059	2,331,562	2,356,890	2,456,473	2,621,390
14,786,501	15,516,848	16,774,879	13,918,541	15,610,443
1,936,664	2,042,877	2,204,518	1,999,058	2,151,970
4,481,982	3,994,083	4,232,808	3,936,536	4,217,359
14,701,665	11,622,198	19,238,023	13,819,701	15,873,719
2,486,999	1,601,670	2,067,462	2,162,520	2,446,516
4,142,473	1,220,391	1,824,860	3,334,150	1,561,515
-	-	-	-	-
-	-	207,910	102,691	132,819
5,215,325	4,875,241	5,726,512	6,586,754	6,772,154
1,984,676	1,829,463	1,782,338	1,397,134	1,254,084
$ 56,956,457	**$ 50,254,967**	**$ 62,007,663**	**$ 55,584,817**	**$ 58,208,625**
$ (2,590,210)	**$ 2,129,736**	**$ (7,413,204)**	**$ 2,005,609**	**$ (1,305,001)**
$ 8,923,778	$ 10,452,421	$ 9,654,240	$ 9,118,575	$ 11,480,677
(9,080,878)	(10,610,421)	(9,812,240)	(9,268,380)	(11,629,405)
3,200,000	4,973,000	5,369,000	10,000,000	9,300,000
		11,957,000	-	-
-	-	-	-	-
-	-	(14,134,557)	-	-
$ 3,042,900	**$ 4,815,000**	**$ 3,033,443**	**$ 9,850,195**	**$ 9,151,272**
$ 452,690	**$ 6,944,736**	**$ (4,379,761)**	**$ 11,855,804**	**$ 7,846,271**
$ 7,200,001	$ 6,704,704	$ 7,508,850	$ 7,983,888	$ 8,026,238
$ 56,956,457	$ 50,254,967	$ 62,007,663	$ 55,584,817	$ 58,208,625
-	-	(5,084,616)	(2,319,580)	(2,635,923)
$ 56,956,457	$ 50,254,967	$ 56,923,047	$ 53,265,237	$ 55,572,702
12.6%	13.3%	13.2%	15.0%	14.4%

COUNTY OF PRINCE GEORGE, VIRGINIA

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

Sources

	2009	2010	2011	2012
Real Property Taxes	$ 20,266,075	$ 20,882,673	$ 20,353,123	$ 20,119,169
Real & Personal Public Service Corporation Taxes	741,904	833,742	828,069	846,693
Personal Property Taxes	5,186,845	5,666,494	5,933,062	6,423,233
Machinery & Tools Taxes	297,517	336,920	295,092	443,667
Penalties & Interest	286,445	313,472	365,116	445,344
Total, General Property Taxes	$ 26,778,786	$ 28,033,301	$ 27,774,462	$ 28,278,106
Local Sales and Use Taxes	$ 1,837,964	$ 1,768,721	$ 1,932,433	$ 1,902,611
Consumer Utility Taxes	798,962	797,218	807,714	772,302
Cable Franchise Taxes	(1,909)	7	-	-
Business License	2,275,872	2,178,533	2,218,648	2,018,510
Motor Vehicle Licenses	823,067	811,012	825,154	820,939
Bank Stock Taxes	81,240	83,585	94,432	89,452
Recordation Taxes	282,594	252,785	239,477	281,894
Rental Tax	2,388	1,578	-	-
Transient Occupancy Taxes	513,651	516,806	454,216	243,712
Communcation taxes	1,358,465	1,314,801	1,348,145	1,388,841
Taxicab licenses	-	-	-	-
E911 Taxes	122,397	139,805	132,106	174,522
Meals Taxes	723,668	698,287	917,671	703,751
Total, Other Local Taxes	$ 8,818,359	$ 8,563,138	$ 8,969,995	$ 8,396,534
Total General Governmental Tax Revenues	**$ 35,597,145**	**$ 36,596,439**	**$ 36,744,457**	**$ 36,674,640**

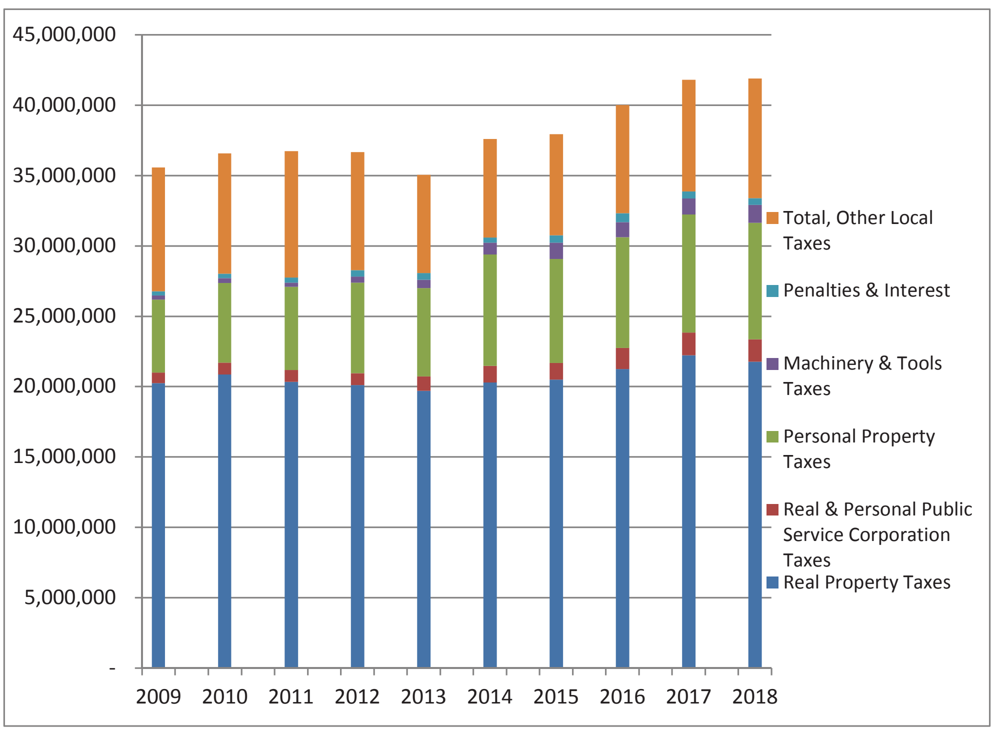


Table 5

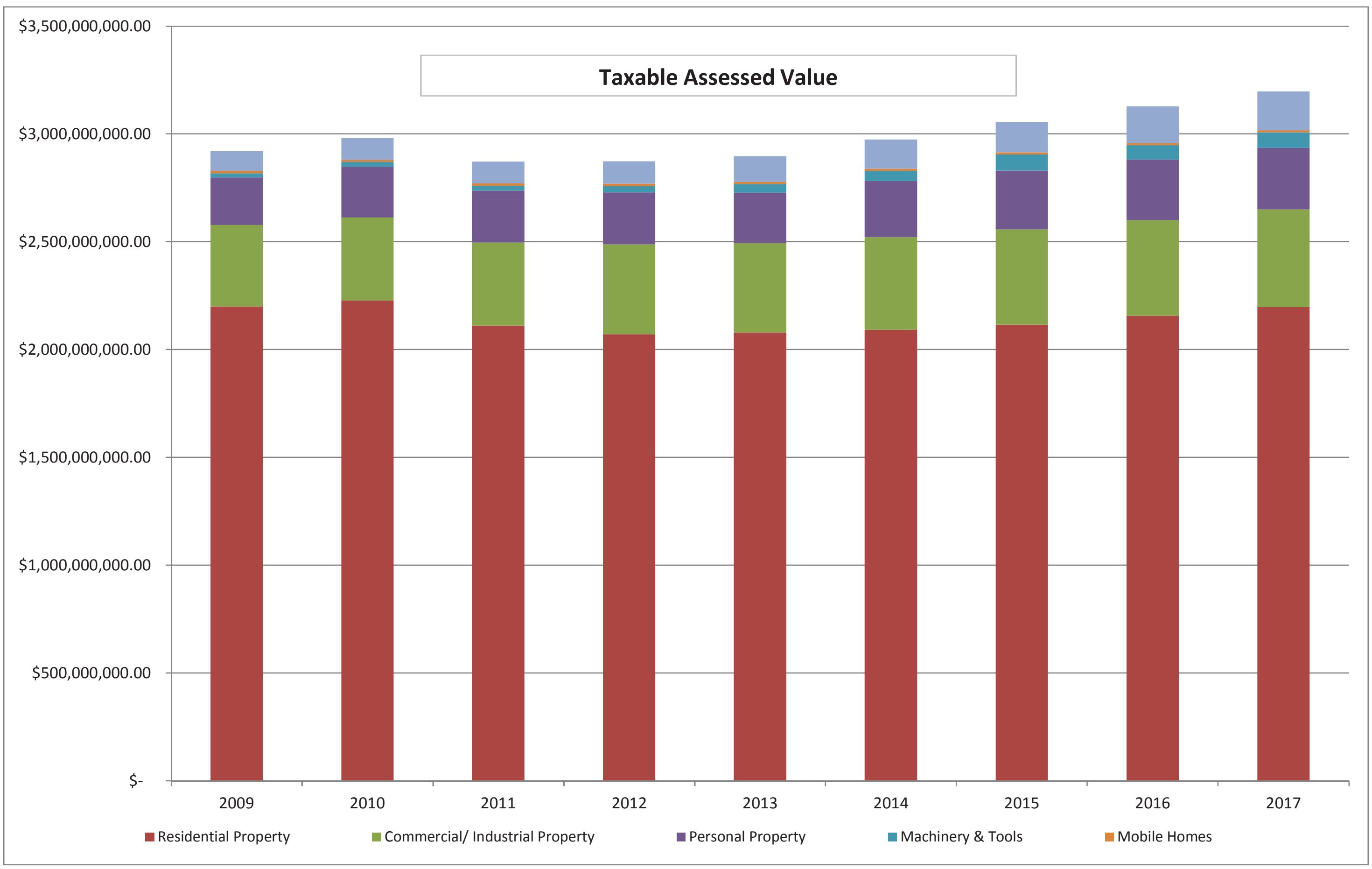
	2013	2014	2015	2016	2017	2018
	$ 19,721,432	$ 20,296,880	$ 20,510,801	$ 21,251,324	$ 22,243,059	$ 21,785,294
	1,008,576	1,198,121	1,170,946	1,499,803	1,615,253	1,595,329
	6,273,041	7,898,825	7,390,527	7,879,207	8,394,472	8,269,500
	596,734	858,035	1,170,874	1,058,499	1,125,641	1,284,009
	476,621	357,449	524,694	639,996	500,669	463,686
	$ 28,076,404	$ 30,609,309	$ 30,767,843	$ 32,328,829	$ 33,879,094	$ 33,397,818
	$ 1,933,998	$ 1,966,673	$ 1,975,100	$ 2,310,390	$ 2,399,805	$ 2,584,683
	832,304	884,536	797,796	832,912	848,090	863,427
	-	-	-	-	-	-
	1,493,187	1,498,296	1,422,092	1,379,030	1,447,706	1,689,430
	802,468	828,701	938,297	978,819	1,030,584	1,000,920
	92,247	91,358	112,021	99,805	90,634	133,589
	287,472	269,505	321,579	395,807	295,864	358,400
	-	-	-	-	-	-
	588,649	464,452	459,382	621,402	697,085	718,418
	-	-	-	-	-	-
	-	-	-	5,839	5,409	6,175
	110,988	120,810	161,764	126,500	129,740	134,495
	837,049	867,539	998,751	951,344	1,003,094	1,030,363
	$ 6,978,361	$ 6,991,869	$ 7,186,782	$ 7,701,847	$ 7,948,011	$ 8,519,900
	$ 35,054,765	**$ 37,601,179**	**$ 37,954,624**	**$ 40,030,677**	**$ 41,827,105**	**$ 41,917,718**

Assessed Value and Actual Value of Taxable Property and Tax Rates
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Residential Property	Commercial/ Industrial Property	Real Estate Totals	Personal Property	Machinery & Tools	Mobile Homes	Public Service Corporations	Total Taxable Assessed Value	Total Direct Tax Rate
2009	2,199,209,735	379,328,355	2,578,538,090	219,663,799	19,980,100	10,457,422	91,883,661	2,920,523,072	1.11
2010	2,227,563,595	385,081,597	2,612,645,192	234,885,176	22,355,354	10,426,530	100,234,074	2,980,546,326	1.10
2011	2,110,613,700	385,087,400	2,495,701,100	241,130,391	22,779,215	10,743,368	100,859,694	2,871,213,768	1.08
2012	2,071,031,300	416,408,500	2,487,439,800	242,242,272	28,644,294	10,321,685	104,214,656	2,872,862,707	1.08
2013	2,079,596,500	413,491,500	2,493,088,000	235,156,981	39,313,969	10,046,854	118,764,823	2,896,370,627	1.07
2014	2,092,011,400	429,741,500	2,521,752,900	260,094,073	46,907,596	9,921,855	136,030,775	2,974,707,199	1.09
2015	2,115,180,600	441,582,500	2,556,763,100	273,519,664	75,173,013	9,503,122	139,887,074	3,054,845,973	1.03
2016	2,157,156,800	442,634,100	2,599,790,900	281,250,151	67,482,556	9,412,558	169,873,939	3,127,810,104	0.98
2017	2,196,323,900	453,600,600	2,649,924,500	285,241,908	72,237,652	9,186,316	180,951,314	3,197,541,690	0.91
2018	2,213,435,600	464,682,200	2,678,117,800	291,422,935	81,459,133	10,578,050	184,254,613	3,245,832,531	0.93

Notes: Property in the County is reassessed each year. Property is assessed at fair market value; therefore, the assessed values are equal to actual value. Tax rates are per $100 of assessed value.
Personal Property, Machinery & Tools, Mobil Homes and Public Service Corporations assessed values are provided by Calendar Year

The County of Prince George does not have any overlapping property tax rates.



Principal Property Taxpayers
Current Year and Nine Years Prior

	2018			2009		
Taxpayer	**Taxable Assessed Value (1)**	**Rank**	**Percentage of Total Assessed Valuation**	**Taxable Assessed Value (1)**	**Rank**	**Percentage of Total Assessed Valuation**
Rolls Royce Crosspointe LLC	$ 103,132,179	1	3.18%	$ N/A	N/A	
Delhaize America Distributing LLC (Food Lion)	40,073,422	2	1.23%	52,527,540	1	1.80%
Ace Hardware Corp.	32,027,364	3	0.99%	34,453,461	2	1.18%
Service Center Metals	26,431,018	4	0.81%	N/A	N/A	
Independence Place Jefferson Park	20,640,000	5	0.64%	N/A	N/A	
Crossroads Holdings LLC	20,144,100	6	0.62%	18,978,300	4	0.65%
Jefferson Pointe	16,548,400	7	0.51%	14,581,500	6	0.50%
Summit Investments II	15,940,300	8	0.49%	N/A	N/A	
RCC Crossings LLC	11,416,500	9	0.35%	N/A	NA	
Lowes Home Centers	11,034,500	10	0.34%	N/A	NA	
Wachovia Bank NA Trustee	N/A	N/A	N/A	24,028,527	3	0.82%
Crossings Center LLP	N/A	N/A	N/A	15,316,200	5	0.52%
Standard Motor Products	N/A	N/A	N/A	11,816,900	7	0.40%
Robert W. Daniel Jr.	N/A	N/A	N/A	10,645,023	8	0.36%
Perdue Farms	N/A	N/A	N/A	8,270,700	9	0.28%
Armstrong	N/A	N/A	N/A	7,819,295	10	0.27%

(1) Includes real property, personal property, and machinery and tools
MT & PP provided on calendar year basis

Property Tax Levies and Collections
Last Ten Fiscal Years

Real Property Taxes

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy: Amount	Collected within the Fiscal Year of the Levy: Percentage of Levy	Collected in Subsequent Years (1)	Total Collections as of June 30, 2018: Amount	Total Collections as of June 30, 2018: Percentage of Levy
2009	21,139,550	19,930,582	94.28%	1,207,063	21,137,645	99.99%
2010	20,893,527	20,385,261	97.57%	496,832	20,882,093	99.95%
2011	20,463,446	19,591,946	95.74%	842,309	20,434,254	99.86%
2012	20,363,119	20,072,424	98.57%	251,117	20,323,541	99.81%
2013	19,936,703	19,124,392	95.93%	794,335	19,918,726	99.91%
2014	20,491,748	19,990,130	97.55%	455,174	20,445,303	99.77%
2015	20,555,563	20,167,652	98.11%	322,023	20,489,674	99.68%
2016	21,146,575	20,464,556	96.77%	476,896	20,941,452	99.03%
2017	22,726,252	22,135,095	97.40%	210,952	22,346,047	98.33%
2018	22,737,842	22,212,931	97.69%	-	22,212,931	97.69%

Personal Property Taxes

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy: Amount	Collected within the Fiscal Year of the Levy: Percentage of Levy	Collected in Subsequent Years (1)	Total Collections as of June 30, 2018: Amount	Total Collections as of June 30, 2018: Percentage of Levy
2009	5,225,646	5,033,733	96.33%	191,913	5,225,646	100.00%
2010	6,142,759	5,628,933	91.64%	513,826	6,142,759	100.00%
2011	6,023,216	5,430,303	90.16%	520,503	5,950,806	98.80%
2012	6,764,699	5,950,673	87.97%	706,113	6,656,785	98.40%
2013	7,343,951	6,196,235	84.37%	934,934	7,131,168	97.10%
2014	9,780,855	8,422,027	86.11%	1,053,931	9,475,958	96.88%
2015	9,226,196	7,538,334	81.71%	1,348,482	8,886,816	96.32%
2016	10,651,718	8,846,452	83.05%	1,295,097	10,141,549	95.21%
2017	12,279,120	9,906,413	80.68%	1,436,610	11,343,023	92.38%
2018	12,202,722	10,023,352	82.14%	-	10,023,352	82.14%

(1) - Collected in Subsequent Years amount includes amounts collected, written off and abated in future years.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities					Business-Type Activities			
	General Obligation Bonds/ Notes								
Fiscal Year	Supported by General Taxes	Supported by Dedicated Revenue	Capital Leases	Virginia Public School Authority Bonds	Literary Fund Loans	General Obligation Bonds/ Notes	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2009	23,047,444	20,147,295	-	45,845,295	690,000	3,432,383	93,162,417	7.19%	2,470
2010	24,834,067	8,962,205	-	43,615,789	575,000	3,082,734	81,069,795	6.32%	2,112
2011	26,350,327	-	-	33,268,670	460,000	1,684,048	61,763,045	4.50%	1,729
2012	25,027,000	-	-	30,815,770	345,000	1,491,730	57,679,500	3.93%	1,578
2013	22,533,225	-	-	28,267,066	230,000	1,291,049	52,321,340	5.41%	1,416
2014	22,695,200	-	-	26,183,520	115,000	1,082,480	50,076,200	5.18%	1,344
2015	25,671,810	-	-	23,398,423	-	963,992	50,034,225	5.43%	1,340
2016	23,864,532	-	-	15,881,490	7,500,000	2,446,000	49,692,022	5.37%	1,312
2017	30,645,034	-	-	12,599,234	7,415,000	2,219,000	52,878,268	5.70%	1,397
2018	36,659,917	-	-	9,197,197	7,330,000	1,989,000	55,176,114	5.46%	1,459

(1) Reference table 12

Ratios of General Bonded Debt by Type
Last Ten Fiscal Years

	General Bonded Debt Outstanding							
Fiscal Year	**General Obligation**	**Capital Leases**	**Virginia Public School Authority Bonds**	**Literary Fund Loans**	**Business-Type Activities**	**Total**	**Percentage of Estimated Actual Value of Property**	**Per Capita**
2009	43,194,739	-	45,845,295	690,000	3,432,383	93,162,417	3.19%	2,470
2010	33,796,272	-	43,615,789	575,000	3,082,734	81,069,795	2.72%	2,112
2011	26,350,327	-	33,268,670	460,000	1,684,048	61,763,045	2.15%	1,729
2012	25,027,000	-	30,815,770	345,000	1,491,730	57,679,500	2.01%	1,578
2013	22,533,225	-	28,267,066	230,000	1,291,049	52,321,340	1.81%	1,416
2014	22,695,200	-	26,183,520	115,000	1,082,480	50,076,200	1.68%	1,344
2015	25,671,810	-	23,398,423	-	963,992	50,034,225	1.64%	1,340
2016	23,864,532	-	15,881,490	7,500,000	2,446,000	49,692,022	1.59%	1,312
2017	30,645,034	-	12,599,234	7,415,000	2,219,000	52,878,268	1.65%	1,397
2018	36,659,917	-	9,197,197	7,330,000	1,989,000	55,176,114	1.70%	1,459

The County of Prince George does not have any overlapping governmental or business activities debt.

COUNTY OF PRINCE GEORGE, VIRGINIA

Computation of Legal Debt Margin
Last Ten Fiscal Years

	2009	2010	2011	2012	2013
Net Assessed Value (real property)	$ 2,578,538,090	$ 2,612,645,192	$ 2,495,701,100	$ 2,487,439,800	$ 2,493,088,000
Debt Limit (10% of Real Property Assessed Value)	257,853,809	261,264,519	249,570,110	248,743,980	249,308,800
Debt Applicable to Limit	93,305,559	81,069,795	61,444,362	57,382,063	52,321,340
Legal Debt Margin	$ 164,548,250	$ 180,194,724	$ 188,125,748	$ 191,361,917	$ 196,987,460
Total net debt applicable to the limit as a percentage of debt limit	36.2%	31.0%	24.6%	23.1%	21.0%

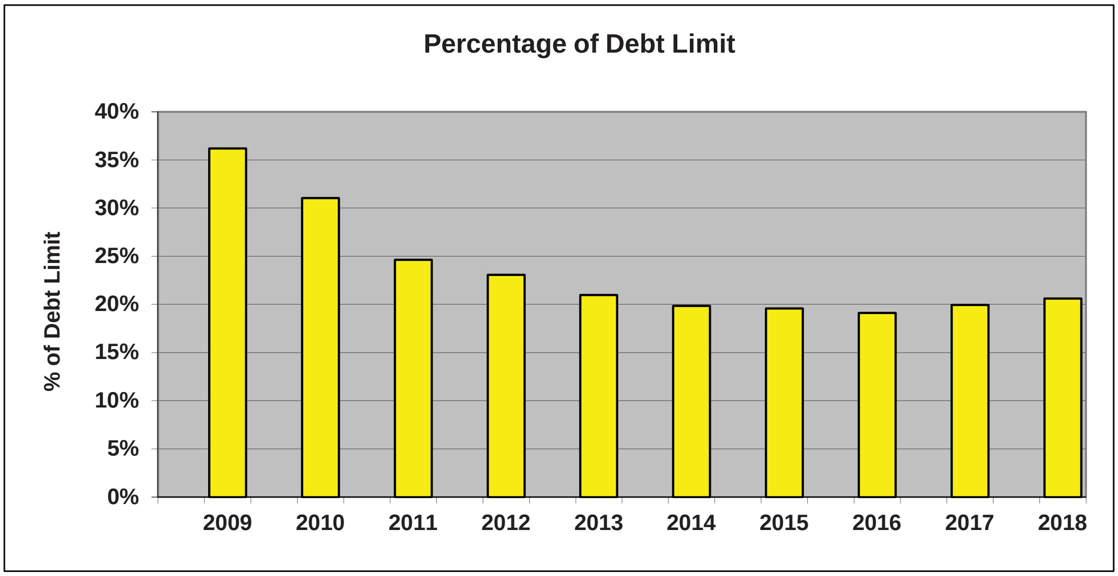


Table 11

2014	2015	2016	2017	2018
$ 2,521,752,900	$ 2,556,763,100	$ 2,599,790,900	$ 2,649,924,500	$ 2,678,117,800
252,175,290	255,676,310	259,979,090	264,992,450	267,811,780
50,076,200	50,034,225	49,692,022	52,878,268	55,176,114
$ 202,099,090	$ 205,642,085	$ 210,287,068	$ 212,114,182	$ 212,635,666
19.9%	19.6%	19.1%	20.0%	20.6%

Demographic and Economic Statistics
Last Ten Years

Year	Population		Student Enrollment (d)	Personal Income (i)	Per Capita Personal Income (f)	Median Household Income		Median Age		Average Unemployment Rate		Educational Attainment: Bachelor's Degree or Higher	
2007	36,647	(g)	6,297	1,201,361,954	32,782	59,780	(f)	32.1	(b)	3.2%	(e)	19.4%	(a)
2008	37,723	(f)	6,305	1,295,747,327	34,349	62,570	(h)	32.1	(b)	4.3%	(d)	14.0%	(d)
2009	38,393	(f)	6,158	1,306,360,218	34,026	67,985	(g)	32.1	(b)	7.0%	(h)	19.4%	(g)
2010	35,725	(g)	6,357	1,298,639,475	36,351	59,349	(g)	37.3	(g)	7.3%	(h)	18.4%	(g)
2011	36,555	(g)	6,312	1,422,866,820	38,924	64,171	(g)	36.6	(g)	6.5%	(d)	17.2%	(g)
2012	36,941	(g)	6,302	946,428,420	25,620	62,924	(g)	38.6	(g)	6.5%	(g)	16.8%	(g)
2013	37,253	(g)	6,367	954,645,378	25,626	63,913	(g)	38.0	(g)	4.9%	(g)	17.0%	(g)
2014	37,333	(g)	6,335	912,194,522	24,434	63,074	(g)	38.0	(g)	5.5%	(g)	17.9%	(g)
2015	37,862	(g)	6,336	928,414,102	24,521	61,792	(g)	37.3	(f)	5.3%	(g)	18.5%	(g)
2016	37,845	(h)	6,333	927,997,245	24,521	63,320	(g)	37.3	(f)	4.8%	(h)	21.3%	(g)
2017	37,809	(h)	6,874	1,010,294,289	26,721	66,775	(g)	37.3	(f)	4.4%	(h)	22.1%	(g)

(a) Annual Estimates of Population for Virginia & its Localities, April 1, 2000 to July 2005
(b) 2000 Federal Census
(c) September Enrollment
(d) Virginia Employment Commission- LAUS Unit and Bureau of Labor Statistics
(e) US Department of Commerce, Bureau of Economic Analysis
(f) Weldon Cooper Center
(g) US Census Bureau
(h) USDA Economic Research Service
(i) Personal income estimated based upon the municpal population and per capita income

Principal Employers
Current Year and Nine Years Ago

	2018			2009		
Employer	**Approximate Number of Employees**	**Percentage of Total Principal Employment**	**Rank**	**Approximate Number of Employees**	**Percentage of Total Average Employment**	**Rank**
U.S. Department of Defense	1000+	6.8%	1	1000+	8.7%	1
County of Prince George	1000+	6.8%	2	1000+	8.7%	2
U.S. Department of Justice	500-999	3.4%	3	500-999	5.4%	4
Perdue Products	250-499	1.7%	4	250-499	2.3%	8
Cantu Services Inc.	250-499	1.7%	5	N/A	N/A	N/A
Delhaize America Disbtribtuion Center (Food Lion)	250-499	1.7%	6	500-999	5.4%	3
Riverside Regional Jail	250-499	1.7%	7	250-499	2.3%	7
Standard Motors Products	250-499	1.7%	8	250-499	2.3%	5
U.S. Department of Army and Air Force	250-499	1.7%	9	250-499	2.3%	9
Rolls-Royce Crosspointe Operations	250-499	1.7%	10	N/A	N/A	N/A
Total Employment	14,806			13,802		

Source: Virginia Employment Commission

County Government Employees
Last Nine Fiscal Years

Function/Program	Approved Full Time Positions as of June 30									
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
General Government Administration										
County Administration	4	4	4	4	5	5	4	4	4	4
Human Resources	3	3	3	3	3	3	3	3	3	3
County Attorney	2	2	2	2	2	2	2	2	3	3
Commissioner of the Revenue	6	6	6	6	6	6	6	6	6	6
Treasurer	7	7	7	7	7	7	7	7	7	7
Real Estate Assessor	7	6	6	6	6	6	6	6	6	6
Finance	6	6	6	6	6	6	7	7	7	7
Information Technology	5	5	5	5	6	6	6	6	6	6
County Garage	4	4	4	4	4	4	4	4	4	4
Registrar	3	3	3	3	3	3	3	3	3	3
Judicial Administration										
Circuit Court	1	1	1	1	1	1	1	1	1	1
Commonwealth's Attorney	7	7	7	7	7	7	7	7	7	7
Sheriff	11	11	11	11	11	11	11	11	11	11
Victim Witness	1	1	1	1	1	1	1	1	1	1
Clerk of Circuit Court	5	5	5	5	5	5	6	6	6	6
Public Safety										
Police	57	56	56	56	57	58	58	58	59	60
Fire & EMS	14	11	11	11	11	20	20	19	19	19
Fire & EMS (SAFER GRANT)	-	-	-	-	-	-	-	-	-	6
VJCCCA	1	1	1	1	1	1	1	1	1	1
Community Corrections/ Pretrial	10	10	10	10	11	11	11	11	11	12
Community Development and Code Compliance	11	10	10	10	14	14	14	14	14	13
Animal Control	6	6	6	6	6	6	7	7	7	7
Dispatch Center	15	14	14	14	14	14	14	14	14	17
Public Works										
General Properties	8	8	8	8	8	8	8	9	9	7
Refuse Disposal	3	3	3	3	0	0	0	0	0	0
Engineering/Utilities	13	13	13	13	12	13	13	14	14	14
Health and Welfare										
Social Services	21	21	21	21	21	23	23	24	24	25
Comprehensive Services Act	1	1	1	1	0	0	0	0	0	0
Housing Assistance	0	0	0	0	0	0	0	0	0	0
Parks, Recreation & Cultural										
Parks and Recreation	8	7	7	7	7	7	7	7	7	7
Community Development										
Planning Department	5	4	4	4	0	0	0	0	0	0
Economic Development	1	1	1	2	2	2	2	2	3	3
GIS	1	1	1	1	0	0	0	0	0	0
Total	**243**	**235**	**235**	**236**	**233**	**247**	**249**	**251**	**253**	**262**

Source - Human Resources

COUNTY OF PRINCE GEORGE, VIRGINIA **Table 15**

Operating Indicators by Function/ Program
Last Nine Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government Administration										
Real Property Parcels	13,568	13,597	13,612	13,649	13,597	13,594	13,613	13,398	13,416	13,744
Public Safety										
Physical Arrests	573	528	553	614	503	632	543	555	684	703
Traffic Violations	7,018	7,842	7,309	6,625	7,200	7,522	4,943	4,447	5,463	5,533
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Personnel and Officers	56	56	56	56	57	58	58	58	58	69
Fire Protection										
EMS Service Calls	2,417	2,374	2,527	2,882	2,938	2,968	3,289	3,400	3,365	3,433
Fire Service Calls	1,205	1,060	1,432	1,779	1,440	1,339	1,495	1,431	1,028	1,115
Fire Stations	6	6	6	6	6	6	6	6	6	6
EMS Stations	1	1	1	1	1	1	1	1	1	1
Volunteer Fire and EMS Personnel	438	314	272	206	232	225	160	160	164	171
Professional Paramedic/Firefighter	9	6	6	7	7	16	16	16	166	23
Building Official										
Residential Permits	1,133	835	402	407	576	387	451	1,110	1,076	1,450
Commercial Building Permits	215	179	144	108	173	190	137	189	204	251
Commercial New-Building Permits	115	37	62	27	55	52	22	13	6	13
Single Family Resid. Building Permits	121	68	53	46	40	45	52	73	97	162
Public Works										
Miles of Water Line	72	75	75	75	75	75	82	83	87	88
Miles of Sewer Line	94	95	96	97	97	97	116	117	117	116
Utilities Customers	4,170	4,228	4,261	4,253	4,300	4,545	4,264	4,204	4,247	4,303
Health and Welfare										
Request for Services (Social Services)	638	715	749	747	1,261	1,486	1,515	1,718	1,503	1,470
Food Stamp Applications	897	903	1,013	1,085	1,140	1,063	1,787	2,070	1,241	1,047
Parks, Recreation & Cultural										
Youth League Participants	2,286	2,481	2,405	2,418	2,213	2,409	2,319	2,337	2,229	2,184
Community Development										
Employment	14,044 (a)	13,853 (a)	14,207 (a)	13,971 (a)	14,022 (a)	14,758 (a)	14,791 (a)	14,968 (a)	15,558 (a)	14,806
Component Unit - School Board										
Students Enrolled	6,305	6,158	6,357	6,312	6,302	6,367	6,335	6,336	6,333	6,874

Source - Various County Departments
Data for years prior to 2008 are not available
(a) Virginia Employment Commission

Capital Asset Statistics by Function
Last Nine Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government Administration										
Administration Buildings	1	1	1	1	1	1	1	1	1	1
Administration Vehicles	9	9	9	9	9	9	9	8	6	5
Public Safety										
Police Department:										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	74	73	69	72	72	76	66	73	73	67
Child Safety Seat Trailer	1	1	1	1	1	1	1	1	1	1
Electronic Sign Board	1	1	1	1	1	1	1	1	1	1
Public Safety Boat	1	1	1	1	1	1	1	1	1	1
Emergency Management:										
Buildings	1	1	1	1	1	1	1	1	1	1
Sheriff's Department:										
Vehicles	12	12	12	12	12	12	12	12	12	13
Fire Department:										
Vehicles	67	60	60	60	60	58	63	66	69	69
Animal Control:										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	4	4	4	4	4	5	6	6	6	5
Horse Trailer	1	1	1	1	1	1	1	1	1	1
Community Corrections:										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles						2	2	2	2	2
Courts:										
Buildings	1	1	1	1	1	1	1	1	1	1
Operations										
Garage:										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	3	3	3	3	3	4	4	3	4	4
Refuse:										
Sites	1	1	1	1	1	1	1	1	1	1
Recycling Centers	2	2	2	2	2	2	2	2	2	2
Buildings and Grounds:										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	8	8	8	8	9	7	7	7	9	8
Community Development										
Building Inspections:										
Vehicles	8	7	7	7	7	7	6	6	6	6
Culture and Recreation										
Parks and Recreation:										
Pier/Overlook/Nature Park	1	1	1	1	1	1	1	1	1	1
Playing Fields	7	7	7	7	7	7	7	7	7	7
Multi-Purpose Fields	2	2	2	2	2	3	3	3	3	3
Tennis Courts	3	3	3	3	3	3	3	3	3	3
Pavilions	3	3	3	3	3	3	3	3	3	3
Education Center / Central Wellness Center	-	-	-	-	-	1	1	1	1	1
Canoe Launch	-	-	-	-	-	1	1	1	1	1
Historical Society	1	1	1	1	1	1	1	1	1	1
Health & Welfare										
Social Services:										
Building	1	1	1	1	1	1	1	1	1	1
Food Bank	1	1	1	1	1	1	1	1	1	-
Vehicles	7	5	5	5	5	5	5	5	5	5
Component Unit - School Board										
Education:										
High Schools	1	1	1	1	1	1	1	1	1	1
Junior High Schools	1	1	1	1	1	1	1	1	1	1
Middle Schools	1	1	1	1	1	1	1	1	1	1
Elementary Schools	5	5	5	5	5	5	5	5	5	5
Administration Buildings	1	1	1	1	1	1	1	1	1	1
Education Center	1	1	1	1	1	-	-	-	-	-
School Buses - Active	84	87	86	73	75	76	76	74	60	56
School Buses - Spare	17	15	24	32	32	20	20	23	31	31

Source: Individual County Departments

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Prince George, 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 Prince George, Virginia's basic financial statements, and have issued our report dated November 29, 2018.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management, or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County'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 Prince George, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 29, 2018

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Prince George, Virginia's compliance with the types of compliance requirements described *OMB Compliance Supplement* that could have a direct and material effect on each of County of Prince George, Virginia's major federal programs for the year ended June 29, 2018. County of Prince George, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 29, 2018

COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards - Reissued
For the Year Ended June 30, 2018

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number		Federal Expenditures
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
Promoting Safe and Stable Families	93.556	0950114 / 0950115		$ 7,480
Temporary Assistance for Needy Families (TANF)	93.558	0400114 / 0400115		157,224
Refugee and Entrant Assistance - State Administered Programs	93.566	0500114 / 0500115		286
Low-Income Home Energy Assistance	93.568	0600414 / 0600415		20,299
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760114 / 0760115		25,361
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900114 / 0900115		456
Foster Care - Title IV-E	93.658	1100114 / 1100115		132,947
Adoption Assistance	93.659	1120114 / 1120115		138,473
Social Services Block Grant	93.667	1000114 / 1000115		98,631
Chafee Foster Care Independence Program	93.674	9150114 / 9150115		2,153
Children's Health Insurance Program (CHIP)	93.767	0540114 / 0540115		11,703
Medical Assistance Program	93.778	1200114 / 1200115		305,583
Total Department of Health and Human Services				$ 900,596
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Management:				
SAFER Recruiting and Hiring Grant	97.083	Unknown		$ 223,380
Homeland Security Grant Program	97.067	Unknown		24,249
Total Department of Homeland Security				$ 247,629
Department of Agriculture:				
Pass Through Payments:				
Child Nutrition Cluster:				
Department of Education:				
School Breakfast Program	10.553	405910		$ 467,184
Department of Agriculture:				
Child Nutrition Discretionary Grants	10.579	Unknown	$ 29,034	
Food Distribution	10.555	Unknown	213,133	
Department of Education:				
National School Lunch Program	10.555	406230	1,148,202	1,390,369
Total Child Nutrition Cluster				$ 1,857,553
Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040114 / 0040115		300,897
Total Department of Agriculture				$ 2,158,450

Schedule of Expenditures of Federal Awards - Reissued (Continued)
For the Year Ended June 30, 2018

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number		Federal Expenditures
Department of Justice:				
Direct Payments:				
Bulletproof vest partnership Program	16.607	n/a	$	2,120
Pass Through Payments:				
Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	17-Q3594VW15 / 18-R3594VW16 18-B4101VW16		66,737
Asset Forfeiture	16.000	n/a		551
Total Department of Justice			$	69,408
Department of Transportation:				
Pass Through Payments:				
Highway Safety Cluster:				
National Priority Safety Programs	20.616	Unknown	$	7,327
Total Department of Transportation			$	7,327
Department of Education:				
Direct Payments:				
Impact Aid	84.041	n/a	$	4,611,712
Pass Through Payments:				
Department of Education:				
Adult Education - Basic Grants to States	84.002	428010 / 611110		287,908
Title I Grants to Local Educational Agencies	84.010	429010		678,203
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	429480		47,342
Special Education Cluster (IDEA):				
Special Education - Grants to States	84.027	430710		1,021,492
Special Education - Preschool Grants	84.173	625210		28,134
Total Special Education Cluster (IDEA)			$	1,049,626
Student Support and Academic Enrichment Grants	84.424	Unknown		12,650
Career and Technical Education - Basic Grants to States	84.048	610950		64,320
Supporting Effective Instruction State Grant	84.367	614800		142,907
Total Department of Education			$	6,894,668
Department of Defense:				
Direct Payments:				
Junior ROTC Program	12.357	n/a	$	109,999
Invitational Grants for Military-Connected Schools	12.557	n/a		50,347
Competitive Grants: Support for K-12 Student Achievement at Military-Connected Schools	12.556	n/a		694,642
Total Department of Defense			$	854,988
Total Expenditures of Federal Awards			$	11,133,066

See accompanying notes to the schedule of expenditures of federal awards.

COUNTY OF PRINCE GEORGE, VIRGINIA

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

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Prince George, 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 reporting requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Because the Schedule presents only a selected portion of operations of the County of Prince George, Virginia, it is not intended to and does not present the financial position, changes in net position or cash flows of the County of Prince George, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Note 3 - Food Donation

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

Note 4 - De Minimis Cost Rate

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

Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:		
Primary government:		
General Fund	$	1,543,654
Asset Forfeiture Fund		551
Total primary government	$	1,544,205
Component Unit School Board - reference Exhibit 29		
School Operating Fund	$	7,473,757
School Cafeteria Fund		1,857,553
Adult Basic Education Fund		287,908
Total component unit School Board	$	9,619,218
Total federal expenditures per basic financial statements	$	11,163,423
Amounts required to reconcile federal revenues to expenditures:		
Less: Payment in lieu of taxes		(30,357)
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$	11,133,066

Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies
84.041	Impact Aid

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

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings

There are no findings from the prior year.