

COUNTY OF APPOMATTOX, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2017

COUNTY OF APPOMATTOX, VIRGINIA

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FOR THE YEAR ENDED JUNE 30, 2017

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COUNTY OF APPOMATTOX, VIRGINIA

Board of Supervisors

Samuel E. Carter, Chairperson

William H. Hogan
Sara E. Carter

Bryan A. Moody
Chad E. Millner

School Board

Bobby K. Waddell, Chairperson

Rev. Al L. Jones III
Gregory A. Smith

Dr. Wendy Hageman Smith
Cynthia L. Hall

Board of Social Services

Rowena F. Robinson, Chairperson

Sammy Carter

Ronald Spiggle

Other Officials

Judge of the Circuit Court S. Anderson Nelson
Clerk of the Circuit Court Janet A. Hix
Judge of the General District Court Robert Woodson, Jr.
Judge of the Juvenile and Domestic Relations Court Marvin Dunkam
Commonwealth's Attorney Darrel W. Puckett
Commissioner of the Revenue Sara R. Henderson
Treasurer Alice F. Gillette
Sheriff Barry E. Letterman
Superintendent of Schools Dorinda G. Grasty
Director of Social Services Brad Burdette
County Administrator Susan M. Adams

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Appomattox, Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Appomattox, Virginia, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-10, 82, and 83-88 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.

Other Information

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

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

Other Information (continued)

The introductory section and statistical information 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 22, 2017, on our consideration of County of Appomattox, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Appomattox, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 22, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Appomattox, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

- < The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$9,002,104 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other financing uses of \$1,278,858 (Exhibit 5) after making contributions totaling \$5,504,292 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$14,182,479, an increase of \$1,278,858 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,812,223 or 45% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased by \$1,535,276 during the current fiscal year.

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Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

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

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

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Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9,002,104 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

County of Appomattox, Virginia's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 19,887,851	\$ 18,516,231	\$ 45,113	\$ 44,150	\$ 19,932,964	\$ 18,560,381
Capital assets	19,273,022	21,302,697	5,141,052	5,255,298	24,414,074	26,557,995
Total assets	\$ 39,160,873	\$ 39,818,928	\$ 5,186,165	\$ 5,299,448	\$ 44,347,038	\$ 45,118,376
Deferred outflows of resources	\$ 1,706,578	\$ 1,372,320	\$ -	\$ -	\$ 1,706,578	\$ 1,372,320
Current liabilities	\$ 659,407	\$ 643,994	\$ 19,164	\$ 18,775	\$ 678,571	\$ 662,769
Long-term liabilities outstanding	29,777,552	31,187,116	2,261,270	2,386,982	32,038,822	33,574,098
Total liabilities	\$ 30,436,959	\$ 31,831,110	\$ 2,280,434	\$ 2,405,757	\$ 32,717,393	\$ 34,236,867
Deferred inflows of resources	\$ 4,334,119	\$ 4,660,874	\$ -	\$ -	\$ 4,334,119	\$ 4,660,874
Net investment in capital assets	\$ (2,244,622)	\$ (2,278,061)	\$ 2,879,782	\$ 2,868,316	\$ 635,160	\$ 590,255
Restricted for:						
Veterans wall of honor	3,038	3,038	-	-	3,038	3,038
Comprehensive services	-	30,309	-	-	-	30,309
Asset forfeiture	260,951	234,137	-	-	260,951	234,137
Courthouse maintenance	29,333	24,908	-	-	29,333	24,908
Courthouse security fund	146,091	127,665	-	-	146,091	127,665
Law library	17,171	15,443	-	-	17,171	15,443
Unrestricted	7,884,411	6,541,825	25,949	25,375	7,910,360	6,567,200
Total net position	\$ 6,096,373	\$ 4,699,264	\$ 2,905,731	\$ 2,893,691	\$ 9,002,104	\$ 7,592,955

Government-wide Financial Analysis (Continued)

The County's net position increased by \$1,409,149 during the current fiscal year. The following table summarizes the County's Statement of Activities

County of Appomattox, Virginia's Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Charges for services	\$ 333,436	\$ 259,887	\$ 154,467	\$ 167,307	\$ 487,903	\$ 427,194
Operating grants and contributions	5,168,799	4,858,154	-	-	5,168,799	4,858,154
General property taxes	12,905,293	12,718,739	-	-	12,905,293	12,718,739
Other local taxes	2,249,065	2,196,290	-	-	2,249,065	2,196,290
Grants and other contributions not restricted	1,723,668	1,722,939	-	-	1,723,668	1,722,939
Other general revenues	268,637	387,161	-	-	268,637	387,161
Transfers	(229,617)	(243,763)	229,617	243,763	-	-
Total revenues	\$ 22,419,281	\$ 21,899,407	\$ 384,084	\$ 411,070	\$ 22,803,365	\$ 22,310,477
General government administration	\$ 1,761,583	\$ 1,742,754	\$ -	\$ -	\$ 1,761,583	\$ 1,742,754
Judicial administration	1,278,950	1,215,521	-	-	1,278,950	1,215,521
Public safety	3,625,898	3,469,665	-	-	3,625,898	3,469,665
Public works	1,704,296	739,745	372,044	393,531	2,076,340	1,133,276
Health and welfare	3,414,275	3,567,121	-	-	3,414,275	3,567,121
Education	7,393,251	6,381,912	-	-	7,393,251	6,381,912
Parks, recreation, and cultural	501,174	519,526	-	-	501,174	519,526
Community development	390,145	508,631	-	-	390,145	508,631
Interest and other fiscal charges	952,600	1,281,519	-	-	952,600	1,281,519
Total expenses	\$ 21,022,172	\$ 19,426,394	\$ 372,044	\$ 393,531	\$ 21,394,216	\$ 19,819,925
Change in net position	\$ 1,397,109	\$ 2,473,013	\$ 12,040	\$ 17,539	\$ 1,409,149	\$ 2,490,552
Net position, beginning of year	4,699,264	2,226,251	2,893,691	2,876,152	7,592,955	5,102,403
Net position, end of year	<u>\$ 6,096,373</u>	<u>\$ 4,699,264</u>	<u>\$ 2,905,731</u>	<u>\$ 2,893,691</u>	<u>\$ 9,002,104</u>	<u>\$ 7,592,955</u>

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$14,182,479, an increase of \$1,278,858 in comparison with the prior year. Approximately 69% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

The County Capital Projects Fund accounts for all major general public improvements. At the end of the fiscal year, the fund balance was \$3,420,990, all of which was committed for current or future capital projects.

Proprietary Funds – The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the end of the year amounted to \$25,949. The total increase in net position was \$12,040. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities

General Fund Budgetary Highlights

During the year, revenues and other sources exceeded budgetary estimates by \$644,063. Budgetary estimates exceeded expenditures and other uses by \$1,348,830 resulting in a positive variance of \$1,992,893.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2017 amounts to \$19,273,022 (net of accumulated depreciation). The County's investment in capital assets for its proprietary fund as of June 30, 2017 amounted to \$5,141,052. This investment in capital assets includes land, buildings and system, and machinery and equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$24,293,374. Of this amount, \$10,648,059 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease/revenue bonds and capital leases).

The County's total debt decreased by \$2,247,790 during the current fiscal year.

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

Economic Factors and Next Year's Budgets and Rates

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

All of these factors were considered in preparing the County's budget for the 2018 fiscal year.

The fiscal year 2018 budget increased approximately 2.40%. Property tax rates remained the same as the 2017 fiscal year, with the exception of personal property and machinery and tools rates being decreased to \$3.35 per \$100 assessed value.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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County of Appomattox, Virginia
Statement of Net Position
June 30, 2017

	Primary Government			Component Units	
	Governmental	Business-type	Total	School Board	EDA
	Activities	Activities			
ASSETS					
Cash and cash equivalents	\$ 12,805,821	\$ 8,673	\$ 12,814,494	\$ 3,076,665	\$ 152,793
Cash in custody of others	-	-	-	4,000	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	5,051,948	-	5,051,948	-	-
Accounts receivable	124,843	36,440	161,283	10,923	-
Due from other governmental units	1,905,239	-	1,905,239	639,140	-
Net pension asset	-	-	-	14,750	-
Capital assets (net of accumulated depreciation):					
Land	1,316,010	-	1,316,010	211,370	1,381,873
Buildings and improvements	16,814,189	-	16,814,189	10,446,886	-
Utility plant in service	-	5,141,052	5,141,052	-	-
Equipment	953,771	-	953,771	987,146	-
Infrastructure	11,425	-	11,425	-	1,153,062
Intangibles	177,627	-	177,627	-	-
Total assets	<u>\$ 39,160,873</u>	<u>\$ 5,186,165</u>	<u>\$ 44,347,038</u>	<u>\$ 15,390,880</u>	<u>\$ 2,687,728</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	\$ 603,732	\$ -	\$ 603,732	\$ -	\$ -
Pension contributions subsequent to measurement date	541,570	-	541,570	1,640,699	-
Items related to measurement of net pension liability/asset	561,276	-	561,276	1,235,636	-
Total deferred outflows of resources	<u>\$ 1,706,578</u>	<u>\$ -</u>	<u>\$ 1,706,578</u>	<u>\$ 2,876,335</u>	<u>\$ -</u>
Total assets and deferred inflows of resources	<u>\$ 40,867,451</u>	<u>\$ 5,186,165</u>	<u>\$ 46,053,616</u>	<u>\$ 18,267,215</u>	<u>\$ 2,687,728</u>
LIABILITIES					
Accounts payable	\$ 543,546	\$ 8,673	\$ 552,219	\$ 46,934	\$ -
Accrued liabilities	-	-	-	1,824,735	-
Accrued interest payable	115,861	10,491	126,352	-	-
Due to other governmental units	-	-	-	681,621	-
Long-term liabilities:					
Due within one year	2,192,114	129,103	2,321,217	-	-
Due in more than one year	27,585,438	2,132,167	29,717,605	19,251,290	-
Total liabilities	<u>\$ 30,436,959</u>	<u>\$ 2,280,434</u>	<u>\$ 32,717,393</u>	<u>\$ 21,804,580</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 4,213,414	\$ -	\$ 4,213,414	\$ -	\$ -
Items related to measurement of net pension liability/asset	120,705	-	120,705	1,411,920	-
Total deferred inflows of resources	<u>\$ 4,334,119</u>	<u>\$ -</u>	<u>\$ 4,334,119</u>	<u>\$ 1,411,920</u>	<u>\$ -</u>
NET POSITION					
Net investment in capital assets	\$ (2,244,622)	\$ 2,879,782	\$ 635,160	\$ 11,645,402	\$ 2,534,935
Restricted:					
Veterans wall of honor	3,038	-	3,038	-	-
Asset forfeiture	260,951	-	260,951	-	-
Courthouse maintenance	29,333	-	29,333	-	-
Courthouse security fund	146,091	-	146,091	-	-
Law library	17,171	-	17,171	-	-
Unrestricted	7,884,411	25,949	7,910,360	(16,594,687)	152,793
Total net position	<u>\$ 6,096,373</u>	<u>\$ 2,905,731</u>	<u>\$ 9,002,104</u>	<u>\$ (4,949,285)</u>	<u>\$ 2,687,728</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 40,867,451</u>	<u>\$ 5,186,165</u>	<u>\$ 46,053,616</u>	<u>\$ 18,267,215</u>	<u>\$ 2,687,728</u>

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

County of Appomattox, Virginia
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for Services	Operating		Primary Government		Component Units			
			Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	School Board	EDA		
PRIMARY GOVERNMENT:										
Governmental activities:										
General government administration	\$ 1,761,583	\$ -	\$ 219,020	\$ -	\$ (1,542,563)	\$ -	\$ (1,542,563)	\$ -	\$ -	\$ -
Judicial administration	1,278,950	60,098	520,089	-	(698,763)	-	(698,763)	-	-	-
Public safety	3,625,898	87,828	1,280,859	-	(2,257,211)	-	(2,257,211)	-	-	-
Public works	1,704,296	129,824	19,552	-	(1,554,920)	-	(1,554,920)	-	-	-
Health and welfare	3,414,275	-	2,499,877	-	(914,398)	-	(914,398)	-	-	-
Education	7,393,251	-	-	-	(7,393,251)	-	(7,393,251)	-	-	-
Parks, recreation, and cultural	501,174	55,686	74,031	-	(371,457)	-	(371,457)	-	-	-
Community development	390,145	-	136,421	-	(253,724)	-	(253,724)	-	-	-
Interest on long-term debt	952,600	-	418,950	-	(533,650)	-	(533,650)	-	-	-
Total governmental activities	\$ 21,022,172	\$ 333,436	\$ 5,168,799	\$ -	\$ (15,519,937)	\$ -	\$ (15,519,937)	\$ -	\$ -	\$ -
Business-type activities:										
Sanitary District	\$ 372,044	\$ 154,467	\$ -	\$ -	\$ -	\$ (217,577)	\$ (217,577)	\$ -	\$ -	\$ -
Total business-type activities	\$ 372,044	\$ 154,467	\$ -	\$ -	\$ -	\$ (217,577)	\$ (217,577)	\$ -	\$ -	\$ -
Total primary government	\$ 21,394,216	\$ 487,903	\$ 5,168,799	\$ -	\$ (15,519,937)	\$ -	\$ (15,737,514)	\$ -	\$ -	\$ -
COMPONENT UNITS:										
School Board	\$ 21,607,153	\$ 471,337	\$ 16,246,839	\$ -	\$ -	\$ -	\$ (4,888,977)	\$ -	\$ (4,888,977)	\$ (77,714)
Economic Development Authority	77,714	-	-	-	-	-	-	-	-	-
Total component units	\$ 21,684,867	\$ 471,337	\$ 16,246,839	\$ -	\$ -	\$ -	\$ (4,888,977)	\$ -	\$ (4,888,977)	\$ (77,714)
General revenues:										
General property taxes					\$ 12,905,293	\$ -	\$ 12,905,293	\$ -	\$ -	\$ -
Local sales and use taxes					1,250,714	-	1,250,714	-	-	-
Consumer utility taxes					375,567	-	375,567	-	-	-
Motor vehicle licenses					470,662	-	470,662	-	-	-
Other local taxes					152,122	-	152,122	-	-	-
Unrestricted revenues from use of money and property					81,221	-	81,221	7,183	376	376
Miscellaneous					187,416	-	187,416	86,906	7,665	7,665
Grants and contributions not restricted to specific programs					1,723,668	-	1,723,668	-	-	-
Payment from Appomattox County					-	-	-	6,316,525	25,000	25,000
Transfers					(229,617)	229,617	-	-	-	-
Total general revenues and transfers					\$ 16,917,046	\$ 229,617	\$ 17,146,663	\$ 6,410,614	\$ 33,041	\$ 33,041
Change in net position					\$ 1,397,109	\$ 12,040	\$ 1,409,149	\$ 1,521,637	\$ (44,673)	\$ (44,673)
Net position - beginning					4,699,264	2,893,691	7,592,955	(6,470,922)	2,732,401	2,732,401
Net position - ending					\$ 6,096,373	\$ 2,905,731	\$ 9,002,104	\$ (4,949,285)	\$ 2,687,728	\$ 2,687,728

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

FUND FINANCIAL STATEMENTS

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County of Appomattox, Virginia
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	County Capital Projects Fund	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 8,492,696	\$ 3,420,990	\$ 892,135	\$ 12,805,821
Receivables (net of allowance for uncollectibles):				
Taxes receivable	5,051,948	-	-	5,051,948
Accounts receivable	122,718	-	2,125	124,843
Due from other governmental units	1,896,161	-	9,078	1,905,239
Total assets	<u>\$ 15,563,523</u>	<u>\$ 3,420,990</u>	<u>\$ 903,338</u>	<u>\$ 19,887,851</u>
LIABILITIES				
Accounts payable	\$ 543,546	\$ -	\$ -	\$ 543,546
Total liabilities	<u>\$ 543,546</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 543,546</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 5,161,826	\$ -	\$ -	\$ 5,161,826
Total deferred inflows of resources	<u>\$ 5,161,826</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,161,826</u>
FUND BALANCES				
Restricted	\$ 3,038	\$ -	\$ 453,546	\$ 456,584
Committed	42,890	3,420,990	449,792	3,913,672
Unassigned	9,812,223	-	-	9,812,223
Total fund balances	<u>\$ 9,858,151</u>	<u>\$ 3,420,990</u>	<u>\$ 903,338</u>	<u>\$ 14,182,479</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,563,523</u>	<u>\$ 3,420,990</u>	<u>\$ 903,338</u>	<u>\$ 19,887,851</u>

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

County of Appomattox, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 June 30, 2017

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	14,182,479
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	\$ 42,307,989	
Accumulated depreciation	<u>(23,034,967)</u>	19,273,022
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue - property taxes	\$ 948,412	
Deferred charges on refunding	603,732	
Deferred inflows related to measurement of net pension liability	<u>(120,705)</u>	1,431,439
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		
		541,570
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:		
Bonds payable	\$ (21,903,059)	
Issuance premium	(89,272)	
Capital lease	(129,045)	
Compensated absences	(228,837)	
Net OPEB obligation	(96,710)	
Net pension liability	(5,566,922)	
Deferred outflows related to measurement of net pension liability	561,276	
Landfill postclosure care liability	(1,763,707)	
Accrued interest payable	<u>(115,861)</u>	(29,332,137)
Net position of governmental activities		<u><u>\$ 6,096,373</u></u>

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

County of Appomattox, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General Fund	County Capital Projects Fund	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 12,944,092	\$ -	\$ -	\$ 12,944,092
Other local taxes	2,249,065	-	-	2,249,065
Permits, privilege fees, and regulatory licenses	84,533	-	-	84,533
Fines and forfeitures	32,083	-	-	32,083
Revenue from the use of money and property	81,221	-	-	81,221
Charges for services	190,178	-	26,642	216,820
Miscellaneous	186,813	-	603	187,416
Recovered costs	133,486	-	-	133,486
Intergovernmental:				
Commonwealth	5,301,815	-	71,645	5,373,460
Federal	1,510,457	-	8,550	1,519,007
Total revenues	<u>\$ 22,713,743</u>	<u>\$ -</u>	<u>\$ 107,440</u>	<u>\$ 22,821,183</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,628,993	\$ -	\$ -	\$ 1,628,993
Judicial administration	1,125,735	-	597	1,126,332
Public safety	3,797,701	-	-	3,797,701
Public works	1,388,585	-	-	1,388,585
Health and welfare	3,478,587	-	-	3,478,587
Education	5,505,051	-	-	5,505,051
Parks, recreation, and cultural	434,281	-	-	434,281
Community development	349,113	-	-	349,113
Capital projects	523,903	-	-	523,903
Debt service:				
Principal retirement	2,122,078	-	-	2,122,078
Interest and other fiscal charges	958,084	-	-	958,084
Total expenditures	<u>\$ 21,312,111</u>	<u>\$ -</u>	<u>\$ 597</u>	<u>\$ 21,312,708</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,401,632</u>	<u>\$ -</u>	<u>\$ 106,843</u>	<u>\$ 1,508,475</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 132,374	\$ 79,186	\$ -	\$ 211,560
Transfers out	(308,803)	-	(132,374)	(441,177)
Total other financing sources (uses)	<u>\$ (176,429)</u>	<u>\$ 79,186</u>	<u>\$ (132,374)</u>	<u>\$ (229,617)</u>
Net change in fund balances	\$ 1,225,203	\$ 79,186	\$ (25,531)	\$ 1,278,858
Fund balances - beginning	8,632,948	3,341,804	928,869	12,903,621
Fund balances - ending	<u>\$ 9,858,151</u>	<u>\$ 3,420,990</u>	<u>\$ 903,338</u>	<u>\$ 14,182,479</u>

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

County of Appomattox, Virginia
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds	\$	1,278,858
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded the capital outlays in the current period.

Capital asset additions	\$	324,014	
Jointly owned asset allocation		(812,233)	
Depreciation expense		<u>(1,541,456)</u>	(2,029,675)

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

Property taxes	\$	(38,799)	
Decrease (increase) in deferred inflows related to measurement of net pension liability		<u>378,455</u>	339,656

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

Principal payments	\$	2,122,078	
(Increase) decrease in landfill closure liability		<u>(20,187)</u>	2,101,891

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

Amortization of bond premium	\$	8,116	
Amortization of deferred charges on refunding		(67,081)	
(Increase) decrease in compensated absences		154,272	
(Increase) decrease in net OPEB obligation		(23,140)	
(Increase) decrease in net pension liability		(831,575)	
(Increase) decrease in deferred outflows related to pension payments subsequent to the measurement date		(54,258)	
Increase (decrease) in deferred outflows related to measurement of net pension liability		455,596	
(Increase) decrease in accrued interest payable		<u>64,449</u>	(293,621)

Change in net position of governmental activities	\$	<u><u>1,397,109</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Appomattox, Virginia
Statement of Net Position
Proprietary Fund
June 30, 2017

	Enterprise Fund
	Sanitary District
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 8,673
Accounts receivable, net of allowances for uncollectibles	36,440
Total current assets	\$ 45,113
Noncurrent assets:	
Capital assets:	
Utility plant in service	\$ 5,712,281
Accumulated depreciation	(571,229)
Total capital assets	\$ 5,141,052
Total noncurrent assets	\$ 5,141,052
Total assets	\$ 5,186,165
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 8,673
Accrued interest payable	10,491
Bonds payable - current portion	129,103
Total current liabilities	\$ 148,267
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 2,132,167
Total noncurrent liabilities	\$ 2,132,167
Total liabilities	\$ 2,280,434
NET POSITION	
Net investment in capital assets	\$ 2,879,782
Unrestricted	25,949
Total net position	\$ 2,905,731

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

County of Appomattox, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2017

	Enterprise Fund Sanitary District
OPERATING REVENUES	
Miscellaneous	\$ 154,467
Total operating revenues	\$ 154,467
OPERATING EXPENSES	
Other supplies and expenses	\$ 192,881
Depreciation	114,246
Total operating expenses	\$ 307,127
Operating income (loss)	\$ (152,660)
NONOPERATING REVENUES (EXPENSES)	
Interest expense	\$ (64,917)
Total nonoperating revenues (expenses)	\$ (64,917)
Income before transfers	\$ (217,577)
Transfers in	229,617
Change in net position	\$ 12,040
Total net position - beginning	2,893,691
Total net position - ending	\$ 2,905,731

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

County of Appomattox, Virginia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2017

	Enterprise Fund <u>Sanitary District</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Other receipts (payments)	\$ 162,177
Receipts for materials and supplies	(191,931)
Net cash provided by (used for) operating activities	<u>\$ (29,754)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 229,617
Net cash provided by (used for) noncapital financing activities	<u>\$ 229,617</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on bonds	\$ (125,712)
Interest expense	(65,478)
Net cash provided by (used for) capital and related financing activities	<u>\$ (191,190)</u>
Net increase (decrease) in cash and cash equivalents	\$ 8,673
Cash and cash equivalents - beginning	-
Cash and cash equivalents - ending	<u>\$ 8,673</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ (152,660)</u>
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	114,246
(Increase) decrease in accounts receivable	7,710
Increase (decrease) in accounts payable	950
Total adjustments	<u>\$ 122,906</u>
Net cash provided by (used for) operating activities	<u>\$ (29,754)</u>

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

County of Appomattox, Virginia
 Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2017

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 185,249
LIABILITIES	
Amounts held for social services clients	\$ 12,767
Amounts held for others	172,482
Total liabilities	<u>\$ 185,249</u>

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements As of June 30, 2017

Note 1—Summary of Significant Accounting Policies:

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

The financial statements of the County of Appomattox, Virginia have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board 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.

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 units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

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

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

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

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

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

A. Financial Reporting Entity

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

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2017.

Discretely Presented Component Units.

The School Board members are elected by the citizens of Appomattox County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2017.

The Economic Development Authority of Appomattox County is responsible for industrial and commercial development in the County. The Authority consists of members that are appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2017. The Economic Development Authority does not issue a separate financial report.

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

None

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

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

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

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

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

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

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 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 General Fund as a major governmental fund.

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

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

The County reports the following nonmajor governmental funds:

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

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

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

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

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

E. Cash and Cash Equivalents

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

F. Investments

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

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

G. Receivables and Payables

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

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 \$274,071 at June 30, 2017 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

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

H. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There is no capitalized interest for the year ended June 30, 2017.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	40
Utility plant	50
Furniture, Vehicles, Office and Computer Equipment	5-20
Buses	10
Infrastructure	5-10
Intangibles	5-20

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

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

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. Net Position

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

L. Net Position Flow Assumption

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

M. Long-term Obligations

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

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

N. 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 two items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to the measurement of the net pension liability. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments. It is also comprised of contributions to the pension plan made during the current year and

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

N. Deferred Outflows/Inflows of Resources (Continued)

subsequent to the net pension liability (asset) measurement date, which will be recognized as an increase to or a reduction of the net pension asset or liability next fiscal year. For more detailed information on these items, reference the pension note.

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

O. 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.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

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

O. Fund Equity (Continued)

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

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

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

	General Fund	Major Capital Projects Fund County Capital Projects Fund	Nonmajor Special Revenue Fund Other Governmental Funds	Total
Fund Balances:				
Restricted:				
Veterans wall of honor	\$ 3,038	\$ -	\$ -	\$ 3,038
Asset forfeiture	-	-	260,951	260,951
Courthouse maintenance	-	-	29,333	29,333
Courthouse security fund	-	-	146,091	146,091
Law library	-	-	17,171	17,171
Total Restricted Fund Balance	\$ 3,038	\$ -	\$ 453,546	\$ 456,584
Committed:				
Sports complex	\$ 38,251	\$ -	\$ -	\$ 38,251
Rev max	4,605	-	-	4,605
Ballpark fund	34	-	-	34
Capital Improvements	-	3,420,990	-	3,420,990
Jail keep fund	-	-	10	10
E-911	-	-	449,782	449,782
Total Committed Fund Balance	\$ 42,890	\$ 3,420,990	\$ 449,792	\$ 3,913,672
Unassigned	\$ 9,812,223	\$ -	\$ -	\$ 9,812,223
Total Fund Balances	\$ 9,858,151	\$ 3,420,990	\$ 903,338	\$ 14,182,479

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 2—Stewardship, Compliance, and Accounting:

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

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

Expenditures and Appropriations

Expenditures did not exceed appropriations at June 30, 2017.

Note 3—Deposits and Investments:

Deposits

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

Investments

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 3—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2017 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale. The County will minimize credit risk by limiting investments to the safest type of securities.

	<u>Fair Quality Ratings</u>	
	<u>AAAm</u>	
Local Government Investment Pool	\$	<u>101,151</u>
Total	\$	<u><u>101,151</u></u>

Interest Rate Risk

<u>Investment Maturities (in years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Local Government Investment Pool	\$ <u>101,151</u>	\$ <u>101,151</u>
Total	\$ <u><u>101,151</u></u>	\$ <u><u>101,151</u></u>

External Investment Pools

The fair value of the positions in the external investment pools (Local Government Investment Pool) is the same as the value of the pool shares. As the LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio under the provisions of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 4—Due to/from Other Governments:

At June 30, 2017, the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Other Local Governments:		
Appomattox County School Board	\$ 681,621	\$ -
Commonwealth of Virginia:		
Local sales tax	217,863	-
Welfare	52,733	-
Rolling stock tax	39,744	-
Comprehensive services	377,344	-
State sales tax	-	445,014
Wireless grant	9,078	-
Auto rental tax	141	-
Constitutional officer reimbursements	119,700	-
Recordation tax	6,502	-
Mobile home titling tax	11,973	-
Department of Forestry	17,610	-
Victim witness	14,566	-
Communications tax	87,416	-
Road side clean up	1,632	-
Highway construction	75,901	-
Tobacco grants	60,520	-
Federal Government:		
School fund grants	-	194,126
Victim witness	43,700	-
Transportation safety	2,840	-
Welfare	84,355	-
Total due from other governments	\$ <u>1,905,239</u>	\$ <u>639,140</u>

At June 30, 2017, amounts due to other local governments are as follows:

Other Local Governments:		
County of Appomattox	\$ <u>-</u>	\$ <u>681,621</u>

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2017:

Primary Government:

	<u>Balance July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2017</u>
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 1,316,010	\$ -	\$ -	\$ 1,316,010
Total capital assets not subject to depreciation	\$ 1,316,010	\$ -	\$ -	\$ 1,316,010
Capital assets subject to depreciation:				
Buildings and improvements	\$ 12,764,501	\$ -	\$ -	\$ 12,764,501
Equipment	6,221,100	324,014	46,377	6,498,737
Infrastructure	83,095	-	-	83,095
Intangibles	1,810,216	-	-	1,810,216
Jointly owned assets	21,348,475	-	1,513,045	19,835,430
Total capital assets subject to depreciation	\$ 42,227,387	\$ 324,014	\$ 1,559,422	\$ 40,991,979
Accumulated depreciation:				
Buildings and improvements	\$ 6,131,655	\$ 466,716	\$ -	\$ 6,598,371
Equipment	5,299,313	292,030	46,377	5,544,966
Infrastructure	64,867	6,803	-	71,670
Intangibles	1,543,776	88,813	-	1,632,589
Jointly owned assets	9,201,089	687,094	700,812	9,187,371
Total accumulated depreciation	\$ 22,240,700	\$ 1,541,456	\$ 747,189	\$ 23,034,967
Total capital assets being depreciated, net	\$ 19,986,687	\$ (1,217,442)	\$ 812,233	\$ 17,957,012
Governmental activities capital assets, net	\$ 21,302,697	\$ (1,217,442)	\$ 812,233	\$ 19,273,022
Business-type activities:				
Capital assets not subject to depreciation:				
Utility plant in service	\$ 5,712,281	\$ -	\$ -	\$ 5,712,281
Total capital assets being depreciated	\$ 5,712,281	\$ -	\$ -	\$ 5,712,281
Accumulated depreciation:				
Utility plant in service	\$ 456,983	\$ 114,246	\$ -	\$ 571,229
Total accumulated depreciation	\$ 456,983	\$ 114,246	\$ -	\$ 571,229
Total capital assets being depreciated, net	\$ 5,255,298	\$ (114,246)	\$ -	\$ 5,141,052
Business-type capital assets, net	\$ 5,255,298	\$ (114,246)	\$ -	\$ 5,141,052

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2017:

Component Unit - School Board:

	<u>Balance July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2017</u>
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 211,370	\$ -	\$ -	\$ 211,370
Construction in progress	<u>30,440</u>	<u>377,062</u>	<u>407,502</u>	<u>-</u>
Total capital assets not subject to depreciation	<u>\$ 241,810</u>	<u>\$ 377,062</u>	<u>\$ 407,502</u>	<u>\$ 211,370</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 998,718	\$ 407,502	\$ -	\$ 1,406,220
Equipment	4,700,069	398,148	-	5,098,217
Jointly owned assets	<u>15,798,101</u>	<u>-</u>	<u>(1,513,045)</u>	<u>17,311,146</u>
Total capital assets subject to depreciation	<u>\$ 21,496,888</u>	<u>\$ 805,650</u>	<u>\$ (1,513,045)</u>	<u>\$ 23,815,583</u>
Accumulated depreciation:				
Buildings and improvements	\$ 184,547	\$ 67,760	\$ -	\$ 252,307
Equipment	3,896,846	214,225	-	4,111,071
Jointly owned assets	<u>6,808,904</u>	<u>508,457</u>	<u>(700,812)</u>	<u>8,018,173</u>
Total accumulated depreciation	<u>\$ 10,890,297</u>	<u>\$ 790,442</u>	<u>\$ (700,812)</u>	<u>\$ 12,381,551</u>
Total capital assets being depreciated, net	<u>\$ 10,606,591</u>	<u>\$ 15,208</u>	<u>\$ (812,233)</u>	<u>\$ 11,434,032</u>
Governmental activities capital assets, net	<u><u>\$ 10,848,401</u></u>	<u><u>\$ 392,270</u></u>	<u><u>\$ (404,731)</u></u>	<u><u>\$ 11,645,402</u></u>

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2017:

Component Unit - Economic Development Authority:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2017</u>
Business-type activities:				
Capital assets not subject to depreciation:				
Land	\$ <u>1,381,873</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,381,873</u>
Total capital assets not subject to depreciation	\$ <u>1,381,873</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,381,873</u>
Capital assets subject to depreciation:				
Infrastructure	\$ <u>1,917,079</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,917,079</u>
Total capital assets subject to depreciation	\$ <u>1,917,079</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,917,079</u>
Accumulated depreciation:				
Infrastructure	\$ <u>711,900</u>	\$ <u>52,117</u>	\$ <u>-</u>	\$ <u>764,017</u>
Total accumulated depreciation	\$ <u>711,900</u>	\$ <u>52,117</u>	\$ <u>-</u>	\$ <u>764,017</u>
Total capital assets being depreciated, net	\$ <u>1,205,179</u>	\$ <u>(52,117)</u>	\$ <u>-</u>	\$ <u>1,153,062</u>
Business-type capital assets, net	\$ <u><u>2,587,052</u></u>	\$ <u><u>(52,117)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>2,534,935</u></u>

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government:

Governmental activities:

General government administration	\$	160,622
Judicial administration		139,591
Public safety		205,964
Public works		229,015
Health and welfare		17,850
Education		690,174
Parks, recreation and cultural		56,448
Community development		<u>41,792</u>
Total Governmental activities	\$	<u><u>1,541,456</u></u>

Business-type activities:

Sanitary District Fund	\$	<u><u>114,246</u></u>
Component Unit School Board	\$	<u><u>790,442</u></u>
Component Unit Economic Development Authority	\$	<u><u>52,117</u></u>

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 6—Interfund Transfers and Obligations:

Interfund transfers for the year ended June 30, 2017, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General Fund	\$ 132,374	\$ 308,803
County Special Revenue Fund	-	132,374
County Capital Projects Fund	<u>79,186</u>	<u>-</u>
Total Governmental Funds	<u>\$ 211,560</u>	<u>\$ 441,177</u>
Enterprise Funds:		
Sanitary District	<u>\$ 229,617</u>	<u>\$ -</u>
Total Enterprise Funds	<u>\$ 229,617</u>	<u>\$ -</u>
Total All Funds	<u>\$ 441,177</u>	<u>\$ 441,177</u>

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

Details of the Primary Government’s interfund receivables and payables as of June 30, 2017 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Component Unit—School Board:		
School Operating Fund	\$ 78,493	\$ -
School Special Revenue Fund	<u>-</u>	<u>78,493</u>
Total Component Unit—School Board Funds	<u>\$ 78,493</u>	<u>78,493</u>
Total All Funds	<u>\$ 78,493</u>	<u>\$ 78,493</u>

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

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 7—Long-Term Obligations:

Primary Government:

The following is a summary of long-term obligation transactions of the County for the fiscal year ended June 30, 2017:

	Balance at July 1, 2016	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2017	Amounts Due Within One Year
Governmental Activities:					
Incurred by County:					
Compensated absences	\$ 383,109	\$ 38,311	\$ 192,583	\$ 228,837	\$ 22,884
Lease revenue bonds	11,835,000	-	580,000	11,255,000	860,000
Issuance premium	97,388	-	8,116	89,272	-
Capital lease	171,796	-	42,751	129,045	44,554
Net OPEB obligation	73,570	47,320	24,180	96,710	-
Net pension liability	4,735,347	2,101,331	1,269,756	5,566,922	-
Landfill postclosure care liability	1,743,520	20,187	-	1,763,707	-
Total incurred by County	<u>\$ 19,039,730</u>	<u>\$ 2,207,149</u>	<u>\$ 2,117,386</u>	<u>\$ 19,129,493</u>	<u>\$ 927,438</u>
Incurred by School Board:					
General obligation bonds	<u>\$ 12,147,386</u>	<u>\$ -</u>	<u>\$ 1,499,327</u>	<u>\$ 10,648,059</u>	<u>\$ 1,264,676</u>
Total incurred by School Board	<u>\$ 12,147,386</u>	<u>\$ -</u>	<u>\$ 1,499,327</u>	<u>\$ 10,648,059</u>	<u>\$ 1,264,676</u>
Total Governmental Activities	<u>\$ 31,187,116</u>	<u>\$ 2,207,149</u>	<u>\$ 3,616,713</u>	<u>\$ 29,777,552</u>	<u>\$ 2,192,114</u>
Business-type Activities:					
Lease revenue bond	<u>\$ 2,386,982</u>	<u>\$ -</u>	<u>\$ 125,712</u>	<u>\$ 2,261,270</u>	<u>\$ 129,103</u>
Total Business-type Activities	<u>\$ 2,386,982</u>	<u>\$ -</u>	<u>\$ 125,712</u>	<u>\$ 2,261,270</u>	<u>\$ 129,103</u>

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government:

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

Governmental Activities

Year Ending June 30,	County Obligations			
	Lease Revenue Bonds		Capital Lease	
	Principal	Interest	Principal	Interest
2018	\$ 860,000	\$ 348,138	\$ 44,554	\$ 5,446
2019	900,000	317,233	46,435	3,565
2020	955,000	281,403	38,056	1,605
2021	1,055,000	233,923	-	-
2022	1,085,000	181,443	-	-
2023	1,640,000	151,763	-	-
2024	1,680,000	109,480	-	-
2025	1,720,000	70,840	-	-
2026	1,360,000	31,280	-	-
Total	\$ <u>11,255,000</u>	\$ <u>1,725,503</u>	\$ <u>129,045</u>	\$ <u>10,616</u>

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Governmental Activities (Continued)

Year Ending June 30,	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2018	\$ 1,264,676	\$ 552,957
2019	1,276,431	528,959
2020	1,293,541	504,224
2021	1,302,253	483,854
2022	1,344,493	463,035
2023	833,333	450,000
2024	833,333	450,000
2025	833,333	450,000
2026	833,333	450,000
2027	833,333	450,000
Total	\$ 10,648,059	\$ 4,783,029

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Business-type Activities

Year Ending June 30,	Lease Revenue	
	Bond	
	Principal	Interest
2018	\$ 129,103	\$ 62,086
2019	132,587	58,603
2020	136,164	55,026
2021	139,837	51,352
2022	143,610	47,580
2023	147,485	43,705
2024	151,464	39,726
2025	155,550	35,640
2026	159,747	31,443
2027	164,057	27,133
2028	168,483	22,707
2029	173,029	18,161
2030	177,697	13,493
2031	182,491	8,699
2032	99,966	3,776
Total	\$ <u>2,261,270</u>	\$ <u>519,130</u>

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term obligations at June 30, 2017 are as follows:

Governmental Activities:

Incurred by County:

Lease Revenue Bonds:

\$14,605,000 lease revenue bond issued April 27, 2010, payable in varying annual installments, interest at 1.00% to 5.00%, through May 1, 2023.	\$ 4,155,000
\$7,110,000 refunding lease revenue bond issued May 5, 2016, payable in varying annual installments, interest at 2.30%, through May 1, 2026.	7,100,000
Total lease revenue bonds	<u>\$ 11,255,000</u>

Capital Lease:

\$326,175 capital lease issued July 15, 2011, payable in annual installments of principal and interest in the amount of \$50,000, through July 15, 2019.	\$ 129,045
Issuance premium	\$ 89,272
Net OPEB obligation (payable by the general fund)	\$ 96,710
Net pension liability	\$ 5,566,922
Landfill postclosure care liability (payable by the general fund)	\$ 1,763,707
Compensated absences (payable by the general fund)	\$ 228,837
Total Incurred by County	<u>\$ 19,129,493</u>

Incurred by School Board:

General Obligation bonds

\$1,850,000 school bond issued October 26, 2001, payable in varying amounts and interest rates through July 15, 2021.	\$ 640,000
\$6,512,513 school bond issued October 26, 2001, payable in varying amounts and rates through July 15, 2021.	1,808,061
\$10,000,000 school bond issued June 26, 2011, payable in varying amounts, interest at 0.00%, through June 1, 2027.	8,199,998
Total General Obligation Bonds	<u>\$ 10,648,059</u>
Total Incurred by School Board	<u>\$ 10,648,059</u>
Total Governmental Activities	<u>\$ 29,777,552</u>

Business-type Activities:

Lease Revenue Bond:

\$2,807,161 VRA lease revenue bond issued June 16, 2011, payable in varying annual installments, interest at 2.18%, through May 1, 2032.	\$ 2,261,270
Total Business-type Activities	<u>\$ 2,261,270</u>

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 7—Long-Term Obligations: (Continued)

Discretely Presented Component - Unit School Board:

The following is a summary of long-term obligation transactions of the Component Unit School Board for the fiscal year ended June 30, 2017:

	Balance at July 1, 2016	Increases	Decreases	Balance at June 30, 2017	Amounts Due Within One Year
Component Unit-School Board:					
Early retirement liability	\$ 359,168	\$ -	\$ 359,168	\$ -	\$ -
Net pension liability	17,482,000	4,309,000	2,858,000	18,933,000	-
Net OPEB obligation	252,430	134,680	68,820	318,290	-
Total Component Unit-School Board	<u>\$ 18,093,598</u>	<u>\$ 4,443,680</u>	<u>\$ 3,285,988</u>	<u>\$ 19,251,290</u>	<u>\$ -</u>

Details of long-term obligations at June 30, 2017 are as follows:

Net pension liability	\$ 18,933,000
Net OPEB obligation (payable from the School Fund)	<u>318,290</u>
Long-term obligations incurred by the School Board (payable from the School Fund)	<u>\$ 19,251,290</u>

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 8—Capital Lease:

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

The assets acquired through capital leases are as follows:

Asset:	Primary Government
Equipment	\$ 501,567
Less: Accumulated depreciation	(234,065)
Total	\$ 267,502

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2017, are follows:

Year Ended June 30	Primary Government
2018	\$ 50,000
2019	50,000
2020	39,661
Total minimum lease payments	\$ 139,661
Less: amount representing interest	(10,616)
Present value of minimum lease payments	\$ 129,045

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 9—Deferred/Unavailable Revenue:

Deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue totaling \$5,161,826 and deferred revenue totaling \$4,213,414 is comprised of the following:

Unavailable Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$4,782,855 (including 2nd half tax billings of \$3,834,443 not due until December 5) at June 30, 2017.

Deferred/Unavailable Prepaid Property Taxes - Property taxes due subsequent to June 30, 2017 but paid in advance by the taxpayers totaled \$378,971 at June 30, 2017.

Deferred Revenue - Deferred revenue representing prepaid taxes due subsequent to June 30, 2017 totaled \$378,971 and 2nd half 2018 tax billing levied in current year but due in FY2018 totaled \$3,834,443.

Note 10—Commitments and Contingent Liabilities:

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

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

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

Note 11—Litigation:

At June 30, 2017, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 12—Risk Management:

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

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

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

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

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—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
<p>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. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>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. Employees are eligible for 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.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see “Eligible Members”)</p> <ul style="list-style-type: none"> • The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 (Cont.)</p>	<p>About Plan 2 (Cont.)</p>	<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> • 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.
<p>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.</p> <p>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.</p> <p>The Hybrid Retirement Plan’s effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>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.</p> <p>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.</p> <p>The Hybrid Retirement Plan’s effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • 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. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) 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.</p>	<p>Hybrid Opt-In Election (Cont.) 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.</p>	<p>*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.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016. 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.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016.</p>	<p>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.</p>

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>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.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>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.</p> <p><u>Defined Contributions 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.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>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.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.)</p> <p><u>Defined Contributions Component: (Cont.)</u></p> <ul style="list-style-type: none"> • 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. <p>Distribution is not required by law until age 70½.</p>
<p>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.</p> <p>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.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1.</p> <p><u>Defined Contribution Component:</u> 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.</p>
<p>Average Final Compensation A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>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%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>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.</p>	<p>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.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>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.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>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.</p> <p>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.</p>	<p>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.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>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.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>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.</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>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%.</p> <p><u>Eligibility:</u> 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.</p> <p>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.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. 	<p>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%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u></p> <ul style="list-style-type: none"> • 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. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u> Same as Plan 1 and Plan 2.</p>
<p>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.</p>	<p>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.</p>	<p>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.</p>

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage (Cont.) VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage (Cont.) VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>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.</p>
<p>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. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P. O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—Pension Plan: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2015 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	61	26
Inactive members:		
Vested inactive members	10	4
Non-vested inactive members	7	9
Inactive members active elsewhere in VRS	24	8
Total inactive members	41	21
Active members	104	37
Total covered employees	<u>206</u>	<u>84</u>

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 13.34% 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 \$541,570 and \$591,434 for the years ended June 30, 2017 and June 30, 2016, respectively.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—Pension Plan: (Continued)

Contributions (Continued)

The Component Unit School Board’s contractually required contribution rate for nonprofessional employees for the year ended June 30, 2017 was 4.32% 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 Component Unit School Board’s nonprofessional employees were \$29,886 and \$50,808 for the years ended June 30, 2017 and June 30, 2016, respectively.

Net Pension Liability (Asset)

The County’s and Component Unit School Board’s (nonprofessional) net pension liability (asset) were measured as of June 30, 2016. The total pension liabilities used to calculate the net pension liability (asset) were determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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, 2015, 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, 2016.

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: 14% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the County’s Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

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: 60% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—Pension Plan: (Continued)

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—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
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—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, 2018, the rate contributed by the employer for the County and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	\$ 23,767,673	\$ 19,032,326	\$ 4,735,347
Changes for the year:			
Service cost	\$ 475,356	\$ -	\$ 475,356
Interest	1,613,882	-	1,613,882
Differences between expected and actual experience	(158,308)	-	(158,308)
Contributions - employer	-	591,434	(591,434)
Contributions - employee	-	200,396	(200,396)
Net investment income	-	319,618	(319,618)
Benefit payments, including refunds			
Refund of employee contributions	(1,424,435)	(1,424,435)	-
Administrative expenses	-	(11,956)	11,956
Other changes	-	(137)	137
Net changes	\$ 506,495	\$ (325,080)	\$ 831,575
Balances at June 30, 2016	\$ 24,274,168	\$ 18,707,246	\$ 5,566,922

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—Pension Plan: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances at June 30, 2015	\$ 2,885,036	\$ 2,913,058	\$ (28,022)
Changes for the year:			
Service cost	\$ 73,359	\$ -	\$ 73,359
Interest	197,119	-	197,119
Differences between expected and actual experience	(124,790)	-	(124,790)
Contributions - employer	-	50,808	(50,808)
Contributions - employee	-	33,523	(33,523)
Net investment income	-	49,925	(49,925)
Benefit payments, including refunds			
Refund of employee contributions	(138,104)	(138,104)	-
Administrative expenses	-	(1,819)	1,819
Other changes	-	(21)	21
Net changes	\$ 7,584	\$ (5,688)	\$ 13,272
Balances at June 30, 2016	\$ 2,892,620	\$ 2,907,370	\$ (14,750)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
	County		
Net Pension Liability (Asset)	\$ 8,545,859	\$ 5,566,922	\$ 3,073,045
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 340,792	\$ (14,750)	\$ (311,190)

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—Pension Plan: (Continued)

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

For the year ended June 30, 2017, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$588,958 and (\$11,174) respectively. At June 30, 2017, 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	\$ 72,342	\$ 120,705	\$ -	\$ 88,920
Net difference between projected and actual earnings on pension plan investments	488,934	-	75,636	-
Employer contributions subsequent to the measurement date	541,570	-	29,886	-
Total	\$ 1,102,846	\$ 120,705	\$ 105,522	\$ 88,920

\$541,570 and \$29,886 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of (increase to) the Net Pension Liability (Asset) in the fiscal year ended June 30, 2018. 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:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2018	\$ (2,278)	\$ (47,807)
2019	(2,276)	(39,831)
2020	255,004	43,947
2021	190,121	30,407
Thereafter	-	-

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—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 options provided to school divisions 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.

Each School Division's contractually required contribution rate for the year ended June 30, 2017 was 14.66% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 18.20%, however, it was reduced to 17.64% as a result of the transfer. 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. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2017. Contributions to the pension plan from the School Board were \$1,610,813 and \$1,432,522 for the years ended June 30, 2017 and June 30, 2016, respectively.

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

At June 30, 2017, the school division reported a liability of \$18,933,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 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, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the school division's proportion was 0.13510% as compared to 0.13890% at June 30, 2015.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2017, the school division recognized pension expense of \$1,433,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2017, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience \$	-	\$ 614,000
Net difference between projected and actual earnings on pension plan investments	1,082,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	78,000	709,000
Employer contributions subsequent to the measurement date	<u>1,610,813</u>	<u>-</u>
Total	<u>\$ 2,770,813</u>	<u>\$ 1,323,000</u>

\$1,610,813 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2018. 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:

<u>Year ended June 30</u>	
2018	\$ (322,000)
2019	(322,000)
2020	339,000
2021	222,000
2022	(80,000)

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—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, 2015, 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, 2016.

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-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Net Pension Liability

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2016, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 44,182,326
Plan Fiduciary Net Position	30,168,211
Employers' Net Pension Liability (Asset)	\$ 14,014,115
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 68.28%

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

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

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

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 13—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, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset) \$	26,989,000 \$	18,933,000 \$	12,297,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 14 –Landfill Closure and Postclosure Costs:

The County closed its landfill and is liable for postclosure monitoring for a period of thirty years. In addition, the County participates in a Regional Landfill and is liable for its portion of closure and postclosure monitoring costs. In conjunction with both, an environmental engineering firm was engaged to devise a closure plan in accordance with federal and state regulations. The \$1,763,707 reported as landfill postclosure liability at June 30, 2017, represents the estimated liability for postclosure monitoring over the remaining twenty-seven years for the County Landfill and the closure and postclosure costs of the Regional Landfill. These amounts are based on what it would cost to perform all postclosure care in 2017. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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

Note 15–Surety Bonds:

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

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

Note 16–Other Postemployment Benefits - Health Insurance:

A. Post-retirement Health Insurance for Employee

Plan Description

The County of Appomattox and the County of Appomattox School Board offer eligible retirees post-retirement medical and dental coverage if they retire directly from the County or Schools and are eligible to receive an early or regular retirement benefit from the Virginia Retirement System (VRS). Health benefits include medical, disability and dental coverage.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 16-Other Postemployment Benefits - Health Insurance: (Continued)

A. Post-retirement Health Insurance for Employee (Continued)

Funding Policy

The County and the School Board in Appomattox allow retirees and their spouses continue to participate in the County's medical, dental and disability coverage plans. The retiree pays 100% of all premiums. Medical and dental coverage stops at age 65 or when eligible for Medicare. Disability coverage changes to a carveout class at eligibility for Medicare and stops at age 65.

Annual OPEB Cost and Net OPEB Obligation

The County and School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The County and School Board have elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with GASB 45 parameters. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retired employees by the County and School Board. The following table shows the components of the County and School Board's annual OPEB cost for the year, the estimated amount contributed to the plan, and changes in the County and School Board's net OPEB obligation to the Retiree Health Insurance Plan:

	Primary Government	Component Unit School Board
Annual required contribution	\$ 47,320	\$ 134,680
Interest on net OPEB obligation	3,640	10,360
Adjustment to annual required contribution	(3,640)	(10,360)
Annual OPEB cost (expense)	\$ 47,320	\$ 134,680
Contributions made	(24,180)	(68,820)
Increase in net OPEB obligation	23,140	65,860
Net OPEB obligation-beginning of year	73,570	252,430
Net OPEB obligation-end of year	\$ 96,710	\$ 318,290

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 16–Other Postemployment Benefits - Health Insurance: (Continued)

A. Post-retirement Health Insurance for Employee (Continued)

The County and School Board’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
County:			
6/30/2015	\$ 35,640	63.58%	\$ 63,580
6/30/2016	45,090	77.84%	73,570
6/30/2017	47,320	51.10%	96,710
Component Unit School Board:			
6/30/2015	\$ 126,360	63.58%	\$ 225,420
6/30/2016	121,910	77.84%	252,430
6/30/2017	134,680	51.10%	318,290

Funded Status and Funding Progress

As of July 1, 2016, the County’s most recent actuarial date, accrued liability for benefits was \$400,920, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$3,650,660, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 10.98 percent.

As of July 1, 2016, the School Board’s most recent actuarial date, accrued liability for benefits was \$1,141,080, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$10,390,340, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 10.98 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 16-Other Postemployment Benefits - Health Insurance (Continued):

A. Post-retirement Health Insurance for Employee (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees-Retirement eligible for medical benefits are assumed to occur beginning once a participant attains age 50 and completes 15 or more years of service. In no event is an active participant assumed to work beyond age 70.

Mortality-Life expectancies were based on mortality tables from the 2004 Group Annuity Mortality Tables for males and females with a one year setback in pre-retirement for males and females.

Coverage elections - The actuary assumed that 50% of active participants who retire at age 50 or greater are assumed to continue their coverage into retirement. 25% of their spouses are assumed to continue their coverage into retirement. 100% of actives who become disabled (and 25% of their spouses) are assumed to continue their coverage.

Based on the historical and expected returns of the County and School Board's short-term investment portfolio, a discount of 4.25% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2016 was thirty years.

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Note 16–Other Postemployment Benefits - Health Insurance (Continued):

B. Health Insurance Credit Program Through Virginia Retirement System

Plan Description

The Appomattox County Public Schools participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is an agent and cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

The non-professional employees of the Appomattox County Public Schools (School Board), who retire under VRS with at least 15 years of total creditable service under the System and are enrolled in a health insurance plan, are eligible to receive a monthly health insurance credit of \$1.50 per year of creditable service up to a maximum monthly credit of \$45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of \$45.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 13.

Funding Policy

As a participating local political subdivision, the School Board is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2017 was .46% of annual covered payroll.

Annual OPEB Cost and Net OPEB Obligation

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, is based on the annual required contribution (ARC). The School Board is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 16-Other Postemployment Benefits - Health Insurance (Continued):

B. Health Insurance Credit Program Through Virginia Retirement System (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

For 2017, the School Board’s contribution of \$3,181 was equal to the ARC and OPEB cost. The School Board’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and preceding years are as follows:

Fiscal Year Ending	Annual OPEB Cost (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
June 30, 2017	\$ 3,181	100%	\$ -
June 30, 2016	2,730	100%	-
June 30, 2015	2,748	100%	-

The funded status of the plan as of June 30, 2016, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 59,531
Actuarial value of plan assets	\$ 34,258
Unfunded actuarial accrued liability (UAAL)	\$ 25,273
Funded ratio (actuarial value of plan assets/AAL)	57.55%
Covered payroll (active plan members)	\$ 683,214
UAAL as a percentage of covered payroll	3.70%

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

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Note 16–Other Postemployment Benefits - Health Insurance (Continued):

B. Health Insurance Credit Program Through Virginia Retirement System (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Retiree postemployment benefit expenses are determined under the Projected Unit Credit actuarial cost method. Under this method, benefits are projected for life and their present value is determined. The present value is divided into equal parts, which are earned over the period from date of hire to the full eligibility date.

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.0% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2016 was 18-27 years using an open amortization period.

Professional Employees - Discretely Presented Component Unit School Board

The School Board professional employees participate in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service.

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a monthly health insurance credit of \$4 multiplied by the smaller of (i) twice the amount of their creditable service or (ii) the amount of creditable service they would have completed at age 60 if they had remained in service to that age.

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2017, 2016 and 2015 were \$121,964, \$109,222, and \$109,172 respectively, and equaled the required contributions for each year.

COUNTY OF APPOMATTOX, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 17–Upcoming Pronouncements:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

Statement No. 81, *Irrevocable Split-Interest Agreements*, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2017, and should be applied retroactively.

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

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REQUIRED SUPPLEMENTARY INFORMATION

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County of Appomattox, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 12,800,854	\$ 12,800,854	\$ 12,944,092	\$ 143,238
Other local taxes	2,212,000	2,212,000	2,249,065	37,065
Permits, privilege fees, and regulatory licenses	73,040	73,040	84,533	11,493
Fines and forfeitures	30,000	30,000	32,083	2,083
Revenue from the use of money and property	78,761	78,761	81,221	2,460
Charges for services	136,006	136,006	190,178	54,172
Miscellaneous	125,550	125,550	186,813	61,263
Recovered costs	109,980	109,980	133,486	23,506
Intergovernmental:				
Commonwealth	5,248,906	5,248,906	5,301,815	52,909
Federal	1,286,224	1,286,224	1,510,457	224,233
Total revenues	<u>\$ 22,101,321</u>	<u>\$ 22,101,321</u>	<u>\$ 22,713,743</u>	<u>\$ 612,422</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,864,094	\$ 1,821,384	\$ 1,628,993	\$ 192,391
Judicial administration	1,185,512	1,198,577	1,125,735	72,842
Public safety	4,037,157	4,247,850	3,797,701	450,149
Public works	1,648,090	1,648,325	1,388,585	259,740
Health and welfare	3,339,971	3,468,982	3,478,587	(9,605)
Education	5,742,076	5,742,076	5,505,051	237,025
Parks, recreation, and cultural	462,252	473,446	434,281	39,165
Community development	358,283	441,995	349,113	92,882
Capital projects	276,573	705,758	523,903	181,855
Debt service:				
Principal retirement	2,122,078	2,122,078	2,122,078	-
Interest and other fiscal charges	1,094,573	1,099,273	958,084	141,189
Total expenditures	<u>\$ 22,130,659</u>	<u>\$ 22,969,744</u>	<u>\$ 21,312,111</u>	<u>\$ 1,657,633</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (29,338)</u>	<u>\$ (868,423)</u>	<u>\$ 1,401,632</u>	<u>\$ 2,270,055</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 100,733	\$ 100,733	\$ 132,374	\$ 31,641
Transfers out	-	-	(308,803)	(308,803)
Total other financing sources (uses)	<u>\$ 100,733</u>	<u>\$ 100,733</u>	<u>\$ (176,429)</u>	<u>\$ (277,162)</u>
Net change in fund balances	\$ 71,395	\$ (767,690)	\$ 1,225,203	\$ 1,992,893
Fund balances - beginning	(71,395)	767,690	8,632,948	7,865,258
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,858,151</u>	<u>\$ 9,858,151</u>

County of Appomattox, Virginia
Schedule of OPEB Funding Progress
For the Year Ended June 30, 2017

Primary Government:
County Retiree Health Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
7/1/2016	\$ -	\$ 400,920	\$ 400,920	0.00%	\$ 3,650,660	10.98%
7/1/2014	-	331,100	331,100	0.00%	2,897,400	11.43%
7/1/2012	-	289,300	289,300	0.00%	2,447,500	11.82%

Discretely Presented Component Unit:
School Board Retiree Health Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
7/1/2016	\$ -	\$ 1,141,080	\$ 1,141,080	0.00%	\$ 10,390,340	10.98%
7/1/2014	-	1,173,900	1,173,900	0.00%	10,272,600	11.43%
7/1/2012	-	1,025,700	1,025,700	0.00%	8,677,500	11.82%

Discretely Presented Component Unit School Board:
Health Insurance Credit Program Through Virginia Retirement System

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
6/30/2016	\$ 34,258	\$ 59,531	\$ 25,273	57.55%	\$ 683,214	3.70%
6/30/2015	34,614	64,190	29,576	53.92%	692,688	4.27%
6/30/2014	33,888	63,149	29,261	53.66%	694,598	4.21%
6/30/2013	29,407	57,860	28,453	50.82%	725,979	3.92%
6/30/2012	25,718	55,643	29,925	46.22%	666,466	4.49%
6/30/2011	24,444	51,325	26,881	47.63%	696,815	3.86%
6/30/2010	19,066	48,557	29,491	39.27%	654,259	4.51%
6/30/2009	12,260	44,090	31,830	27.81%	669,727	4.75%

County of Appomattox, Virginia
 Schedule of Changes in Net Pension Liability and Related Ratios
 Primary Government
 For the Years Ended June 30, 2015 through June 30, 2017

	2016	2015	2014
Total pension liability			
Service cost	\$ 475,356	\$ 449,518	\$ 443,674
Interest	1,613,882	1,553,677	1,496,352
Differences between expected and actual experience	(158,308)	139,018	-
Benefit payments, including refunds of employee contributions	(1,424,435)	(1,139,855)	(1,102,328)
Net change in total pension liability	\$ 506,495	\$ 1,002,358	\$ 837,698
Total pension liability - beginning	23,767,673	22,765,315	21,927,617
Total pension liability - ending (a)	\$ 24,274,168	\$ 23,767,673	\$ 22,765,315
Plan fiduciary net position			
Contributions - employer	\$ 591,434	\$ 594,544	\$ 537,604
Contributions - employee	200,396	198,597	208,860
Net investment income	319,618	841,298	2,557,177
Benefit payments, including refunds of employee contributions	(1,424,435)	(1,139,855)	(1,102,328)
Administrative expense	(11,956)	(11,689)	(13,959)
Other	(137)	(177)	135
Net change in plan fiduciary net position	\$ (325,080)	\$ 482,718	\$ 2,187,489
Plan fiduciary net position - beginning	19,032,326	18,549,608	16,362,119
Plan fiduciary net position - ending (b)	\$ 18,707,246	\$ 19,032,326	\$ 18,549,608
County's net pension liability - ending (a) - (b)	\$ 5,566,922	\$ 4,735,347	\$ 4,215,707
Plan fiduciary net position as a percentage of the total pension liability	77.07%	80.08%	81.48%
Covered payroll	\$ 4,017,722	\$ 4,031,328	\$ 3,984,402
County's net pension liability as a percentage of covered payroll	138.56%	117.46%	105.81%

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

County of Appomattox, Virginia
 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Years Ended June 30, 2015 through June 30, 2017

	2016	2015	2014
Total pension liability			
Service cost	\$ 73,359	\$ 76,215	\$ 81,045
Interest	197,119	189,111	179,628
Differences between expected and actual experience	(124,790)	(19,255)	-
Benefit payments, including refunds of employee contributions	(138,104)	(125,249)	(125,141)
Net change in total pension liability	\$ 7,584	\$ 120,822	\$ 135,532
Total pension liability - beginning	2,885,036	2,764,214	2,628,682
Total pension liability - ending (a)	<u>\$ 2,892,620</u>	<u>\$ 2,885,036</u>	<u>\$ 2,764,214</u>
Plan fiduciary net position			
Contributions - employer	\$ 50,808	\$ 51,385	\$ 55,567
Contributions - employee	33,523	34,024	34,731
Net investment income	49,925	128,667	388,463
Benefit payments, including refunds of employee contributions	(138,104)	(125,249)	(125,141)
Administrative expense	(1,819)	(1,778)	(2,105)
Other	(21)	(24)	20
Net change in plan fiduciary net position	\$ (5,688)	\$ 87,025	\$ 351,535
Plan fiduciary net position - beginning	2,913,058	2,826,033	2,474,498
Plan fiduciary net position - ending (b)	<u>\$ 2,907,370</u>	<u>\$ 2,913,058</u>	<u>\$ 2,826,033</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (14,750)	\$ (28,022)	\$ (61,819)
Plan fiduciary net position as a percentage of the total pension liability	100.51%	100.97%	102.24%
Covered payroll	\$ 683,214	\$ 686,311	\$ 694,598
School Division's net pension liability (asset) as a percentage of covered payroll	-2.16%	-4.08%	-8.90%

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

County of Appomattox, Virginia
 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 For the Years Ended June 30, 2015 through June 30, 2017

	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.13510%	0.13890%	0.13802%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 18,933,000	\$ 17,482,000	\$ 16,680,000
Employer's Covered Payroll	10,188,634	10,242,814	10,065,043
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	185.82%	170.68%	165.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.28%	70.68%	70.88%

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

* The amounts presented have a measurement date of the previous fiscal year end.

County of Appomattox, Virginia
 Schedule of Employer Contributions
 For the Years Ended June 30, 2008 through June 30, 2017

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					
2017	\$ 541,570	\$ 541,570	\$ -	\$ 4,059,748	13.34%
2016	591,434	591,434	-	4,017,722	14.72%
2015	594,544	594,544	-	4,031,328	14.75%
2014	537,496	537,496	-	3,984,402	13.49%
2013	523,794	523,794	-	3,882,830	13.49%
2012	430,137	430,137	-	3,889,123	11.06%
2011	452,814	452,814	-	4,094,160	11.06%
2010	441,513	441,513	-	4,122,441	10.71%
2009	431,321	431,321	-	4,027,271	10.71%
2008	392,959	392,959	-	3,852,537	10.20%
Component Unit School Board (nonprofessional)					
2017	\$ 29,886	\$ 29,886	\$ -	\$ 691,800	4.32%
2016	50,808	50,808	-	683,214	7.44%
2015	51,385	51,385	-	686,311	7.49%
2014	55,568	55,568	-	694,598	8.00%
2013	57,525	57,525	-	719,064	8.00%
2012	21,115	21,115	-	678,924	3.11%
2011	21,311	21,311	-	685,251	3.11%
2010	42,044	42,044	-	684,751	6.14%
2009	42,307	42,307	-	689,043	6.14%
2008	48,605	48,605	-	669,492	7.26%
Component Unit School Board (professional)					
2017	\$ 1,610,813	\$ 1,610,813	\$ -	\$ 10,982,510	14.67%
2016	1,432,522	1,432,522	-	10,188,634	14.06%
2015	1,485,208	1,485,208	-	10,242,814	11.66%
2014	1,173,584	1,173,584	-	10,065,043	11.66%
2013	1,194,413	1,194,413	-	10,243,679	6.33%
2012	601,804	601,804	-	9,507,172	3.93%
2011	387,595	387,595	-	9,862,468	8.81%
2010	641,116	641,116	-	7,277,140	8.81%
2009	939,345	939,345	-	10,662,259	10.30%
2008	1,039,644	1,039,644	-	10,093,631	9.20%

Current year contributions are from County records and prior year contributions are from the VRS actuarial valuation performed each year.

County of Appomattox, Virginia
Notes to Required Supplementary Information
For the Year Ended June 30, 2017

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, 2016 is not material.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Component Unit School Board - Professional Employees

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

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OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES*

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County of Appomattox, Virginia
 County Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 79,186	\$ 79,186
Total other financing sources (uses)	\$ -	\$ -	\$ 79,186	\$ 79,186
Net change in fund balances	\$ -	\$ -	\$ 79,186	\$ 79,186
Fund balances - beginning	-	-	3,341,804	3,341,804
Fund balances - ending	\$ -	\$ -	\$ 3,420,990	\$ 3,420,990

County of Appomattox, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2017

	County Special Revenue Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 26,642	\$ 26,642
Miscellaneous	-	-	603	603
Intergovernmental:				
Commonwealth	-	-	71,645	71,645
Federal	-	-	8,550	8,550
Total revenues	\$ -	\$ -	\$ 107,440	\$ 107,440
EXPENDITURES				
Current:				
Judicial administration	\$ -	\$ 597	\$ 597	\$ -
Total expenditures	\$ -	\$ 597	\$ 597	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (597)	\$ 106,843	\$ 107,440
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (100,733)	\$ (100,733)	\$ (132,374)	\$ (31,641)
Total other financing sources (uses)	\$ (100,733)	\$ (100,733)	\$ (132,374)	\$ (31,641)
Net change in fund balances	\$ (100,733)	\$ (101,330)	\$ (25,531)	\$ 75,799
Fund balances - beginning	100,733	101,330	928,869	827,539
Fund balances - ending	\$ -	\$ -	\$ 903,338	\$ 903,338

County of Appomattox, Virginia
 Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2017

	Agency Funds			
	<u>Special Welfare</u>	<u>Sheriff Drug</u>	<u>Courtland Park</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 12,767	\$ 5,182	\$ 167,300	\$ 185,249
Total assets	\$ 12,767	\$ 5,182	\$ 167,300	\$ 185,249
LIABILITIES				
Amounts held for social services clients	\$ 12,767	\$ -	\$ -	\$ 12,767
Amounts held for others	-	5,182	167,300	172,482
Total liabilities	\$ 12,767	\$ 5,182	\$ 167,300	\$ 185,249

County of Appomattox, Virginia
Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2017

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare:				
Assets:				
Cash and cash equivalents	\$ 12,456	\$ 5,160	\$ 4,849	\$ 12,767
Liabilities:				
Amounts held for social services clients	\$ 12,456	\$ 5,160	\$ 4,849	\$ 12,767
Sheriff Drug:				
Assets:				
Cash and cash equivalents	\$ 13,223	\$ -	\$ 8,041	\$ 5,182
Liabilities:				
Amounts held for others	\$ 13,223	\$ -	\$ 8,041	\$ 5,182
Courtland Park:				
Assets:				
Cash and cash equivalents	\$ -	\$ 167,300	\$ -	\$ 167,300
Liabilities:				
Amounts held for others	\$ -	\$ 167,300	\$ -	\$ 167,300
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 25,679	\$ 172,460	\$ 12,890	\$ 185,249
Liabilities:				
Amounts held for others	\$ 13,223	\$ 167,300	\$ 8,041	\$ 172,482
Amounts held for social services clients	12,456	5,160	4,849	12,767
Total liabilities	\$ 25,679	\$ 172,460	\$ 12,890	\$ 185,249

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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County of Appomattox, Virginia
Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
June 30, 2017

	School Operating Fund	School Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,107,803	\$ 968,862	\$ 3,076,665
Cash in custody of others	-	4,000	4,000
Receivables (net of allowance for uncollectibles):			
Accounts receivable	10,923	-	10,923
Due from other funds	78,493	-	78,493
Due from other governmental units	639,140	-	639,140
Total assets	<u>\$ 2,836,359</u>	<u>\$ 972,862</u>	<u>\$ 3,809,221</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 46,934	\$ -	\$ 46,934
Accrued liabilities	1,824,735	-	1,824,735
Due to other funds	-	78,493	78,493
Due to other governmental units	681,621	-	681,621
Total liabilities	<u>\$ 2,553,290</u>	<u>\$ 78,493</u>	<u>\$ 2,631,783</u>
Fund balances:			
Committed	\$ 281,069	\$ 894,369	\$ 1,175,438
Unassigned	2,000	-	2,000
Total fund balances	<u>\$ 283,069</u>	<u>\$ 894,369</u>	<u>\$ 1,177,438</u>
Total liabilities and fund balances	<u>\$ 2,836,359</u>	<u>\$ 972,862</u>	<u>\$ 3,809,221</u>

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

Total fund balances per above \$ 1,177,438

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

Capital assets, cost	\$ 24,026,953	
Accumulated depreciation	<u>(12,381,551)</u>	11,645,402

The net pension asset is not an available resource and, therefore, is not reported in the funds. 14,750

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

Deferred inflows related to measurement of net pension liability	(1,411,920)
--	-------------

Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds. 1,640,699

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

Net pension liability	\$ (18,933,000)	
Deferred outflows related to measurement of net pension liability	1,235,636	
Net OPEB obligation	<u>(318,290)</u>	(18,015,654)

Net position of governmental activities \$ (4,949,285)

County of Appomattox, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2017

	School Operating Fund	School Special Revenue Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 7,183	\$ -	\$ 7,183
Charges for services	152,055	319,282	471,337
Miscellaneous	86,906	-	86,906
Recovered costs	214,998	-	214,998
Intergovernmental:			
Local government	5,501,068	3,224	5,504,292
Commonwealth	14,250,811	17,113	14,267,924
Federal	1,265,578	713,337	1,978,915
Total revenues	<u>\$ 21,478,599</u>	<u>\$ 1,052,956</u>	<u>\$ 22,531,555</u>
EXPENDITURES			
Current:			
Education	\$ 20,899,416	\$ 1,033,622	\$ 21,933,038
Debt service:			
Principal retirement	359,168	-	359,168
Interest and other fiscal charges	28,734	-	28,734
Total expenditures	<u>\$ 21,287,318</u>	<u>\$ 1,033,622</u>	<u>\$ 22,320,940</u>
Net change in fund balances	\$ 191,281	\$ 19,334	\$ 210,615
Fund balances - beginning	91,788	875,035	966,823
Fund balances - ending	<u>\$ 283,069</u>	<u>\$ 894,369</u>	<u>\$ 1,177,438</u>

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

Net change in fund balances - total governmental funds - per above \$ 210,615

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

Capital asset additions	\$ 775,210	
Jointly owned asset allocation	812,233	
Depreciation expense	<u>(790,442)</u>	797,001

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

(Increase) decrease in deferred inflows related to measurement of net pension liability / asset 392,618

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

Decrease in early retirement liability 359,168

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

(Increase) decrease in net OPEB obligation	\$ (65,860)	
Increase (decrease) in deferred outflows related to pension payments subsequent to the measurement date	156,731	
Increase (decrease) in deferred outflows related to measurement of net pension liability	1,135,636	
Increase (decrease) in net pension asset	(13,272)	
(Increase) decrease in net pension liability	<u>(1,451,000)</u>	(237,765)

Change in net position of governmental activities \$ 1,521,637

County of Appomattox, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 School Operating Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2017

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 5,000	\$ 5,000	\$ 7,183	\$ 2,183
Charges for services	139,600	139,600	152,055	12,455
Miscellaneous	200,684	199,685	86,906	(112,779)
Recovered costs	45,000	45,000	214,998	169,998
Intergovernmental:				
Local government	5,741,695	5,741,695	5,501,068	(240,627)
Commonwealth	14,248,304	14,321,304	14,250,811	(70,493)
Federal	1,100,000	1,100,000	1,265,578	165,578
Total revenues	<u>\$ 21,480,283</u>	<u>\$ 21,552,284</u>	<u>\$ 21,478,599</u>	<u>\$ (73,685)</u>
EXPENDITURES				
Current:				
Education	\$ 21,518,741	\$ 21,590,742	\$ 20,899,416	\$ 691,326
Debt service:				
Principal retirement	33,767	33,767	359,168	(325,401)
Interest and other fiscal charges	28,734	28,734	28,734	-
Total expenditures	<u>\$ 21,581,242</u>	<u>\$ 21,653,243</u>	<u>\$ 21,287,318</u>	<u>\$ 365,925</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (100,959)</u>	<u>\$ (100,959)</u>	<u>\$ 191,281</u>	<u>\$ 292,240</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 11,171	\$ 11,171	\$ -	\$ (11,171)
Total other financing sources (uses)	<u>\$ 11,171</u>	<u>\$ 11,171</u>	<u>\$ -</u>	<u>\$ (11,171)</u>
Net change in fund balances	\$ (89,788)	\$ (89,788)	\$ 191,281	\$ 281,069
Fund balances - beginning	89,788	89,788	91,788	2,000
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 283,069</u>	<u>\$ 283,069</u>

County of Appomattox, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 School Special Revenue Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2017

	School Special Revenue Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 270,500	\$ 270,499	\$ 319,282	\$ 48,783
Miscellaneous	16,378	18,879	-	(18,879)
Intergovernmental:				
Local government	-	-	3,224	3,224
Commonwealth	11,171	11,171	17,113	5,942
Federal	656,320	723,682	713,337	(10,345)
Total revenues	<u>\$ 954,369</u>	<u>\$ 1,024,231</u>	<u>\$ 1,052,956</u>	<u>\$ 28,725</u>
EXPENDITURES				
Current:				
Education	\$ 1,481,262	\$ 1,551,124	\$ 1,033,622	\$ 517,502
Total expenditures	<u>\$ 1,481,262</u>	<u>\$ 1,551,124</u>	<u>\$ 1,033,622</u>	<u>\$ 517,502</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (526,893)</u>	<u>\$ (526,893)</u>	<u>\$ 19,334</u>	<u>\$ 546,227</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (11,171)	\$ (11,171)	-	\$ 11,171
Total other financing sources (uses)	<u>\$ (11,171)</u>	<u>\$ (11,171)</u>	<u>-</u>	<u>\$ 11,171</u>
Net change in fund balances	\$ (538,064)	\$ (538,064)	\$ 19,334	\$ 557,398
Fund balances - beginning	538,064	538,064	875,035	336,971
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 894,369</u>	<u>\$ 894,369</u>

*DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY*

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County of Appomattox, Virginia
Statement of Net Position
Discretely Presented Component Unit-Economic Development Authority
June 30, 2017

ASSETS

Current assets:

Cash and cash equivalents	\$ 152,793
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Noncurrent assets:

Capital assets:

Land	\$ 1,381,873
Infrastructure	1,917,079
Accumulated depreciation	(764,017)
Total capital assets	<u>\$ 2,534,935</u>
Total noncurrent assets	<u>\$ 2,534,935</u>

Total assets	<u>\$ 2,687,728</u>
--------------	---------------------

NET POSITION

Investment in capital assets	\$ 2,534,935
------------------------------	--------------

Unrestricted	152,793
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Total net position	<u><u>\$ 2,687,728</u></u>
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County of Appomattox, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit-Economic Development Authority
For the Year Ended June 30, 2017

OPERATING REVENUES	
Contributions from local governments	\$ 25,000
Miscellaneous	7,665
Total operating revenues	<u>\$ 32,665</u>
OPERATING EXPENSES	
Other supplies and expenses	\$ 597
EDA grant	25,000
Depreciation	52,117
Total operating expenses	<u>\$ 77,714</u>
Operating income (loss)	<u>\$ (45,049)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	\$ 376
Total nonoperating revenues (expenses)	<u>\$ 376</u>
Change in net position	\$ (44,673)
Total net position - beginning	2,732,401
Total net position - ending	<u><u>\$ 2,687,728</u></u>

County of Appomattox, Virginia
Statement of Cash Flows
Discretely Presented Component Unit-Economic Development Authority
For the Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 32,665
Payments for operating activities	<u>(25,597)</u>
Net cash provided by (used for) operating activities	<u>\$ 7,068</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$ 376
Net cash provided by (used for) investing activities	<u>\$ 376</u>

Net increase (decrease) in cash and cash equivalents 7,444

Cash and cash equivalents - beginning	145,349
Cash and cash equivalents - ending	<u><u>\$ 152,793</u></u>

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

Operating income (loss)	\$ (45,049)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	52,117
Total adjustments	<u>\$ 52,117</u>
Net cash provided by (used for) operating activities	<u><u>\$ 7,068</u></u>

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SUPPORTING SCHEDULES

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County of Appomattox, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 8,445,813	\$ 8,445,813	\$ 8,435,104	\$ (10,709)
Real and personal public service corporation taxes	712,102	712,102	765,575	53,473
Personal property taxes	3,252,566	3,252,566	3,249,869	(2,697)
Machinery and tools taxes	50,373	50,373	55,195	4,822
Merchant's capital taxes	140,000	140,000	137,427	(2,573)
Penalties	120,000	120,000	174,336	54,336
Interest	80,000	80,000	126,586	46,586
Total general property taxes	<u>\$ 12,800,854</u>	<u>\$ 12,800,854</u>	<u>\$ 12,944,092</u>	<u>\$ 143,238</u>
Other local taxes:				
Local sales and use taxes	\$ 1,250,000	\$ 1,250,000	\$ 1,250,714	\$ 714
Consumers' utility taxes	360,000	360,000	375,567	15,567
Consumption tax	34,000	34,000	50,697	16,697
Gross receipts	9,000	9,000	10,600	1,600
Motor vehicle licenses	476,000	476,000	470,662	(5,338)
Taxes on recordation and wills	83,000	83,000	84,407	1,407
Hotel and motel room taxes	-	-	6,418	6,418
Total other local taxes	<u>\$ 2,212,000</u>	<u>\$ 2,212,000</u>	<u>\$ 2,249,065</u>	<u>\$ 37,065</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,000	\$ 5,000	\$ 6,373	\$ 1,373
Permits and other licenses	68,040	68,040	78,160	10,120
Total permits, privilege fees, and regulatory licenses	<u>\$ 73,040</u>	<u>\$ 73,040</u>	<u>\$ 84,533</u>	<u>\$ 11,493</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 30,000	\$ 30,000	\$ 32,083	\$ 2,083
Total fines and forfeitures	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 32,083</u>	<u>\$ 2,083</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 100	\$ 100	\$ 758	\$ 658
Revenue from use of property	78,661	78,661	80,463	1,802
Total revenue from use of money and property	<u>\$ 78,761</u>	<u>\$ 78,761</u>	<u>\$ 81,221</u>	<u>\$ 2,460</u>
Charges for services:				
Sheriff's fees	\$ 794	\$ 794	\$ 794	\$ -
Circuit court - document reproduction	-	-	83	83
Charges for Commonwealth's Attorney	744	744	1,290	546
Charges for sanitation and waste removal	82,368	82,368	129,824	47,456
Charges for other protection	3,100	3,100	2,501	(599)
Charges for recreation	35,000	35,000	20,534	(14,466)
Charges for library	14,000	14,000	15,487	1,487
Sports complex	-	-	19,665	19,665
Total charges for services	<u>\$ 136,006</u>	<u>\$ 136,006</u>	<u>\$ 190,178</u>	<u>\$ 54,172</u>

County of Appomattox, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2017

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 125,550	\$ 125,550	\$ 186,813	\$ 61,263
Total miscellaneous	<u>\$ 125,550</u>	<u>\$ 125,550</u>	<u>\$ 186,813</u>	<u>\$ 61,263</u>
Recovered costs:				
Town recoveries	\$ 104,980	\$ 104,980	\$ 103,355	\$ (1,625)
Health department	3,000	3,000	164	(2,836)
Comprehensive services act	2,000	2,000	29,967	27,967
Total recovered costs	<u>\$ 109,980</u>	<u>\$ 109,980</u>	<u>\$ 133,486</u>	<u>\$ 23,506</u>
Total revenue from local sources	<u>\$ 15,566,191</u>	<u>\$ 15,566,191</u>	<u>\$ 15,901,471</u>	<u>\$ 335,280</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 18,000	\$ 18,000	\$ 59,223	\$ 41,223
EMS vehicles	15,600	15,600	15,739	139
Rolling stock tax	44,500	44,500	40,277	(4,223)
Auto rental tax	1,200	1,200	186	(1,014)
Additional tax on deeds	26,000	26,000	22,941	(3,059)
State recordation tax	30,000	30,000	25,466	(4,534)
Communications tax	560,000	560,000	531,725	(28,275)
Personal property tax relief funds	1,018,000	1,018,000	1,023,637	5,637
Total noncategorical aid	<u>\$ 1,713,300</u>	<u>\$ 1,713,300</u>	<u>\$ 1,719,194</u>	<u>\$ 5,894</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 318,364	\$ 318,364	\$ 317,359	\$ (1,005)
Sheriff	737,670	737,670	729,986	(7,684)
Commissioner of revenue	98,496	98,496	105,494	6,998
Treasurer	76,922	76,922	76,496	(426)
Registrar/electoral board	36,000	36,000	37,030	1,030
Clerk of the Circuit Court	173,853	173,853	182,322	8,469
Total shared expenses	<u>\$ 1,441,305</u>	<u>\$ 1,441,305</u>	<u>\$ 1,448,687</u>	<u>\$ 7,382</u>
Other categorical aid:				
Public assistance and welfare administration	523,578	523,578	\$ 569,527	\$ 45,949
Comprehensive services act	1,027,600	1,027,600	996,094	(31,506)
Fire programs fund	33,000	33,000	83,524	50,524
Library grant	42,222	42,222	51,421	9,199

County of Appomattox, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Department of forestry grant	\$ 15,000	\$ 15,000	\$ 17,610	\$ 2,610
Victim witness grant	26,873	26,873	20,408	(6,465)
Litter control grant	8,528	8,528	8,323	(205)
Virginia domestic violence victims fund	45,000	45,000	22,500	(22,500)
Road side clean up	15,000	15,000	11,229	(3,771)
Emergency services	7,500	7,500	77,451	69,951
Tobacco grants	-	-	60,520	60,520
Arts grant	-	-	5,000	5,000
PSAP wireless	350,000	350,000	210,327	(139,673)
Total other categorical aid	<u>\$ 2,094,301</u>	<u>\$ 2,094,301</u>	<u>\$ 2,133,934</u>	<u>\$ 39,633</u>
Total categorical aid	<u>\$ 3,535,606</u>	<u>\$ 3,535,606</u>	<u>\$ 3,582,621</u>	<u>\$ 47,015</u>
Total revenue from the Commonwealth	<u>\$ 5,248,906</u>	<u>\$ 5,248,906</u>	<u>\$ 5,301,815</u>	<u>\$ 52,909</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 4,474</u>	<u>\$ 474</u>
Categorical aid:				
Federal interest rate subsidy	\$ 417,375	\$ 417,375	\$ 418,950	\$ 1,575
Public assistance and welfare administration	844,678	844,678	918,807	74,129
Comprehensive services act	-	-	15,449	15,449
Victim assistance	-	-	64,731	64,731
Highway construction	-	-	75,901	75,901
Transportation safety	20,171	20,171	12,145	(8,026)
Total categorical aid	<u>\$ 1,282,224</u>	<u>\$ 1,282,224</u>	<u>\$ 1,505,983</u>	<u>\$ 223,759</u>
Total revenue from the federal government	<u>\$ 1,286,224</u>	<u>\$ 1,286,224</u>	<u>\$ 1,510,457</u>	<u>\$ 224,233</u>
Total General Fund	<u>\$ 22,101,321</u>	<u>\$ 22,101,321</u>	<u>\$ 22,713,743</u>	<u>\$ 612,422</u>

County of Appomattox, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Revenue from local sources:				
Charges for services:				
Court costs- law library	\$ -	\$ -	\$ 2,664	\$ 2,664
Courthouse security fees	-	-	19,554	19,554
Courthouse maintenance fees	-	-	4,424	4,424
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,642</u>	<u>\$ 26,642</u>
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 603	\$ 603
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 603</u>	<u>\$ 603</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,245</u>	<u>\$ 27,245</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Wireless grant	\$ -	\$ -	\$ 53,385	\$ 53,385
Forfeited assets	-	-	18,260	18,260
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,645</u>	<u>\$ 71,645</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,645</u>	<u>\$ 71,645</u>
Revenue from the federal government:				
Categorical aid:				
Forfeited assets	\$ -	\$ -	\$ 8,550	\$ 8,550
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,550</u>	<u>\$ 8,550</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,550</u>	<u>\$ 8,550</u>
Total County Special Revenue Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,440</u>	<u>\$ 107,440</u>
Total Primary Government	<u>\$ 22,101,321</u>	<u>\$ 22,101,321</u>	<u>\$ 22,821,183</u>	<u>\$ 719,862</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 5,000	\$ 5,000	\$ 7,183	\$ 2,183
Total revenue from use of money and property	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 7,183</u>	<u>\$ 2,183</u>
Charges for services:				
Charges for education	\$ 139,600	\$ 139,600	\$ 152,055	\$ 12,455
Total charges for services	<u>\$ 139,600</u>	<u>\$ 139,600</u>	<u>\$ 152,055</u>	<u>\$ 12,455</u>

County of Appomattox, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 200,684	\$ 199,685	\$ 86,906	\$ (112,779)
Total miscellaneous	<u>\$ 200,684</u>	<u>\$ 199,685</u>	<u>\$ 86,906</u>	<u>\$ (112,779)</u>
Recovered costs:				
Laurel Regional School	\$ -	\$ -	\$ 191,280	\$ 191,280
Tuition - other localities	45,000	45,000	23,718	(21,282)
Total recovered costs	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 214,998</u>	<u>\$ 169,998</u>
Total revenue from local sources	<u>\$ 390,284</u>	<u>\$ 389,285</u>	<u>\$ 461,142</u>	<u>\$ 71,857</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Appomattox	\$ 5,741,695	\$ 5,741,695	\$ 5,501,068	\$ (240,627)
Total revenues from local governments	<u>\$ 5,741,695</u>	<u>\$ 5,741,695</u>	<u>\$ 5,501,068</u>	<u>\$ (240,627)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,532,743	\$ 2,532,743	\$ 2,476,356	\$ (56,387)
Basic school aid	7,218,290	7,218,290	7,324,949	106,659
English as a second language	2,290	2,290	4,123	1,833
Gifted and talented	75,487	75,487	76,028	541
Remedial education	277,299	277,299	279,288	1,989
Special education	680,924	680,924	685,808	4,884
Textbook payment	169,121	169,121	170,335	1,214
ISAEP	7,859	7,859	8,418	559
Vocational education	346,624	346,624	349,110	2,486
School fringes	1,354,145	1,354,145	1,363,858	9,713
Foster children	8,364	8,364	13,071	4,707
Special education foster care	-	-	22,579	22,579
Career and technical education	19,873	19,873	24,465	4,592
Early reading intervention	30,066	30,066	37,004	6,938
Remedial Ed-Summer School	96,758	96,758	81,617	(15,141)
Homebound	20,208	20,208	10,752	(9,456)
VA preschool initiative payments	242,947	242,947	225,594	(17,353)
SOL Algebra readiness	30,819	30,819	33,258	2,439
K-3 initiative	364,574	364,574	343,163	(21,411)
Compensation supplement	190,014	190,014	-	(190,014)
Special education regional tuition	173,009	173,009	153,445	(19,564)

County of Appomattox, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
At risk payments	\$ 249,050	\$ 249,050	\$ 250,726	\$ 1,676
Technology grant	154,000	154,000	154,000	-
Supplemental lottery	-	-	81,552	81,552
Mentor teachers	3,840	3,840	2,317	(1,523)
Project graduation	-	-	8,495	8,495
School safety initiative	-	68,000	68,000	-
Other state aid	-	5,000	2,500	(2,500)
Total categorical aid	<u>\$ 14,248,304</u>	<u>\$ 14,321,304</u>	<u>\$ 14,250,811</u>	<u>\$ (70,493)</u>
Total revenue from the Commonwealth	<u>\$ 14,248,304</u>	<u>\$ 14,321,304</u>	<u>\$ 14,250,811</u>	<u>\$ (70,493)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 500,000	\$ 500,000	\$ 571,830	\$ 71,830
AP test	-	-	912	912
Vocational education	40,000	40,000	46,279	6,279
Rural education	42,000	42,000	132,442	90,442
Title II Part A	90,000	90,000	107,236	17,236
Title III, Part A	1,000	1,000	-	(1,000)
Title VIB	411,000	411,000	391,150	(19,850)
Preschool grant	16,000	16,000	15,729	(271)
Total categorical aid	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ 1,265,578</u>	<u>\$ 165,578</u>
Total revenue from the federal government	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ 1,265,578</u>	<u>\$ 165,578</u>
Total School Operating Fund	<u>\$ 21,480,283</u>	<u>\$ 21,552,284</u>	<u>\$ 21,478,599</u>	<u>\$ (73,685)</u>
School Special Revenue Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 270,500	\$ 270,499	\$ 319,282	\$ 48,783
Total charges for services	<u>\$ 270,500</u>	<u>\$ 270,499</u>	<u>\$ 319,282</u>	<u>\$ 48,783</u>
Miscellaneous:				
Miscellaneous	\$ 16,378	\$ 18,879	\$ -	\$ (18,879)
Total miscellaneous	<u>\$ 16,378</u>	<u>\$ 18,879</u>	<u>\$ -</u>	<u>\$ (18,879)</u>
Total revenue from local sources	<u>\$ 286,878</u>	<u>\$ 289,378</u>	<u>\$ 319,282</u>	<u>\$ 29,904</u>

County of Appomattox, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2017

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Special Revenue Fund: (Continued)				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Appomattox	\$ -	\$ -	\$ 3,224	\$ 3,224
Total revenues from local governments	\$ -	\$ -	\$ 3,224	\$ 3,224
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 11,171	\$ 11,171	\$ 17,113	\$ 5,942
Total revenue from the Commonwealth	\$ 11,171	\$ 11,171	\$ 17,113	\$ 5,942
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 656,320	\$ 656,320	\$ 638,929	\$ (17,391)
Equipment grant	-	-	7,046	7,046
Commodities	-	67,362	67,362	-
Total categorical aid	\$ 656,320	\$ 723,682	\$ 713,337	\$ (10,345)
Total revenue from the federal government	\$ 656,320	\$ 723,682	\$ 713,337	\$ (10,345)
Total School Special Revenue Fund	\$ 954,369	\$ 1,024,231	\$ 1,052,956	\$ 28,725
Total Discretely Presented Component Unit - School Board	\$ 22,434,652	\$ 22,576,515	\$ 22,531,555	\$ (44,960)

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County of Appomattox, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2017

Schedule 2
 Page 1 of 5

<u>Fund, Major and Minor Expenditure Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 384,841	\$ 308,511	\$ 203,430	\$ 105,081
Total legislative	<u>\$ 384,841</u>	<u>\$ 308,511</u>	<u>\$ 203,430</u>	<u>\$ 105,081</u>
General and financial administration:				
County administrator	\$ 336,685	\$ 341,918	\$ 335,347	\$ 6,571
Legal services	94,200	96,169	63,016	33,153
Commissioner of revenue	367,305	367,323	355,258	12,065
Independent auditor	50,500	50,500	46,704	3,796
Treasurer	272,404	277,404	268,373	9,031
Information technology	203,966	203,966	187,151	16,815
Total general and financial administration	<u>\$ 1,325,060</u>	<u>\$ 1,337,280</u>	<u>\$ 1,255,849</u>	<u>\$ 81,431</u>
Board of elections:				
Electoral board and officials	\$ 59,002	\$ 80,402	\$ 75,614	\$ 4,788
Registrar	95,191	95,191	94,100	1,091
Total board of elections	<u>\$ 154,193</u>	<u>\$ 175,593</u>	<u>\$ 169,714</u>	<u>\$ 5,879</u>
Total general government administration	<u>\$ 1,864,094</u>	<u>\$ 1,821,384</u>	<u>\$ 1,628,993</u>	<u>\$ 192,391</u>
Judicial administration:				
Courts:				
Circuit court	\$ 20,176	\$ 21,112	\$ 17,773	\$ 3,339
General district court	3,873	3,873	3,697	176
Special Magistrates	1,000	1,000	114	886
Court services unit	211,487	211,487	179,149	32,338
Juvenile and domestic relations court	7,300	7,300	4,696	2,604
Sheriff	79,431	79,431	79,083	348
Witness advocate grant	61,920	61,920	59,501	2,419
VA domestic victim grant	45,001	45,001	44,726	275
Clerk of the circuit court	280,916	289,866	270,547	19,319
Total courts	<u>\$ 711,104</u>	<u>\$ 720,990</u>	<u>\$ 659,286</u>	<u>\$ 61,704</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 474,408	\$ 477,587	\$ 466,449	\$ 11,138
Total commonwealth's attorney	<u>\$ 474,408</u>	<u>\$ 477,587</u>	<u>\$ 466,449</u>	<u>\$ 11,138</u>
Total judicial administration	<u>\$ 1,185,512</u>	<u>\$ 1,198,577</u>	<u>\$ 1,125,735</u>	<u>\$ 72,842</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,588,781	\$ 1,657,379	\$ 1,569,782	\$ 87,597
School resource officer	182,147	182,147	174,225	7,922
DMV traffic control grant	20,171	27,639	10,456	17,183
Total law enforcement and traffic control	<u>\$ 1,791,099</u>	<u>\$ 1,867,165</u>	<u>\$ 1,754,463</u>	<u>\$ 112,702</u>

County of Appomattox, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2017

<u>Fund, Major and Minor Expenditure Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Fire department	\$ 201,058	\$ 251,582	\$ 154,077	\$ 97,505
Ambulance and rescue services	44,075	44,075	23,699	20,376
Forestry service	10,000	10,000	9,927	73
Total fire and rescue services	<u>\$ 255,133</u>	<u>\$ 305,657</u>	<u>\$ 187,703</u>	<u>\$ 117,954</u>
Correction and detention:				
Sheriff	\$ 705,000	\$ 705,000	\$ 671,921	\$ 33,079
Total correction and detention	<u>\$ 705,000</u>	<u>\$ 705,000</u>	<u>\$ 671,921</u>	<u>\$ 33,079</u>
Inspections:				
Building	\$ 81,001	\$ 81,001	\$ 75,857	\$ 5,144
Total inspections	<u>\$ 81,001</u>	<u>\$ 81,001</u>	<u>\$ 75,857</u>	<u>\$ 5,144</u>
Other protection:				
Animal control	\$ 125,982	\$ 209,971	\$ 206,901	\$ 3,070
E-911	1,078,442	1,078,556	900,696	177,860
Medical examiner	500	500	160	340
Total other protection	<u>\$ 1,204,924</u>	<u>\$ 1,289,027</u>	<u>\$ 1,107,757</u>	<u>\$ 181,270</u>
Total public safety	<u>\$ 4,037,157</u>	<u>\$ 4,247,850</u>	<u>\$ 3,797,701</u>	<u>\$ 450,149</u>
Public works:				
Sanitation and waste removal:				
Refuse collection	\$ 925,614	\$ 925,849	\$ 817,821	\$ 108,028
Tire security	39,064	39,064	36,142	2,922
Total sanitation and waste removal	<u>\$ 964,678</u>	<u>\$ 964,913</u>	<u>\$ 853,963</u>	<u>\$ 110,950</u>
Maintenance of general buildings and grounds:				
General properties	\$ 683,412	\$ 683,412	\$ 534,622	\$ 148,790
Total maintenance of general buildings and grounds	<u>\$ 683,412</u>	<u>\$ 683,412</u>	<u>\$ 534,622</u>	<u>\$ 148,790</u>
Total public works	<u>\$ 1,648,090</u>	<u>\$ 1,648,325</u>	<u>\$ 1,388,585</u>	<u>\$ 259,740</u>
Health and welfare:				
Health:				
Local health department	\$ 120,000	\$ 120,000	\$ 120,000	\$ -
Total health	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ -</u>
Mental health and mental retardation:				
Central VA Community Services	\$ 41,000	\$ 41,000	\$ 41,000	\$ -
Total mental health and mental retardation	<u>\$ 41,000</u>	<u>\$ 41,000</u>	<u>\$ 41,000</u>	<u>\$ -</u>

County of Appomattox, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2017

<u>Fund, Major and Minor Expenditure Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 1,622,775	\$ 1,750,314	\$ 1,704,938	\$ 45,376
Comprehensive services act	1,556,196	1,557,668	1,612,649	(54,981)
Total welfare	<u>\$ 3,178,971</u>	<u>\$ 3,307,982</u>	<u>\$ 3,317,587</u>	<u>\$ (9,605)</u>
 Total health and welfare	 <u>\$ 3,339,971</u>	 <u>\$ 3,468,982</u>	 <u>\$ 3,478,587</u>	 <u>\$ (9,605)</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 381	\$ 381	\$ 759	\$ (378)
Contribution to County School Board	5,741,695	5,741,695	5,504,292	237,403
Total education	<u>\$ 5,742,076</u>	<u>\$ 5,742,076</u>	<u>\$ 5,505,051</u>	<u>\$ 237,025</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 179,270	\$ 179,917	\$ 158,641	\$ 21,276
Sports complex	34,000	34,068	31,451	2,617
Total parks and recreation	<u>\$ 213,270</u>	<u>\$ 213,985</u>	<u>\$ 190,092</u>	<u>\$ 23,893</u>
Cultural enrichment:				
Contributions	\$ 43,126	\$ 38,516	\$ 38,516	\$ -
Total cultural enrichment	<u>\$ 43,126</u>	<u>\$ 38,516</u>	<u>\$ 38,516</u>	<u>\$ -</u>
Library:				
Public library	\$ 205,856	\$ 220,945	\$ 205,673	\$ 15,272
Total library	<u>\$ 205,856</u>	<u>\$ 220,945</u>	<u>\$ 205,673</u>	<u>\$ 15,272</u>
 Total parks, recreation, and cultural	 <u>\$ 462,252</u>	 <u>\$ 473,446</u>	 <u>\$ 434,281</u>	 <u>\$ 39,165</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 138,704	\$ 172,442	\$ 159,141	\$ 13,301
Tourism	17,500	23,500	22,860	640
Economic development	132,034	176,008	102,183	73,825
Total planning and community development	<u>\$ 288,238</u>	<u>\$ 371,950</u>	<u>\$ 284,184</u>	<u>\$ 87,766</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Total environmental management	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>

County of Appomattox, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2017

<u>Fund, Major and Minor Expenditure Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development: (Continued)				
Cooperative extension program:				
Extension office	\$ 60,045	\$ 60,045	\$ 54,929	\$ 5,116
Total cooperative extension program	<u>\$ 60,045</u>	<u>\$ 60,045</u>	<u>\$ 54,929</u>	<u>\$ 5,116</u>
Total community development	<u>\$ 358,283</u>	<u>\$ 441,995</u>	<u>\$ 349,113</u>	<u>\$ 92,882</u>
Capital projects:				
County capital projects	\$ 200,000	\$ 200,000	\$ 61,537	\$ 138,463
Town/County Sewer Project	76,573	76,573	76,573	-
School capital projects	-	429,185	385,793	43,392
Total capital projects	<u>\$ 276,573</u>	<u>\$ 705,758</u>	<u>\$ 523,903</u>	<u>\$ 181,855</u>
Debt service:				
Principal retirement	\$ 2,122,078	\$ 2,122,078	\$ 2,122,078	-
Interest and other fiscal charges	1,094,573	1,099,273	958,084	141,189
Total debt service	<u>\$ 3,216,651</u>	<u>\$ 3,221,351</u>	<u>\$ 3,080,162</u>	<u>\$ 141,189</u>
Total General Fund	<u>\$ 22,130,659</u>	<u>\$ 22,969,744</u>	<u>\$ 21,312,111</u>	<u>\$ 1,657,633</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Judicial Administration:				
Commonwealth's attorney	\$ -	\$ 597	\$ 597	-
Total judicial administration	<u>\$ -</u>	<u>\$ 597</u>	<u>\$ 597</u>	<u>\$ -</u>
Total County Special Revenue Fund	<u>\$ -</u>	<u>\$ 597</u>	<u>\$ 597</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 22,130,659</u>	<u>\$ 22,970,341</u>	<u>\$ 21,312,708</u>	<u>\$ 1,657,633</u>

County of Appomattox, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

<u>Fund, Major and Minor Expenditure Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 1,026,786	\$ 1,026,786	\$ 972,603	\$ 54,183
Instruction costs	16,250,601	16,323,601	16,450,923	(127,322)
Pupil transportation	1,756,459	1,755,460	1,622,631	132,829
Operation and maintenance of school plant	2,484,895	2,484,895	1,853,259	631,636
Total education	\$ 21,518,741	\$ 21,590,742	\$ 20,899,416	\$ 691,326
Debt service:				
Principal retirement	\$ 33,767	\$ 33,767	\$ 359,168	\$ (325,401)
Interest and other fiscal charges	28,734	28,734	28,734	-
Total debt service	\$ 62,501	\$ 62,501	\$ 387,902	\$ (325,401)
Total School Operating Fund	\$ 21,581,242	\$ 21,653,243	\$ 21,287,318	\$ 365,925
School Special Revenue Fund:				
Education:				
School food services	\$ 943,198	\$ 945,698	\$ 924,566	\$ 21,132
Purchase of textbooks	538,064	538,064	41,694	496,370
Commodities	-	67,362	67,362	-
Total education	\$ 1,481,262	\$ 1,551,124	\$ 1,033,622	\$ 517,502
Total School Special Revenue Fund	\$ 1,481,262	\$ 1,551,124	\$ 1,033,622	\$ 517,502
Total Discretely Presented Component Unit - School Board	\$ 23,062,504	\$ 23,204,367	\$ 22,320,940	\$ 883,427

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STATISTICAL INFORMATION

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Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Sanitary District	Total
2008	\$ 1,717,318	\$ 1,059,914	\$ 3,568,696	\$ 1,854,655	\$ 2,790,885	\$ 4,778,638	\$ 377,658	\$ 285,603	\$ 862,965	\$ -	\$ 17,296,332
2009	1,475,556	1,138,050	3,796,542	3,482,208	2,967,988	4,986,375	408,633	761,056	945,374	-	19,961,782
2010	1,646,500	1,022,139	3,754,255	2,164,106	2,787,948	4,241,135	597,432	401,701	1,212,065	-	17,827,281
2011	1,546,970	1,039,084	3,271,440	2,260,607	2,437,086	4,483,112	534,829	382,584	938,409	-	16,894,121
2012	1,700,248	1,159,940	3,916,496	1,620,988	2,409,182	4,906,079	444,176	402,100	1,325,342	-	17,884,551
2013	1,747,040	1,209,655	3,736,293	2,186,994	2,533,327	6,312,633	494,248	389,577	1,281,307	379,480	20,270,554
2014	1,648,763	1,159,754	3,796,131	1,708,292	2,880,736	5,717,485	948,775	420,103	1,227,959	443,753	19,951,751
2015	1,687,368	1,113,594	3,319,233	1,649,772	3,296,299	6,215,141	501,026	2,001,695	1,180,516	361,128	21,325,772
2016	1,742,754	1,215,521	3,469,665	739,745	3,567,121	6,381,912	519,526	508,631	1,281,519	393,531	19,819,925
2017	1,761,583	1,278,950	3,625,898	1,704,296	3,414,275	7,393,251	501,174	390,145	952,600	372,044	21,394,216

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

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES								Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Gain on Transfer of Capital Assets	Payment from Appomattox School Board		
2008	\$ 448,455	\$ 4,330,058	\$ -	\$ 8,329,989	\$ 2,241,637	\$ 516,691	\$ 140,251	\$ 1,153,964	\$ -	\$ -	\$ 17,161,045	
2009	351,290	5,162,798	-	8,900,236	2,146,757	145,117	229,763	1,149,963	-	-	18,085,924	
2010	368,957	4,379,627	-	8,848,772	1,513,826	156,937	387,633	1,649,452	-	-	17,305,204	
2011	411,946	3,951,153	-	9,681,328	1,776,533	238,840	314,834	1,584,930	-	59,065	18,018,629	
2012	329,026	3,927,784	864,313	10,135,261	1,888,209	165,373	329,260	1,701,262	-	200,000	19,540,488	
2013	393,740	4,069,886	38,903	10,628,797	1,960,774	111,603	194,817	1,741,356	-	175,000	19,314,876	
2014	427,218	4,235,120	-	10,267,361	2,091,268	86,314	271,278	1,798,765	-	110,000	19,287,324	
2015	430,785	6,018,492	-	11,460,249	1,993,511	76,916	410,850	1,701,420	-	-	22,092,223	
2016	427,194	4,858,154	-	12,718,739	2,196,290	122,353	234,469	1,722,939	-	30,339	22,310,477	
2017	487,903	5,168,799	-	12,905,293	2,249,065	81,221	187,416	1,723,668	-	-	22,803,365	

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
2008	\$ 1,568,371	\$ 930,864	\$ 3,543,957	\$ 1,456,118	\$ 2,772,020	\$ 20,243,682	\$ 380,070	\$ 267,413	\$ 2,542,673	\$ 33,705,168
2009	1,384,164	991,963	3,557,126	1,368,486	2,973,560	21,228,578	380,600	720,109	2,518,022	35,122,608
2010	1,538,230	884,246	3,581,419	1,504,094	2,752,940	20,064,495	577,436	382,205	1,754,323	33,039,388
2011	1,429,400	945,288	3,496,344	1,362,547	2,459,627	19,645,192	519,294	339,135	1,797,034	31,993,861
2012	1,395,395	1,029,684	3,301,417	1,440,829	2,446,196	19,513,421	401,728	373,872	2,209,857	32,112,399
2013	1,649,007	1,058,263	3,369,009	1,520,202	2,665,954	20,444,142	557,741	340,710	2,806,446	34,411,474
2014	1,533,880	1,019,883	3,698,694	1,486,906	2,871,715	20,172,256	464,918	369,281	3,136,426	34,753,959
2015	1,674,716	1,018,211	3,324,580	1,465,152	3,409,538	20,778,990	461,487	1,971,498	3,136,428	37,240,600
2016	1,586,520	1,112,525	3,487,421	1,398,180	3,713,993	20,728,879	479,301	465,094	3,139,000	36,110,913
2017	1,628,993	1,126,332	3,797,701	1,388,585	3,478,587	21,933,797	434,281	349,113	3,468,064	37,605,453

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

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

(3) Excludes Capital Projects funds.

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2008	\$ 8,034,012	\$ 2,184,586	\$ 146,111	\$ 27,627	\$ 469,715	\$ 850,405	\$ 252,284	\$ 86,399	\$ 21,118,177	\$ 33,169,316
2009	8,360,316	2,241,637	145,356	27,689	423,312	902,716	354,902	146,311	21,156,951	33,759,190
2010	8,739,210	2,146,757	159,932	19,785	133,462	664,326	433,390	110,548	23,200,143	35,607,553
2011	8,912,978	1,513,826	129,010	39,162	150,955	610,879	465,200	425,471	21,781,178	34,028,659
2012	9,186,947	1,776,533	83,338	111,412	238,463	714,369	417,017	265,393	21,101,521	33,894,993
2013	10,161,980	1,888,209	79,753	57,411	152,624	707,268	478,975	134,543	21,617,716	35,278,479
2014	10,114,251	1,960,774	78,952	37,628	115,248	659,948	269,030	213,145	20,873,765	34,322,741
2015	10,905,971	2,091,268	81,824	30,464	94,675	707,536	403,078	57,622	21,156,613	35,529,051
2016	12,467,821	2,196,290	79,993	29,153	134,112	614,090	429,694	284,992	21,636,075	37,872,220
2017	12,944,092	2,249,065	84,533	32,083	88,404	688,157	274,322	348,484	23,139,306	39,848,446

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

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

(3) Excludes Capital Projects funds.

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections	to Tax Levy		
2008	\$ 9,337,425	\$ 9,061,026	97.04%	\$ 213,449	\$ 9,274,475	99.33%	\$ 1,026,411	10.99%	
2009	9,883,252	9,473,285	95.85%	166,644	9,639,929	97.54%	1,403,813	14.20%	
2010	10,306,054	9,388,466	91.10%	420,791	9,809,257	95.18%	937,266	9.09%	
2011	10,557,842	9,734,329	92.20%	352,324	10,086,653	95.54%	1,115,842	10.57%	
2012	11,164,343	10,815,808	96.88%	243,720	11,059,528	99.06%	1,105,238	9.90%	
2013	11,728,977	10,668,816	90.96%	328,661	10,997,477	93.76%	1,729,110	14.74%	
2014	11,832,503	10,252,937	86.65%	401,811	10,654,748	90.05%	1,384,580	11.70%	
2015	12,659,267	12,185,206	96.26%	368,070	12,553,276	99.16%	1,331,878	10.52%	
2016	13,398,855	12,796,361	95.50%	421,498	13,217,859	98.65%	1,304,003	9.73%	
2017	13,724,176	13,208,360	96.24%	458,448	13,666,808	99.58%	1,309,498	9.54%	

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

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

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

Fiscal Year	Real Estate (1)	Mobile Homes	Personal Property (1)	Machinery and Tools	Merchant's Capital	Public Utility (2)			Total
						Real Estate	Real Estate	Personal Property	
2008	\$ 982,560,682	\$ 9,774,752	\$ 65,524,137	\$ 6,593,214	\$ 8,205,633	\$ 48,091,865	\$ 273,006	\$ 1,121,023,289	
2009	1,253,862,991	9,171,318	70,408,129	7,879,731	9,520,696	78,282,888	572,286	1,429,698,039	
2010	1,251,566,318	9,236,759	66,335,031	7,372,601	9,939,614	75,647,770	502,244	1,420,600,337	
2011	1,272,092,722	8,915,938	70,028,002	5,839,518	10,070,429	81,689,647	468,481	1,449,104,737	
2012	1,288,374,551	8,380,513	74,218,221	5,414,772	13,109,819	84,347,967	392,933	1,474,238,776	
2013	1,307,962,007	8,948,070	74,684,745	933,944	13,440,191	89,781,508	600,833	1,496,351,298	
2014	1,285,085,528	8,865,226	75,967,349	961,437	13,250,117	91,673,871	737,541	1,476,541,069	
2015	1,273,923,195	8,207,402	77,272,280	982,704	13,579,085	93,463,491	720,030	1,468,148,187	
2016	1,288,681,980	8,273,738	79,197,137	1,073,315	14,418,621	104,582,273	631,899	1,496,858,963	
2017	1,303,433,780	8,167,956	82,778,089	1,091,429	13,682,048	113,535,167	530,993	1,523,219,462	

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

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

Table 7

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

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools	Merchant's Capital
2008	\$ 0.77/0.44	\$ 0.77	\$ 4.60	\$ 4.60	\$ 1.00
2009	0.44/0.48	0.44	4.60	4.60	1.00
2010	0.48	0.48	4.60	4.60	1.00
2011	0.495/0.48	0.48	4.60	4.60	1.00
2012	0.575/0.495	0.50	4.60	4.60	1.00
2013	0.575	0.58	4.60	4.60	1.00
2014	0.60	0.575	4.60	4.60	1.00
2015	0.65	0.60	4.60	4.60	1.00
2016	0.65	0.65	5.13	4.60	1.00
2017	0.65	0.65	5.13	4.60	1.00

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2008	13,705	\$ 1,121,023,289	\$ 8,696,470	\$ 8,696,470	0.78%	\$ 635
2009	13,705	1,429,698,039	7,985,636	7,985,636	0.56%	583
2010	14,973	1,420,600,337	7,265,938	7,265,938	0.51%	485
2011	14,973	1,449,104,737	16,532,171	16,532,171	1.14%	1,104
2012	14,973	1,474,238,776	15,868,881	15,868,881	1.08%	1,060
2013	14,973	1,496,351,298	15,185,562	15,185,562	1.01%	1,014
2014	14,973	1,476,541,069	14,157,128	14,157,128	0.96%	946
2015	14,973	1,468,148,187	13,161,289	13,161,289	0.90%	879
2016	14,973	1,496,858,963	12,147,386	12,147,386	0.81%	811
2017	14,973	1,523,219,462	10,648,059	10,648,059	0.70%	711

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

(2) From Table 6.

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

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

COMPLIANCE

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Appomattox Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County of Appomattox, Virginia's basic financial statements and have issued our report thereon dated November 22, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 22, 2017

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

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

Report on Compliance for Each Major Federal Program

We have audited County of Appomattox, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Appomattox, Virginia's major federal programs for the year ended June 30, 2017. County of Appomattox, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Appomattox, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)¹². Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Appomattox, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, County of Appomattox, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 22, 2017

County of Appomattox, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

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	0950115/0950116	\$ 13,561
Temporary Assistance for Needy Families	93.558	0400116/0400117	136,532
Refugee and Entrant Assistance - State Administered Programs	93.566	0500116/0500117	485
Low-Income Home Energy Assistance	93.568	0600416/00600417	16,046
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760116/0760117	22,707
Chafee Education and Training Vouchers Program	93.599	9160115/9160116	2,074
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900116/090117	262
Foster Care - Title IV-E	93.658	1100116/1100117	215,243
Adoption Assistance	93.659	1120116/1120117	87,812
Social Services Block Grant	93.667	1000116/1000117	102,484
Chafee Foster Care Independence Program	93.674	9150116/9150117	2,600
Children's Health Insurance Program	93.767	0540116/0540117	5,604
Medical Assistance Program	93.778	1200116/1200117	<u>183,258</u>
Total Department of Health and Human Services			<u>\$ 788,668</u>
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.555	17901-45707	\$ 67,362
Department of Education:			
National School Lunch Program	10.555	17901-40623	434,209
Total CFDA# 10.555			<u>\$ 501,571</u>
School Breakfast Program	10.553	17901-40591	<u>204,720</u> \$ 706,291
Department of Education:			
Child Nutrition Discretionary Grants Limited Availability	10.579	20100-185002	7,046
Department of Social Services:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	0010116/0010117	<u>145,588</u>
Total Department of Agriculture			<u>\$ 858,925</u>
Department of Treasury:			
Direct Payments:			
Forfeited Assets	21.000	N/A	<u>\$ 8,550</u>
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	36001-46000	<u>\$ 64,731</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	60507-50252/51222	\$ 12,145
Department of Transportation:			
Highway Planning and Construction	20.205	51011-60302	<u>75,901</u>
Total Department of Transportation			<u>\$ 88,046</u>

County of Appomattox, Virginia
 Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2017

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	17901-42901	\$ 571,830
Special Education Cluster:			
Special Education Grants to States	84.027	17901-43071	\$ 391,150
Special Education Preschool Grants	84.173	17901-62521	<u>15,729</u> 406,879
Career and Technical Education: Basic Grants to States	84.048	17901-61095	46,279
Advanced Placement Program	84.330	17901-60957	912
Rural Education	84.358	17901-43481	132,442
Supporting Effective Instruction State Grant	84.367	17901-61480	<u>107,236</u>
Total Department of Education			<u>\$ 1,265,578</u>
Total Expenditures of Federal Awards			<u>\$ 3,074,498</u>

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

County of Appomattox, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Appomattox, Virginia under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the County of Appomattox, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the County of Appomattox, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	\$ 1,510,457
Special Revenue Funds:	
County Special Revenue Fund	8,550
Total primary government	\$ 1,519,007
Component Unit - School Board:	
School Operating Fund	\$ 1,265,578
School Cafeteria Fund	713,337
Total component unit School Board	\$ 1,978,915
Total federal expenditures per basic financial statements	\$ 3,497,922
Less: Federal interest rate subsidy not included in Schedule of Expenditures of Federal Awards	(418,950)
Less: Payment in Lieu of Taxes	(4,474)
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	\$ 3,074,498

Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - De Minimis Cost Rate

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

Note 7 - Loan Balances

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

County of Appomattox, Virginia
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2017

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified
 Internal control over financial reporting:
 a. Material weakness(es) identified? _____ yes ✓ no
 b. Significant deficiency(ies) identified? _____ yes ✓ none reported
 Noncompliance material to financial statements noted? _____ yes ✓ no

Federal Awards

Internal control over major programs:
 a. Material weakness(es) identified? _____ yes ✓ no
 b. Significant deficiency(ies) identified? _____ yes ✓ no

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster
93.778	Medical Assistance Program
84.027/84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? _____ yes ✓ no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

County of Appomattox, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2017

There were no prior year audit findings.

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