County of Appomattox, Virginia

Annual Financial Report

For Fiscal Year Ended June 30, 2018

COUNTY OF APPOMATTOX, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

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COUNTY OF APPOMATTOX, VIRGINIA

Board of Supervisors

Samuel E. Carter, Chairperson

William H. Hogan
Watkins M. Abbitt
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 ..... Annette A. Bennett
Director of Social Services ..... Brad Burdette
County Administrator ..... Susan M. Adams

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COUNTY OF APPOMATTOX, VIRGINIA

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Change in Accounting Principle

As described in Note 22 to the financial statements, in 2018, the County adopted new accounting guidance, GASB Statement Nos. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and 85 *Omnibus 2017*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 22 to the financial statements, in 2018, the County restated beginning balances to reflect the requirements of GASB Statement No. 75. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-10, 116, and 117-135 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

Supplementary and Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Appomattox, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Appomattox, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 26, 2018

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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, 2018. 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 $12,379,975 (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 $2,811,749 (Exhibit 5) after making contributions totaling $5,621,549 to the School Board.

< As of the close of the current fiscal year; the County's funds reported ending fund balances of $16,994,228, an increase of $2,811,749 in comparison with the prior year.

< At the end of the current fiscal year, unassigned fund balance for the general fund was $12,810,742 or 58% of total general fund expenditures and other uses.

< The combined long-term obligations decreased by $3,636,185 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 $12,379,975 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	$ 24,987,200	$ 19,887,851	$ 61,407	$ 45,113	$ 25,048,607	$ 19,932,964
Capital assets	17,850,742	19,273,022	5,026,807	5,141,052	22,877,549	24,414,074
Total assets	$ 42,837,942	$ 39,160,873	$ 5,088,214	$ 5,186,165	$ 47,926,156	$ 44,347,038
Deferred outflows of resources	$ 1,112,641	$ 1,706,578	$ -	$ -	$ 1,112,641	$ 1,706,578
Current liabilities	$ 653,008	$ 659,407	$ 29,347	$ 19,164	$ 682,355	$ 678,571
Long-term liabilities outstanding	26,959,105	29,777,552	2,132,167	2,261,270	29,091,272	32,038,822
Total liabilities	$ 27,612,113	$ 30,436,959	$ 2,161,514	$ 2,280,434	$ 29,773,627	$ 32,717,393
Deferred inflows of resources	$ 6,885,195	$ 4,334,119	$ -	$ -	$ 6,885,195	$ 4,334,119
Net investment in capital assets	$ (1,556,639)	$ (2,244,622)	$ 2,894,640	$ 2,879,782	$ 1,338,001	$ 635,160
Restricted for:						
Veterans wall of honor	3,038	3,038	-	-	3,038	3,038
Asset forfeiture	245,040	260,951	-	-	245,040	260,951
Courthouse maintenance	29,861	29,333	-	-	29,861	29,333
Courthouse security fund	163,885	146,091	-	-	163,885	146,091
Law library	19,345	17,171	-	-	19,345	17,171
Unrestricted	10,548,745	7,884,411	32,060	25,949	10,580,805	7,910,360
Total net position	$ 9,453,275	$ 6,096,373	$ 2,926,700	$ 2,905,731	$ 12,379,975	$ 9,002,104

Because prior year information related to other postemployment benefits was not available, the 2017 numbers have not been restated to reflect GASB 75 calculations.

Government-wide Financial Analysis (Continued)

The County's net position increased by $4,045,506 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	
	2018	2017	2018	2017	2018	2017
Charges for services	$ 273,358	$ 333,436	$ 148,221	$ 154,467	$ 421,579	$ 487,903
Operating grants and contributions	5,331,394	5,168,799	-	-	5,331,394	5,168,799
General property taxes	15,449,720	12,905,293	-	-	15,449,720	12,905,293
Other local taxes	2,241,679	2,249,065	-	-	2,241,679	2,249,065
Grants and other contributions not restricted	1,695,627	1,723,668	-	-	1,695,627	1,723,668
Other general revenues	279,593	268,637	-	-	279,593	268,637
Transfers	(252,041)	(229,617)	252,041	229,617	-	-
Total revenues	$ 25,019,330	$ 22,419,281	$ 400,262	$ 384,084	$ 25,419,592	$ 22,803,365
General government administration	$ 1,561,527	$ 1,761,583	$ -	$ -	$ 1,561,527	$ 1,761,583
Judicial administration	1,249,392	1,278,950	-	-	1,249,392	1,278,950
Public safety	4,272,389	3,625,898	-	-	4,272,389	3,625,898
Public works	1,590,182	1,704,296	379,293	372,044	1,969,475	2,076,340
Health and welfare	3,649,618	3,414,275	-	-	3,649,618	3,414,275
Education	6,887,265	7,393,251	-	-	6,887,265	7,393,251
Parks, recreation, and cultural	219,381	501,174	-	-	219,381	501,174
Community development	612,387	390,145	-	-	612,387	390,145
Interest and other fiscal charges	952,652	952,600	-	-	952,652	952,600
Total expenses	$ 20,994,793	$ 21,022,172	$ 379,293	$ 372,044	$ 21,374,086	$ 21,394,216
Change in net position	$ 4,024,537	$ 1,397,109	$ 20,969	$ 12,040	$ 4,045,506	$ 1,409,149
Net position, beginning of year	5,428,738	4,699,264	2,905,731	2,893,691	8,334,469	7,592,955
Net position, end of year	$ 9,453,275	$ 6,096,373	$ 2,926,700	$ 2,905,731	$ 12,379,975	$ 9,002,104

Because prior year information related to other postemployment benefits was not available, the 2017 numbers have not been restated to reflect GASB 75 calculations.

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 $16,994,228, an increase of $2,811,749 in comparison with the prior year. Approximately 75% 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 $3,271,138, 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 $32,060. The total increase in net position was $20,969. 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 $2,822,670. Budgetary estimates exceeded expenditures and other uses by $2,142,161 resulting in a positive variance of $4,964,831.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2018 amounts to $17,850,742 (net of accumulated depreciation). The County's investment in capital assets for its proprietary fund as of June 30, 2018 amounted to $5,026,807. 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 $21,995,041. Of this amount, $9,383,383 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 $2,298,333 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 2019 fiscal year.

The fiscal year 2019 budget increased approximately 2.62%. Property tax rates remained the same as the 2018 fiscal year.

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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Exhibit 1

County of Appomattox, Virginia
Statement of Net Position
June 30, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	$ 15,593,751	$ 19,433	$ 15,613,184	$ 3,077,864	$ 169,382
Cash in custody of others	-	-	-	4,000	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	7,427,808	-	7,427,808	-	-
Accounts receivable	121,657	41,974	163,631	9,956	-
Due from other governmental units	1,843,984	-	1,843,984	688,387	-
Net pension asset	-	-	-	207,288	-
Capital assets (net of accumulated depreciation):					
Land	1,316,010	-	1,316,010	211,370	1,381,873
Buildings and improvements	15,406,395	-	15,406,395	10,446,241	-
Utility plant in service	-	5,026,807	5,026,807	-	-
Equipment	1,012,502	-	1,012,502	1,191,671	-
Infrastructure	27,022	-	27,022	-	1,100,944
Intangibles	88,813	-	88,813	-	-
Total assets	$ 42,837,942	$ 5,088,214	$ 47,926,156	$ 15,836,777	$ 2,652,199
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	$ 536,650	$ -	$ 536,650	$ -	$ -
Pension related items	555,589	-	555,589	2,571,302	-
OPEB related items	20,402	-	20,402	282,176	-
Total deferred outflows of resources	$ 1,112,641	$ -	$ 1,112,641	$ 2,853,478	$ -
Total assets and deferred inflows of resources	$ 43,950,583	$ 5,088,214	$ 49,038,797	$ 18,690,255	$ 2,652,199
LIABILITIES					
Accounts payable	$ 554,961	$ 19,433	$ 574,394	$ 36,723	$ -
Accrued liabilities	-	-	-	1,904,411	-
Accrued interest payable	98,047	9,914	107,961	-	-
Due to other governmental units	-	-	-	733,581	-
Long-term liabilities:					
Due within one year	2,238,097	132,587	2,370,684	-	-
Due in more than one year	24,721,008	1,999,580	26,720,588	20,823,669	-
Total liabilities	$ 27,612,113	$ 2,161,514	$ 29,773,627	$ 23,498,384	$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	$ 6,125,485	$ -	$ 6,125,485	$ -	$ -
Pension related items	711,501	-	711,501	2,445,288	-
OPEB related items	48,209	-	48,209	151,707	-
Total deferred inflows of resources	$ 6,885,195	$ -	$ 6,885,195	$ 2,596,995	$ -
NET POSITON					
Net investment in capital assets	$ (1,556,639)	$ 2,894,640	$ 1,338,001	$ 11,849,282	$ 2,482,817
Restricted:					
Veterans wall of honor	3,038	-	3,038	-	-
Asset forfeiture	245,040	-	245,040	-	-
Courthouse maintenance	29,861	-	29,861	-	-
Courthouse security fund	163,885	-	163,885	-	-
Law library	19,345	-	19,345	-	-
Unrestricted	10,548,745	32,060	10,580,805	(19,254,406)	169,382
Total net position	$ 9,453,275	$ 2,926,700	$ 12,379,975	$ (7,405,124)	$ 2,652,199
Total liabilities, deferred inflows of resources and net position	$ 43,950,583	$ 5,088,214	$ 49,038,797	$ 18,690,255	$ 2,652,199

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

Exhibit 2

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Position				
					Primary Government			Component Units	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	School Board	EDA
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	$ 1,561,527	$ -	$ 223,522	$ -	$ (1,338,005)	$ -	$ (1,338,005)	$ -	$ -
Judicial administration	1,249,392	71,701	528,707	-	(648,984)	-	(648,984)	-	-
Public safety	4,272,389	93,156	1,173,942	-	(3,005,291)	-	(3,005,291)	-	-
Public works	1,590,182	70,953	21,172	-	(1,498,057)	-	(1,498,057)	-	-
Health and welfare	3,649,618	-	2,629,550	-	(1,020,068)	-	(1,020,068)	-	-
Education	6,887,265	-	-	-	(6,887,265)	-	(6,887,265)	-	-
Parks, recreation, and cultural	219,381	37,548	56,898	-	(124,935)	-	(124,935)	-	-
Community development	612,387	-	276,172	-	(336,215)	-	(336,215)	-	-
Interest on long-term debt	952,652	-	421,431	-	(531,221)	-	(531,221)	-	-
Total governmental activities	$ 20,994,793	$ 273,358	$ 5,331,394	$ -	$ (15,390,041)	$ -	$ (15,390,041)	$ -	$ -
Business-type activities:									
Sanitary District	$ 379,293	$ 148,221	$ -	$ -	$ -	$ (231,072)	$ (231,072)	$ -	$ -
Total business-type activities	$ 379,293	$ 148,221	$ -	$ -	$ -	$ (231,072)	$ (231,072)	$ -	$ -
Total primary government	$ 21,374,086	$ 421,579	$ 5,331,394	$ -	$ (15,390,041)	$ (231,072)	$ (15,621,113)	$ -	$ -
COMPONENT UNITS:									
School Board	$ 22,626,974	$ 344,385	$ 16,686,972	$ -	$ -	$ -	$ -	$ (5,595,617)	$ -
Economic Development Authority	192,004	15,655	105,000	-	-	-	-	-	(71,349)
Total component units	$ 22,818,978	$ 360,040	$ 16,791,972	$ -	$ -	$ -	$ -	$ (5,595,617)	$ (71,349)
General revenues:									
General property taxes					$ 15,449,720	$ -	$ 15,449,720	$ -	$ -
Local sales and use taxes					1,259,794	-	1,259,794	-	-
Consumer utility taxes					361,227	-	361,227	-	-
Motor vehicle licenses					451,540	-	451,540	-	-
Other local taxes					169,118	-	169,118	-	-
Unrestricted revenues from use of money and property					69,385	-	69,385	11,177	409
Miscellaneous					210,208	-	210,208	174,166	10,411
Grants and contributions not restricted to specific programs					1,695,627	-	1,695,627	-	-
Payment from Appomattox County					-	-	-	6,249,544	25,000
Transfers					(252,041)	252,041	-	-	-
Total general revenues and transfers					$ 19,414,578	$ 252,041	$ 19,666,619	$ 6,434,887	$ 35,820
Change in net position					$ 4,024,537	$ 20,969	$ 4,045,506	$ 839,270	$ (35,529)
Net position - beginning					5,428,738	2,905,731	8,334,469	(8,244,394)	2,687,728
Net position - ending					$ 9,453,275	$ 2,926,700	$ 12,379,975	$ (7,405,124)	$ 2,652,199

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

FUND FINANCIAL STATEMENTS

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Exhibit 3

County of Appomattox, Virginia
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	County Capital Projects Fund	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	$ 11,476,461	$ 3,271,138	$ 846,152	$ 15,593,751
Receivables (net of allowance for uncollectibles):				
Taxes receivable	7,427,808	-	-	7,427,808
Accounts receivable	118,207	-	3,450	121,657
Due from other governmental units	1,834,895	-	9,089	1,843,984
Total assets	$ 20,857,371	$ 3,271,138	$ 858,691	$ 24,987,200
LIABILITIES				
Accounts payable	$ 554,961	$ -	$ -	$ 554,961
Total liabilities	$ 554,961	$ -	$ -	$ 554,961
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	$ 7,438,011	$ -	$ -	$ 7,438,011
Total deferred inflows of resources	$ 7,438,011	$ -	$ -	$ 7,438,011
FUND BALANCES				
Restricted	$ 3,038	$ -	$ 458,131	$ 461,169
Committed	50,619	3,271,138	400,560	3,722,317
Unassigned	12,810,742	-	-	12,810,742
Total fund balances	$ 12,864,399	$ 3,271,138	$ 858,691	$ 16,994,228
Total liabilities, deferred inflows of resources and fund balances	$ 20,857,371	$ 3,271,138	$ 858,691	$ 24,987,200

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

Exhibit 4

County of Appomattox, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2018

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 16,994,228
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	$ 41,677,474	
Accumulated depreciation	(23,826,732)	17,850,742
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue - property taxes		1,312,526
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Deferred charge on refunding	$ 536,650	
Pension related items	555,589	
OPEB related items	20,402	1,112,641
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	$ (19,778,383)	
Issuance premium	(81,157)	
Capital lease	(84,491)	
Compensated absences	(242,311)	
Net OPEB liabilities	(711,935)	
Net pension liability	(4,250,407)	
Landfill postclosure care liability	(1,810,421)	
Accrued interest payable	(98,047)	(27,057,152)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (711,501)	
OPEB related items	(48,209)	(759,710)
Net position of governmental activities		$ 9,453,275

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

Exhibit 5

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

	General Fund	County Capital Projects Fund	Other Governmental Funds	Total
REVENUES				
General property taxes	$ 15,085,606	$ -	$ -	$ 15,085,606
Other local taxes	2,241,679	-	-	2,241,679
Permits, privilege fees, and regulatory licenses	90,433	-	-	90,433
Fines and forfeitures	35,995	-	-	35,995
Revenue from the use of money and property	69,385	-	-	69,385
Charges for services	112,892	-	34,038	146,930
Miscellaneous	210,030	-	178	210,208
Recovered costs	173,371	-	-	173,371
Intergovernmental:				
Commonwealth	5,279,078	-	66,680	5,345,758
Federal	1,678,405	-	2,858	1,681,263
Total revenues	$ 24,976,874	$ -	$ 103,754	$ 25,080,628
EXPENDITURES				
Current:				
General government administration	$ 1,538,049	$ -	$ -	$ 1,538,049
Judicial administration	1,148,414	-	-	1,148,414
Public safety	4,099,579	-	30,798	4,130,377
Public works	1,317,717	-	-	1,317,717
Health and welfare	3,641,726	-	-	3,641,726
Education	5,621,549	-	-	5,621,549
Parks, recreation, and cultural	437,221	-	-	437,221
Community development	575,683	-	-	575,683
Capital projects	525,373	-	-	525,373
Debt service:				
Principal retirement	2,169,230	-	-	2,169,230
Interest and other fiscal charges	911,499	-	-	911,499
Total expenditures	$ 21,986,040	$ -	$ 30,798	$ 22,016,838
Excess (deficiency) of revenues over (under) expenditures	$ 2,990,834	$ -	$ 72,956	$ 3,063,790
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 267,455	$ -	$ -	$ 267,455
Transfers out	(252,041)	(149,852)	(117,603)	(519,496)
Total other financing sources (uses)	$ 15,414	$ (149,852)	$ (117,603)	$ (252,041)
Net change in fund balances	$ 3,006,248	$ (149,852)	$ (44,647)	$ 2,811,749
Fund balances - beginning	9,858,151	3,420,990	903,338	14,182,479
Fund balances - ending	$ 12,864,399	$ 3,271,138	$ 858,691	$ 16,994,228

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

Exhibit 6

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, 2018

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 2,811,749
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	$ 613,724	
Jointly owned asset allocation	(627,995)	
Depreciation expense	(1,408,009)	(1,422,280)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		364,114
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	$ 2,169,230	
Change in landfill closure liability	(46,714)	2,122,516
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	$ 8,115	
Amortization of deferred charges on refunding	(67,082)	
Change in compensated absences	(13,474)	
Pension expense	178,462	
OPEB expense	24,603	
Change in accrued interest payable	17,814	148,438
Change in net position of governmental activities		$ 4,024,537

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

Exhibit 7

County of Appomattox, Virginia
Statement of Net Position
Proprietary Fund
June 30, 2018

	Enterprise Fund Sanitary District
ASSETS	
Current assets:	
Cash and cash equivalents	$ 19,433
Accounts receivable, net of allowances for uncollectibles	41,974
Total current assets	$ 61,407
Noncurrent assets:	
Capital assets:	
Utility plant in service	$ 5,712,281
Accumulated depreciation	(685,474)
Total capital assets	$ 5,026,807
Total noncurrent assets	$ 5,026,807
Total assets	$ 5,088,214
LIABILITIES	
Current liabilities:	
Accounts payable	$ 19,433
Accrued interest payable	9,914
Bonds payable - current portion	132,587
Total current liabilities	$ 161,934
Noncurrent liabilities:	
Bonds payable - net of current portion	$ 1,999,580
Total noncurrent liabilities	$ 1,999,580
Total liabilities	$ 2,161,514
NET POSITION	
Net investment in capital assets	$ 2,894,640
Unrestricted	32,060
Total net position	$ 2,926,700

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

Exhibit 8

County of Appomattox, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2018

	Enterprise Fund	
		Sanitary District
OPERATING REVENUES		
Miscellaneous	$	148,221
Total operating revenues	$	148,221
OPERATING EXPENSES		
Other supplies and expenses	$	203,538
Depreciation		114,245
Total operating expenses	$	317,783
Operating income (loss)	$	(169,562)
NONOPERATING REVENUES (EXPENSES)		
Interest expense	$	(61,510)
Total nonoperating revenues (expenses)	$	(61,510)
Income before transfers	$	(231,072)
Transfers in		252,041
Change in net position	$	20,969
Total net position - beginning		2,905,731
Total net position - ending	$	2,926,700

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

Exhibit 9

County of Appomattox, Virginia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2018

	Enterprise Fund Sanitary District
CASH FLOWS FROM OPERATING ACTIVITIES	
Other receipts (payments)	$ 142,687
Receipts for materials and supplies	(192,778)
Net cash provided by (used for) operating activities	$ (50,091)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	$ 252,041
Net cash provided by (used for) noncapital financing activities	$ 252,041
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on bonds	$ (129,103)
Interest expense	(62,087)
Net cash provided by (used for) capital and related financing activities	$ (191,190)
Net increase (decrease) in cash and cash equivalents	$ 10,760
Cash and cash equivalents - beginning	8,673
Cash and cash equivalents - ending	$ 19,433
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	$ (169,562)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	114,245
(Increase) decrease in accounts receivable	(5,534)
Increase (decrease) in accounts payable	10,760
Total adjustments	$ 119,471
Net cash provided by (used for) operating activities	$ (50,091)

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

Exhibit 10

County of Appomattox, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

		Agency Funds
ASSETS		
Cash and cash equivalents	$	13,566
LIABILITIES		
Amounts held for social services clients	$	10,645
Amounts held for others		2,921
Total liabilities	$	13,566

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

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.

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, 2018.

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, 2018.

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, 2018. 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.

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.

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

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 (i.e. the noncurrent portion of interfund loans)."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $137,422 at June 30, 2018 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.

	Real Property	Personal Property
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, 2018.

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.

Assets	Years
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. Pensions

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

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

N. Other Postemployment Benefits (OPEB)

Group Life Insurance

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

Political Subdivision and Teacher Employee Health Insurance Credit Program

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

Medical and Dental Pay-As-You Go

For purposes of measuring the medical and dental pay-as-you go liability, deferred outflows of resources and deferred inflows of resources related to the Plan's OPEB, and the related OPEB expenses, information about the fiduciary net position of the County's and School Board's Medical and Dental Pay-As-You go Plan and the additions to/deductions from the County and School Board's OPEB Plan's net fiduciary position have been determined in accordance with GASB 75 based on key assumptions to include: turnover and retirement rates, healthcare trend and claim costs, mortality and discount rate. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

O. 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.

P. Deferred Outflows/Inflows of Resources

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

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

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

Q. 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.

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).

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

Q. Fund Equity (Continued)

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	-	-	245,040	245,040
Courthouse maintenance	-	-	29,861	29,861
Courthouse security fund	-	-	163,885	163,885
Law library	-	-	19,345	19,345
Total Restricted Fund Balance	$ 3,038	$ -	$ 458,131	$ 461,169
Committed:				
Sports complex	$ 45,980	$ -	$ -	$ 45,980
Rev max	4,605	-	-	4,605
Ballpark fund	34	-	-	34
Capital Improvements	-	3,271,138	-	3,271,138
Jail keep fund	-	-	10	10
E-911	-	-	400,550	400,550
Total Committed Fund Balance	$ 50,619	$ 3,271,138	$ 400,560	$ 3,722,317
Unassigned	$ 12,810,742	$ -	$ -	$ 12,810,742
Total Fund Balances	$ 12,864,399	$ 3,271,138	$ 858,691	$ 16,994,228

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.

Note 2—Stewardship, Compliance, and Accounting: (Continued)

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 exceeded appropriations in the County Special Revenue Fund at June 30, 2018.

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).

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2018 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.

	Fair Quality Ratings
	AAAm
Local Government Investment Pool	$ 102,654
Total	$ 102,654

Note 3—Deposits and Investments: (Continued)

Interest Rate Risk

Investment Maturities (in years)		
Investment Type	**Fair Value**	**Less Than 1 Year**
Local Government Investment Pool	$ 102,654	$ 102,654
Total	$ 102,654	$ 102,654

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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Note 4—Due to/from Other Governments:

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

	Primary Government	Component Unit School Board
Other Local Governments:		
Appomattox County School Board	$ 733,581	$ -
Commonwealth of Virginia:		
Local sales tax	213,586	-
Welfare	46,233	-
Rolling stock tax	39,648	-
Comprehensive services	348,972	-
State sales tax	-	308,643
Wireless grant	9,089	-
Auto rental tax	152	-
Constitutional officer reimbursements	120,854	-
Recordation tax	8,435	-
Mobile home titling tax	6,565	-
Department of Forestry	18,338	-
Victim witness	14,757	-
Communications tax	82,718	-
EMS vehicles	16,385	-
Road side clean up	3,400	-
Federal Government:		
School fund grants	-	379,744
Victim witness	44,270	-
CDBG grant funds	66,410	-
Welfare	70,591	-
Total due from other governments	$ 1,843,984	$ 688,387

At June 30, 2018, amounts due to other local governments are as follows:

Other Local Governments:		
County of Appomattox	$ -	$ 733,581

Note 5—Capital Assets:

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

Primary Government:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
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	$ 275,450	$ -	$ 13,039,951
Equipment	6,498,737	314,924	-	6,813,661
Infrastructure	83,095	23,350	-	106,445
Intangibles	1,810,216	-	-	1,810,216
Jointly owned assets	19,835,430	-	1,244,239	18,591,191
			-	
Total capital assets subject to depreciation	$ 40,991,979	$ 613,724	$ 1,244,239	$ 40,361,464
Accumulated depreciation:				
Buildings and improvements	$ 6,598,371	$ 418,568	$ -	$ 7,016,939
Equipment	5,544,966	256,193	-	5,801,159
Infrastructure	71,670	7,753	-	79,423
Intangibles	1,632,589	88,814	-	1,721,403
Jointly owned assets	9,187,371	636,681	616,244	9,207,808
Total accumulated depreciation	$ 23,034,967	$ 1,408,009	$ 616,244	$ 23,826,732
Total capital assets being depreciated, net	$ 17,957,012	$ (794,285)	$ 627,995	$ 16,534,732
Governmental activities capital assets, net	$ 19,273,022	$ (794,285)	$ 627,995	$ 17,850,742

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
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	$ 571,229	$ 114,245	$ -	$ 685,474
Total accumulated depreciation	$ 571,229	$ 114,245	$ -	$ 685,474
Total capital assets being depreciated, net	$ 5,141,052	$ (114,245)	$ -	$ 5,026,807
Business-type capital assets, net	$ 5,141,052	$ (114,245)	$ -	$ 5,026,807

Note 5—Capital Assets: (Continued)

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

Component Unit - School Board:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Governmental activities:				
Capital assets not subject to depreciation:				
Land	$ 211,370	$ -	$ -	$ 211,370
Total capital assets not subject to depreciation	$ 211,370	$ -	$ -	$ 211,370
Capital assets subject to depreciation:				
Buildings and improvements	$ 1,406,220	$ -	$ -	$ 1,406,220
Equipment	5,098,217	417,942	90,102	5,426,057
Jointly owned assets	17,311,146	-	(1,244,239)	18,555,385
Total capital assets subject to depreciation	$ 23,815,583	$ 417,942	$ (1,154,137)	$ 25,387,662
Accumulated depreciation:				
Buildings and improvements	$ 252,307	$ 72,984	$ -	$ 325,291
Equipment	4,111,071	213,417	90,102	4,234,386
Jointly owned assets	8,018,173	555,656	(616,244)	9,190,073
Total accumulated depreciation	$ 12,381,551	$ 842,057	$ (526,142)	$ 13,749,750
Total capital assets being depreciated, net	$ 11,434,032	$ (424,115)	$ (627,995)	$ 11,637,912
Governmental activities capital assets, net	$ 11,645,402	$ (424,115)	$ (627,995)	$ 11,849,282

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Note 5—Capital Assets: (Continued)

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

Component Unit - Economic Development Authority:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Business-type activities:				
Capital assets not subject to depreciation:				
Land	$ 1,381,873	$ -	$ -	$ 1,381,873
Total capital assets not subject to depreciation	$ 1,381,873	$ -	$ -	$ 1,381,873
Capital assets subject to depreciation:				
Infrastructure	$ 1,917,079	$ -	$ -	$ 1,917,079
Total capital assets subject to depreciation	$ 1,917,079	$ -	$ -	$ 1,917,079
Accumulated depreciation:				
Infrastructure	$ 764,017	$ 52,118	$ -	$ 816,135
Total accumulated depreciation	$ 764,017	$ 52,118	$ -	$ 816,135
Total capital assets being depreciated, net	$ 1,153,062	$ (52,118)	$ -	$ 1,100,944
Business-type capital assets, net	$ 2,534,935	$ (52,118)	$ -	$ 2,482,817

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Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government:		
Governmental activities:		
General government administration	$	105,381
Judicial administration		139,041
Public safety		236,695
Public works		174,606
Health and welfare		7,730
Education		637,721
Parks, recreation and cultural		65,043
Community development		41,792
Total Governmental activities	$	1,408,009
Business-type activities:		
Sanitary District Fund	$	114,245
Total Primary Government	$	1,522,254
Component Unit School Board	$	842,057
Component Unit Economic Development Authority	$	52,118

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Note 6—Interfund Transfers and Obligations:

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

Fund	Transfers In	Transfers Out
Primary Government:		
Governmental Funds:		
General Fund	$ 267,455	$ 252,041
County Special Revenue Fund	-	117,603
County Capital Projects Fund	-	149,852
Total Governmental Funds	$ 267,455	$ 519,496
Enterprise Funds:		
Sanitary District	$ 252,041	$ -
Total Enterprise Funds	$ 252,041	$ -
Total All Funds	$ 519,496	$ 519,496

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, 2018 are as follows:

Fund	Interfund Receivable	Interfund Payable
Component Unit—School Board:		
School Operating Fund	$ 71,961	$ -
School Special Revenue Fund	-	71,961
Total Component Unit—School Board Funds	$ 71,961	71,961
Total All Funds	$ 71,961	$ 71,961

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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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, 2018:

	Restated Balance at July 1, 2017	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2018	Amounts Due Within One Year
Governmental Activities:					
Incurred by County:					
Compensated absences	$ 228,837	$ 36,358	$ 22,884	$ 242,311	$ 24,231
Lease revenue bonds	11,255,000	-	860,000	10,395,000	900,000
Issuance premium	89,272	-	8,115	81,157	-
Capital lease	129,045	-	44,554	84,491	46,435
Net OPEB liabilities	785,345	32,386	105,796	711,935	-
Net pension liability	5,566,922	2,140,982	3,457,497	4,250,407	-
Landfill postclosure care liability	1,763,707	46,714	-	1,810,421	-
Total incurred by County	$ 19,818,128	$ 2,256,440	$ 4,498,846	$ 17,575,722	$ 970,666
Incurred by School Board:					
General obligation bonds	$ 10,648,059	$ -	$ 1,264,676	$ 9,383,383	$ 1,267,431
Total incurred by School Board	$ 10,648,059	$ -	$ 1,264,676	$ 9,383,383	$ 1,267,431
Total Governmental Activities	$ 30,466,187	$ 2,256,440	$ 5,763,522	$ 26,959,105	$ 2,238,097
Business-type Activities:					
Lease revenue bond	$ 2,261,270	$ -	$ 129,103	$ 2,132,167	$ 132,587
Total Business-type Activities	$ 2,261,270	$ -	$ 129,103	$ 2,132,167	$ 132,587

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Note 7—Long-Term Obligations: (Continued)

Primary Government:

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

Governmental Activities

	County Obligations			
Year Ending	Lease Revenue Bonds		Capital Lease	
June 30,	Principal	Interest	Principal	Interest
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	$ 10,395,000	$ 1,377,365	$ 84,491	$ 5,170

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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)

	School Obligations	
	General Obligation Bonds	
Year Ending June 30,	Principal	Interest
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	$ 9,383,383	$ 4,230,072

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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
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	$ 2,132,167	$ 457,044

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Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term obligations at June 30, 2018 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.	$ 3,305,000
$7,110,000 refunding lease revenue bond issued May 5, 2016, payable in varying annual installments, interest at 2.30%, through May 1, 2026.	7,090,000
Total lease revenue bonds	$ 10,395,000
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.	$ 84,491
Issuance premium	$ 81,157
Net OPEB liabilities (payable by the general fund)	$ 711,935
Net pension liability	$ 4,250,407
Landfill postclosure care liability (payable by the general fund)	$ 1,810,421
Compensated absences (payable by the general fund)	$ 242,311
Total Incurred by County	$ 17,575,722

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.	$ 525,000
$6,512,513 school bond issued October 26, 2001, payable in varying amounts and rates through July 15, 2021.	1,458,385
$10,000,000 school bond issued June 26, 2011, payable in varying amounts, interest at 0.00%, through June 1, 2027.	7,399,998
Total General Obligation Bonds	$ 9,383,383
Total Incurred by School Board	$ 9,383,383
Total Governmental Activities	$ 26,959,105

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.	$ 2,132,167
Total Business-type Activities	$ 2,132,167

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, 2018:

	Restated Balance at July 1, 2017	Increases	Decreases	Balance at June 30, 2018	Amounts Due Within One Year
Component Unit-School Board:					
Net pension liability	$ 18,933,000	$ 3,224,000	$ 5,070,000	$ 17,087,000	$ -
Net OPEB liabilities	3,799,582	350,446	413,359	3,736,669	-
Total Component Unit-School Board	$ 22,732,582	$ 3,574,446	$ 5,483,359	$ 20,823,669	$ -

Details of long-term obligations at June 30, 2018 are as follows:

Net pension liability	$ 17,087,000
Net OPEB liabilities (payable from the School Fund)	3,736,669
Long-term obligations incurred by the School Board (payable from the School Fund)	$ 20,823,669

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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:

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

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2018, are follows:

Year Ended June 30	Primary Government
2019	$ 50,000
2020	39,661
Total minimum lease payments	$ 89,661
Less: amount representing interest	(5,170)
Present value of minimum lease payments	$ 84,491

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. Under the accrual basis, assessments for future reporting periods are deferred. Unavailable revenue totaling $7,438,011 and deferred revenue totaling $6,125,485 is comprised of the following:

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled $7,098,083 (including 2nd half tax billings of $5,785,557 not due until December 5) at June 30, 2018.

Deferred/Unavailable Prepaid Property Taxes – Property taxes due subsequent to June 30, 2018 but paid in advance by the taxpayers totaled $339,928 at June 30, 2018.

Deferred Revenue – Deferred revenue representing prepaid taxes due subsequent to June 30, 2018 totaled $339,928 and 2nd half 2018 tax billing levied in current year but due in FY2018 totaled $5,785,557.

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

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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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**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

Note 13—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 13—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 13—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 13—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 13—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 13—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 13—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 13—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 13—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 13—Pension Plan: (Continued)

Plan Description (Continued)

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

Pension Plan Data

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

Note 13—Pension Plan: (Continued)

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	67	29
Inactive members:		
Vested inactive members	13	3
Non-vested inactive members	10	9
Inactive members active elsewhere in VRS	21	8
Total inactive members	44	20
Active members	98	35
Total covered employees	209	84

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 employer contribution rate for the year ended June 30, 2018 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 $516,585 and $535,438 for the years ended June 30, 2018 and June 30, 2017, respectively.

The Component Unit School Board's contractually employer required contribution rate for nonprofessional employees for the year ended June 30, 2018 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.

Note 13—Pension Plan: (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were $29,201 and $28,969 for the years ended June 30, 2018 and June 30, 2017, 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, 2017. The total pension liabilities used to calculate the net pension liability (asset) were determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Actuarial Assumptions – General Employees

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

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 13—Pension Plan: (Continued)

Actuarial Assumptions – General Employees (Continued)

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

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

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

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

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

Largest 10 – Non-Hazardous Duty:

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

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

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

Note 13—Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

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

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 13—Pension Plan: (Continued)

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

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

Largest 10 – Hazardous Duty:

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

All Others (Non 10 Largest) – Hazardous Duty:

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

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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
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

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

Discount Rate

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

Note 13—Pension Plan: (Continued)

Changes in Net Pension Liability

	Primary Government Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at June 30, 2016	$ 24,274,168	$ 18,707,246	$ 5,566,922
Changes for the year:			
Service cost	$ 471,974	$ -	$ 471,974
Interest	1,653,770	-	1,653,770
Assumption changes	(83,838)	-	(83,838)
Differences between expected and actual experience	(392,868)	-	(392,868)
Contributions - employer	-	535,438	(535,438)
Contributions - employee	-	198,487	(198,487)
Net investment income	-	2,246,866	(2,246,866)
Benefit payments, including refunds Refund of employee contributions	(1,297,767)	(1,297,767)	-
Administrative expenses	-	(13,247)	13,247
Other changes	-	(1,991)	1,991
Net changes	$ 351,271	$ 1,667,786	$ (1,316,515)
Balances at June 30, 2017	$ 24,625,439	$ 20,375,032	$ 4,250,407

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, 2016	$ 2,892,620	$ 2,907,370	$ (14,750)
Changes for the year:			
Service cost	$ 66,645	$ -	$ 66,645
Interest	197,717	-	197,717
Assumption changes	(46,624)	-	(46,624)
Differences between expected and actual experience	1,431	-	1,431
Contributions - employer	-	28,969	(28,969)
Contributions - employee	-	33,843	(33,843)
Net investment income	-	351,265	(351,265)
Benefit payments, including refunds Refund of employee contributions	(136,196)	(136,196)	-
Administrative expenses	-	(2,059)	2,059
Other changes	-	(311)	311
Net changes	$ 82,973	$ 275,511	$ (192,538)
Balances at June 30, 2017	$ 2,975,593	$ 3,182,881	$ (207,288)

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)	$ 7,191,754	$ 4,250,407	$ 1,786,476
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	$ 151,816	$ (207,288)	$ (507,881)

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, 2018, the County and Component Unit School Board (nonprofessional) recognized pension expense of $331,991 and ($61,501) respectively. At June 30, 2018, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 39,004	$ 370,925	$ 936	$ 40,472
Change of assumptions	-	61,421	-	30,491
Net difference between projected and actual earnings on pension plan investments	-	279,155	-	45,325
Employer contributions subsequent to the measurement date	516,585	-	29,201	-
Total	$ 555,589	$ 711,501	$ 30,137	$ 116,288

$516,585 and $29,201 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 ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2019	$ (321,263)	$ (85,549)
2020	(63,983)	(50)
2021	(95,724)	327
2022	(191,527)	(30,080)
Thereafter	-	-

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 provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement

Each School Division's contractually employer required contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of $192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liabilityContributions to the pension plan from the School Board were $1,805,165 and $1,581,020 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of $17,087,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was 0.13894% as compared to 0.13510% at June 30, 2016.

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, 2018, the school division recognized pension expense of $1,165,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,209,000
Change of assumptions	249,000	-
Net difference between projected and actual earnings on pension plan investments	-	621,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	487,000	499,000
Employer contributions subsequent to the measurement date	1,805,165	-
Total	$ 2,541,165	$ 2,329,000

$1,805,165 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2019	$ (766,000)
2020	(88,000)
2021	(209,000)
2022	(522,000)
2023	(8,000)

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

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

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

Mortality rates:

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

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

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

Note 13—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

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

Net 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, 2017, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	$	45,417,520
Plan Fiduciary Net Position		33,119,545
Employers' Net Pension Liability (Asset)	$	12,297,975
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		72.92%

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

Note 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:

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

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

Note 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, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Rate		
	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)	$ 25,517,000	$ 17,087,000	$ 10,114,000

Pension Plan Fiduciary Net Position

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

Note 14—Group Life Insurance (GLI) Program (OPEB Plan):

Plan Description

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

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

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City School Board Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Plan Description (Continued)

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (CONTINUED)

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

Reduction in Benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently $8,111.

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the County were $20,402 and $21,124 for the years ended June 30, 2018 and June 30, 2017, respectively.

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Contributions (Continued)

Contributions to the Group Life Insurance Program from the Component Unit School Board professional group were $58,937 and $57,109 for the years ended June 30, 2018 and June 30, 2017, respectively. Contributions to the Group Life Insurance Program from the Component Unit School Board nonprofessional group were $3,652 and $3,597 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the County reported a liability of $331,000 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of $896,000 and $56,000, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the County's proportion was 0.02202% as compared to 0.02236% at June 30, 2016. At June 30, 2017, the Component Unit School Board professional and nonprofessional groups' proportion was 0.05954% and 0.00375%, respectively as compared to 0.05732% and 0.00380% respectively at June 30, 2016.

For the year ended June 30, 2018, the County recognized GLI OPEB expense of $3,000. For the year ended June 30, 2018, the Component Unit School Board professional group recognized GLI OPEB expense of $16,000. For the year ended June 30, 2018, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of $0. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 8,000	$ -	$ 20,000	$ -	$ 1,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	12,000	-	34,000	-	2,000
Change of assumptions	-	17,000	-	46,000	-	3,000
Changes in proportionate share	-	5,000	33,000	-	-	-
Employer contributions subsequent to the measurement date	20,402	-	58,937	-	3,652	-
Total	$ 20,402	$ 42,000	$ 91,937	$ 100,000	$ 3,652	$ 6,000

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

$20,402, $58,937 and $3,652, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
2019	$ (9,000)	$ (15,000)	$ (1,000)
2020	(9,000)	(15,000)	(1,000)
2021	(9,000)	(15,000)	(1,000)
2022	(9,000)	(15,000)	(1,000)
2023	(5,000)	(6,000)	(1,000)
Thereafter	(1,000)	(1,000)	(1,000)

Actuarial Assumptions

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

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

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

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – General State Employees

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

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

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

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

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

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers

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

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

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

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

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

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – SPORS Employees

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

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

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

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

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

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – VaLORS Employees

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

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

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

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

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

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – JRS Employees

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

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

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

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

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

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Largest Ten Locality Employers – General Employees

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

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

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

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

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

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

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

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

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

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

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

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

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

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

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

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

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

NET GLI OPEB Liability

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

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

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

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

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

	Rate		
	1% Decrease	**Current Discount**	**1% Increase**
	(6.00%)	**(7.00%)**	**(8.00%)**
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 428,000	$ 331,000	$ 252,000
Component School Board (professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 1,159,000	$ 896,000	$ 683,000
Component School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 73,000	$ 56,000	$ 43,000

Group Life Insurance Program Fiduciary Net Position

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

Note 15—Health Insurance Credit (HIC) Program:

Plan Description

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

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

POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
Eligible Employees The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit. Eligible employees of participating employers are enrolled automatically upon employment. They include: • Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.
Benefit Amounts The political subdivision's Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • **At Retirement** – For employees who retire, the monthly benefit is $1.50 per year of service per month with a maximum benefit of $45.00 per month. • **Disability Retirement**- For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is $45.00 per month.
Health Insurance Credit Program Notes: • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • No health insurance credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. • Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

Note 15—Health Insurance Credit (HIC) Program: (Continued)

Employees Covered by Benefit Terms

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

	Component Unit School Board (nonprofessional
Inactive members or their beneficiaries currently receiving benefits	7
Total inactive members	7
Active members	35
Total covered employees	42

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Component Unit School Board's (nonprofessional) contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2018 was .46% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Component Unit School Board to the Health Insurance Credit Program for nonprofessional employees were $3,230 and $3,182 for the years ended June 30, 2018 and June 30, 2017.

Note 15—Health Insurance Credit (HIC) Program: (Continued)

Net HIC OPEB Liability

The Component Unit School Board's (nonprofessional) net Health Insurance Credit OPEB liability was measured as of June 30, 2017. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Actuarial Assumptions

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

Inflation	2.5%
Salary increases, including inflation:	
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

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

Note 15—Health Insurance Credit (HIC) Program: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Largest Ten Locality Employers – General Employees

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

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

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

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

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

Note 15—Health Insurance Credit (HIC) Program: (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

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

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

Note 15—Health Insurance Credit (HIC) Program: (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

Note 15—Health Insurance Credit (HIC) Program: (Continued)

Changes in Net HIC OPEB Liability

	Component Unit School Board (nonprofessional)		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2016	$ 59,531	$ 34,258	$ 25,273
Changes for the year:			
Service cost	$ 1,437	$ -	$ 1,437
Interest	4,093	-	4,093
Assumption changes	(2,766)	-	(2,766)
Contributions - employer	-	3,183	(3,183)
Net investment income	-	4,035	(4,035)
Benefit payments	(2,127)	(2,127)	-
Administrative expenses	-	(66)	66
Other changes	-	200	(200)
Net changes	$ 637	$ 5,225	$ (4,588)
Balances at June 30, 2017	$ 60,168	$ 39,483	$ 20,685

Note 15—Health Insurance Credit (HIC) Program: (Continued)

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

The following presents the Component Unit School Board's (nonprofessional) Health Insurance Credit Program net HIC OPEB liability (asset) using the discount rate of 7.00%, as well as what the County's net HIC OPEB 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	**Current Discount**	**1% Increase**
	(6.00%)	**(7.00%)**	**(8.00%)**
Component Unit School Board (nonprofessional):			
Net HIC OPEB Liability	$ 26,842	$ 20,685	$ 15,412

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

For the year ended June 30, 2018, the Component Unit School Board (nonprofessional) recognized Health Insurance Credit Program OPEB expense of $2,152. At June 30, 2018, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the Component Unit School Board's (nonprofessional) Health Insurance Credit Program from the following sources:

	Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Change of assumptions	$ -	$ 2,281
Net difference between projected and actual earnings on HIC OPEB plan investments	-	1,276
Employer contributions subsequent to the measurement date	3,230	-
Total	$ 3,230	$ 3,557

Note 15—Health Insurance Credit (HIC) Program: (Continued)

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

$3,230 reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government
2019	$ (804)
2020	(804)
2021	(804)
2022	(804)
2023	(341)
Thereafter	-

Health Insurance Credit Program Plan Data

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

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

Plan Description

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

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

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
Eligible Employees The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.

Benefit Amounts
 	
The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:
• **At Retirement** – For Teacher and other professional school employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount.
• **Disability Retirement** – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either:
  o $4.00 per month, multiplied by twice the amount of service credit, or
  o $4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

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

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 1.23% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Program were $139,357 and $121,906 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of $1,765,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was 0.13916% as compared to 0.13510% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of $151,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	$ -	$ 3,000
Change of assumptions	-	18,000
Change in proportionate share	44,000	-
Employer contributions subsequent to the measurement date	139,357	-
Total	$ 183,357	$ 21,000

$139,357 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2019	$ 3,000
2020	3,000
2021	3,000
2022	3,000
2023	4,000
Thereafter	7,000

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

Actuarial Assumptions

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

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

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

Mortality Rates – Teachers

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

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

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

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

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

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

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

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

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	$ 1,970,000	$ 1,765,000	$ 1,591,000

Teacher Employee HIC OPEB Fiduciary Net Position

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

Note 17—Medical and Dental Insurance – Pay-as-you-Go (OPEB Plan):

County and School Board

Plan Description

In addition to the pension benefits described in Note 13, the County administers a single-employer defined benefit healthcare plan, The County of Appomattox Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

In addition to the pension benefits described in Note 13, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The Appomattox County Public Schools Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits that are provided to eligible County retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits.

Postemployment benefits that are provided to eligible School Board retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits.

Plan Membership

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

	Primary Government	Component Unit School Board
Total active employees with coverage	79	271
Total retirees and spouses with coverage	10	11
Total	89	282

Note 17—Medical and Dental Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

Contributions

The County nor the School Board pre-funds benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or School Board. The amount paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2018 was $35,237 and $69,314.

Total OPEB Liability

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

Actuarial Assumptions

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

Inflation	2.50% per year
Salary Increases	2.50% per year
Discount Rate	3.58% per year as of June 30, 2017
	3.87% per year as of June 30, 2018

Mortality rates for the County were based on the following actuarial assumptions:

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related.

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

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

Note 17—Medical and Dental Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

Mortality rates for the School Board were based on the following actuarial assumptions:

Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020. 5% of deaths are assumed to be service related.

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

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

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

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer 20-Year Go Index as of their respective measurement dates.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2017	$ 394,345	$ 991,309
Changes for the year:		
Service cost	15,344	64,290
Interest	14,042	36,560
Changes of assumptions	(7,559)	(23,861)
Benefit payments	(35,237)	(69,314)
Net changes	$ (13,410)	$ 7,675
Balances at June 30, 2018	$ 380,935	$ 998,984

Note 17—Medical and Dental Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

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

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

	Rate		
	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Primary Government:			
Total OPEB liability	$ 408,033	$ 380,935	$ 356,614
Component Unit School Board:			
Total OPEB liability	$ 1,083,196	$ 998,984	$ 920,409

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

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

	Rates		
	1% Decrease	Healthcare Cost Trend	1% Increase
Primary Government:			
Total OPEB liability	$ 347,012	$ 380,935	$ 420,655
Component Unit School Board:			
Total OPEB liability	$ 870,570	$ 998,984	$ 1,152,737

Note 17—Medical and Dental Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

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

For the year ended June 30, 2018, the County and the School Board recognized OPEB expense in the amount of $28,036 and $98,139. At June 30, 2018, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resouces	Deferred Inflows of Resources	Deferred Outflows of Resouces	Deferred Inflows of Resources
Changes in assumptions	$ -	$ 6,209	$ -	$ 21,150
Total	$ -	$ 6,209	$ -	$ 21,150

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

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

Year Ended June 30	Primary Government	Component Unit School Board
2019	$ (1,350)	$ (2,711)
2020	(1,350)	(2,711)
2021	(1,350)	(2,711)
2022	(1,350)	(2,711)
2023	(809)	(2,711)
Thereafter	-	(7,595)

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

Note 18—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 $1,810,421 reported as landfill postclosure liability at June 30, 2018, 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 2018. 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 19—Surety Bonds:

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

	Amount
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 20—Line of Duty Act (LODA) (OPEB Benefits):

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

The County has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the County to VACORP. VACORP assumes all liability for the County's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

Note 20—Line of Duty Act (LODA) (OPEB Benefits): (Continue)

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2018 was $12,200.

Note 21—Upcoming Pronouncements:

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

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

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

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of

Note 21—Upcoming Pronouncements: (Continued)

default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, it requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

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Note 22 – Adoption of Accounting Principles:

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2018. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to postemployment benefits other than pensions (other postemployment benefits or OPEB). Note disclosure and required supplementary information requirements about OPEB are also addressed. The requirements of this Statement will improve accounting and financial reporting by state and local governments for OPEB. In addition, the County implemented Governmental Accounting Standards Board Statement No. 85, *Omnibus 2017* during the fiscal year ended June 30, 2018. This Statement addresses practice issues identified during implementation and application of certain GASB statements for a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). Th11e implementation of these Statements resulted in the following restatement of net position:

	Governmental Activities	Component-Unit School Board
Net position, July 1, 2017, as previously stated	$ 6,096,373	$ (4,949,285)
Implementation of GASB 75:		
Deferred outflows of resources	21,000	186,183
Net OPEB liability	(688,635)	(3,481,292)
Net position, July 1, 2017, as restated	$ 5,428,738	$ (8,244,394)

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REQUIRED SUPPLEMENTARY INFORMATION

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Exhibit 11

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

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	$ 12,880,421	$ 12,880,421	$ 15,085,606	$ 2,205,185
Other local taxes	2,276,000	2,276,000	2,241,679	(34,321)
Permits, privilege fees, and regulatory licenses	72,540	72,540	90,433	17,893
Fines and forfeitures	31,000	31,000	35,995	4,995
Revenue from the use of money and property	79,111	79,111	69,385	(9,726)
Charges for services	155,739	155,739	112,892	(42,847)
Miscellaneous	185,300	185,300	210,030	24,730
Recovered costs	109,884	109,884	173,371	63,487
Intergovernmental:				
Commonwealth	5,265,763	5,265,763	5,279,078	13,315
Federal	1,274,369	1,274,369	1,678,405	404,036
Total revenues	$ 22,330,127	$ 22,330,127	$ 24,976,874	$ 2,646,747
EXPENDITURES				
Current:				
General government administration	$ 1,884,073	$ 1,866,125	$ 1,538,049	$ 328,076
Judicial administration	1,202,621	1,218,565	1,148,414	70,151
Public safety	3,998,704	4,279,929	4,099,579	180,350
Public works	1,579,502	1,586,912	1,317,717	269,195
Health and welfare	3,354,694	3,678,539	3,641,726	36,813
Education	5,966,593	5,966,593	5,621,549	345,044
Parks, recreation, and cultural	463,013	485,514	437,221	48,293
Community development	405,030	1,388,887	575,683	813,204
Capital projects	276,573	687,261	525,373	161,888
Debt service:				
Principal retirement	2,169,230	2,169,230	2,169,230	-
Interest and other fiscal charges	1,050,231	1,052,687	911,499	141,188
Total expenditures	$ 22,350,264	$ 24,380,242	$ 21,986,040	$ 2,394,202
Excess (deficiency) of revenues over (under) expenditures	$ (20,137)	$ (2,050,115)	$ 2,990,834	$ 5,040,949
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 91,532	$ 91,532	$ 267,455	$ 175,923
Transfers out	-	-	(252,041)	(252,041)
Total other financing sources (uses)	$ 91,532	$ 91,532	$ 15,414	$ (76,118)
Net change in fund balances	$ 71,395	$ (1,958,583)	$ 3,006,248	$ 4,964,831
Fund balances - beginning	(71,395)	1,958,583	9,858,151	7,899,568
Fund balances - ending	$ -	$ -	$ 12,864,399	$ 12,864,399

Exhibit 12

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, 2018

	2017	2016	2015	2014
Total pension liability				
Service cost	$ 471,974	$ 475,356	$ 449,518	$ 443,674
Interest	1,653,770	1,613,882	1,553,677	1,496,352
Changes of assumptions	(83,838)	-	-	-
Differences between expected and actual experience	(392,868)	(158,308)	139,018	-
Benefit payments, including refunds of employee contributions	(1,297,767)	(1,424,435)	(1,139,855)	(1,102,328)
Net change in total pension liability	$ 351,271	$ 506,495	$ 1,002,358	$ 837,698
Total pension liability - beginning	24,274,168	23,767,673	22,765,315	21,927,617
Total pension liability - ending (a)	$ 24,625,439	$ 24,274,168	$ 23,767,673	$ 22,765,315
Plan fiduciary net position				
Contributions - employer	$ 535,438	$ 591,434	$ 594,544	$ 537,604
Contributions - employee	198,487	200,396	198,597	208,860
Net investment income	2,246,866	319,618	841,298	2,557,177
Benefit payments, including refunds of employee contributions	(1,297,767)	(1,424,435)	(1,139,855)	(1,102,328)
Administrative expense	(13,247)	(11,956)	(11,689)	(13,959)
Other	(1,991)	(137)	(177)	135
Net change in plan fiduciary net position	$ 1,667,786	$ (325,080)	$ 482,718	$ 2,187,489
Plan fiduciary net position - beginning	18,707,246	19,032,326	18,549,608	16,362,119
Plan fiduciary net position - ending (b)	$ 20,375,032	$ 18,707,246	$ 19,032,326	$ 18,549,608
County's net pension liability - ending (a) - (b)	$ 4,250,407	$ 5,566,922	$ 4,735,347	$ 4,215,707
Plan fiduciary net position as a percentage of the total pension liability	82.74%	77.07%	80.08%	81.48%
Covered payroll	$ 4,059,748	$ 4,017,722	$ 4,031,328	$ 3,984,402
County's net pension liability as a percentage of covered payroll	104.70%	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.

Exhibit 13

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, 2018

	2017	2016	2015	2014
Total pension liability				
Service cost	$ 66,645	$ 73,359	$ 76,215	$ 81,045
Interest	197,717	197,119	189,111	179,628
Changes of assumptions	(46,624)	-	-	-
Differences between expected and actual experience	1,431	(124,790)	(19,255)	-
Benefit payments, including refunds of employee contributions	(136,196)	(138,104)	(125,249)	(125,141)
Net change in total pension liability	$ 82,973	$ 7,584	$ 120,822	$ 135,532
Total pension liability - beginning	2,892,620	2,885,036	2,764,214	2,628,682
Total pension liability - ending (a)	$ 2,975,593	$ 2,892,620	$ 2,885,036	$ 2,764,214
Plan fiduciary net position				
Contributions - employer	$ 28,969	$ 50,808	$ 51,385	$ 55,567
Contributions - employee	33,843	33,523	34,024	34,731
Net investment income	351,265	49,925	128,667	388,463
Benefit payments, including refunds of employee contributions	(136,196)	(138,104)	(125,249)	(125,141)
Administrative expense	(2,059)	(1,819)	(1,778)	(2,105)
Other	(311)	(21)	(24)	20
Net change in plan fiduciary net position	$ 275,511	$ (5,688)	$ 87,025	$ 351,535
Plan fiduciary net position - beginning	2,907,370	2,913,058	2,826,033	2,474,498
Plan fiduciary net position - ending (b)	$ 3,182,881	$ 2,907,370	$ 2,913,058	$ 2,826,033
School Division's net pension liability (asset) - ending (a) - (b)	$ (207,288)	$ (14,750)	$ (28,022)	$ (61,819)
Plan fiduciary net position as a percentage of the total pension liability	106.97%	100.51%	100.97%	102.24%
Covered payroll	$ 691,800	$ 683,214	$ 686,311	$ 694,598
School Division's net pension liability (asset) as a percentage of covered payroll	-29.96%	-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.

Exhibit 14

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, 2018

	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.13894%	0.13510%	0.13890%	0.13802%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 17,087,000	$ 18,933,000	$ 17,482,000	$ 16,680,000
Employer's Covered Payroll	10,982,510	10,301,199	10,326,956	10,093,563
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	155.58%	183.79%	169.29%	165.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.92%	68.28%	70.68%	70.88%

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

Exhibit 15

County of Appomattox, Virginia
Schedule of Employer Contributions
For the Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2018	$ 516,585	$ 516,585	$ -	$ 3,923,417	13.17%
2017	535,438	535,438	-	4,059,748	13.19%
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%
Component Unit School Board (nonprofessional)					
2018	$ 29,201	$ 29,201	$	$ 702,216	4.16%
2017	28,969	28,969	-	691,800	4.19%
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%
Component Unit School Board (professional)					
2018	$ 1,805,165	$ 1,805,165	$ -	$ 11,333,992	15.93%
2017	1,581,020	1,581,020	-	10,982,510	14.40%
2016	1,432,522	1,432,522	-	10,301,199	13.91%
2015	1,485,208	1,485,208	-	10,326,956	14.38%
2014	1,173,584	1,173,584	-	10,093,563	11.63%
2013	1,194,413	1,194,413	-	10,239,172	11.67%
2012	601,804	601,804	-	9,646,342	6.24%
2011	387,595	387,595	-	9,825,499	3.94%
2010	641,116	641,116	-	7,277,136	8.81%
2009	939,345	939,345	-	10,671,827	8.80%

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

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

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

Largest 10 – Non-Hazardous Duty:

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

Largest 10 – Hazardous Duty:

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

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

Exhibit 17

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2017	0.02202%	$ 331,000	$ 4,062,369	8.15%	48.86%
Component Unit School Board (nonprofessional):					
2017	0.00375%	$ 56,000	$ 691,800	8.09%	48.86%
Component Unit School Board (professional):					
2017	0.05954%	$ 896,000	$ 10,982,510	8.16%	48.86%

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

Exhibit 18

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government:					
2018	$ 20,402	$ 20,402	$ -	$ 3,923,417	0.52%
2017	21,124	21,124	-	4,062,369	0.52%
2016	19,285	19,285	-	4,017,722	0.48%
2015	19,350	19,350	-	4,031,328	0.48%
2014	19,134	19,134	-	3,986,265	0.48%
2013	18,656	18,656	-	3,886,750	0.48%
2012	10,890	10,890	-	3,889,123	0.28%
2011	11,464	11,464	-	4,094,160	0.28%
2010	8,361	8,361	-	3,096,759	0.27%
2009	10,874	10,874	-	4,027,271	0.27%
Component Unit School Board (nonprofessional):					
2018	$ 3,652	$ 3,652	$ -	$ 702,216	0.52%
2017	3,597	3,597	-	691,800	0.52%
2016	3,279	3,279	-	683,214	0.48%
2015	3,294	3,294	-	686,311	0.48%
2014	3,334	3,334	-	694,598	0.48%
2013	3,452	3,452	-	719,064	0.48%
2012	1,901	1,901	-	678,924	0.28%
2011	1,919	1,919	-	685,251	0.28%
2010	1,386	1,386	-	513,288	0.27%
2009	1,860	1,860	-	689,043	0.27%
Component Unit School Board (professional):					
2018	$ 58,937	$ 58,937	$ -	$ 11,333,992	0.52%
2017	57,109	57,109	-	10,982,510	0.52%
2016	49,446	49,446	-	10,301,199	0.48%
2015	49,569	49,569	-	10,326,956	0.48%
2014	48,449	48,449	-	10,093,563	0.48%
2013	49,148	49,148	-	10,239,172	0.48%
2012	27,010	27,010	-	9,646,342	0.28%
2011	27,511	27,511	-	9,825,499	0.28%
2010	19,648	19,648	-	7,277,136	0.27%
2009	28,814	28,814	-	10,671,827	0.27%

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

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

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

General State Employees

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

Teachers

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

SPORS Employees

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

VaLORS Employees

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

County of Appomattox, Virginia

Notes to Required Supplementary Information

Group Life Insurance Program

For the Year Ended June 30, 2018

JRS Employees

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Exhibit 20

County of Appomattox, Virginia
Schedule of Changes in the Component Unit School Board (nonprofessional)'s Net OPEB Liability and Related Ratios
Health Insurance Credit Program (HIC)
For the Year Ended June 30, 2018

		2017
Total HIC OPEB Liability		
Service cost	$	1,437
Interest		4,093
Changes of assumptions		(2,766)
Benefit payments		(2,127)
Net change in total HIC OPEB liability	$	637
Total HIC OPEB Liability - beginning		59,531
Total HIC OPEB Liability - ending (a)	$	60,168
Plan fiduciary net position		
Contributions - employer	$	3,183
Net investment income		4,035
Benefit payments		(2,127)
Administrative expense		(66)
Other		200
Net change in plan fiduciary net position	$	5,225
Plan fiduciary net position - beginning		34,258
Plan fiduciary net position - ending (b)	$	39,483
School Division's net HIC OPEB liability - ending (a) - (b)	$	20,685
Plan fiduciary net position as a percentage of the total HIC OPEB liability		65.62%
Covered payroll	$	691,800
School Division's net HIC OPEB liability as a percentage of covered payroll		2.99%

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

Exhibit 21

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2018	$ 3,230	$ 3,230	$ -	$ 702,216	0.46%
2017	3,182	3,182	-	691,800	0.46%
2016	2,733	2,733	-	683,214	0.40%
2015	2,745	2,745	-	686,311	0.40%
2014	3,473	3,473	-	694,598	0.50%
2013	3,595	3,595	-	719,064	0.50%
2012	3,734	3,734	-	678,924	0.55%
2011	3,769	3,769	-	685,251	0.55%
2010	7,121	7,121	-	684,751	1.04%
2009	7,166	7,166	-	689,043	1.04%

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

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Exhibit 23

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2017	0.13916%	$ 1,765,000	$ 10,982,510	16.07%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However,

Exhibit 24

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2018	$ 139,357	$ 139,357	$ -	$ 11,329,816	1.23%
2017	121,906	121,906	-	10,982,510	1.11%
2016	109,193	109,193	-	10,301,199	1.06%
2015	109,466	109,466	-	10,326,956	1.06%
2014	112,039	112,039	-	10,093,563	1.11%
2013	113,705	113,705	-	10,243,682	1.11%
2012	57,878	57,878	-	9,646,342	0.60%
2011	59,175	59,175	-	9,862,465	0.60%
2010	75,682	75,682	-	7,277,136	1.04%
2009	115,152	115,152	-	10,662,258	1.08%

County of Appomattox, Virginia

Notes to Required Supplementary Information

Teacher Health Insurance Credit Program (HIC)

For the Year Ended June 30, 2018

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

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

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

Exhibit 26

County of Appomattox, Virginia

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios

Primary Government

For the Year Ended June 30, 2018

		2018
Total OPEB liability		
Service cost	$	15,344
Interest		14,042
Changes in assumptions		(7,559)
Benefit payments		(35,237)
Net change in total OPEB liability	$	(13,410)
Total OPEB liability - beginning		394,345
Total OPEB liability - ending	$	380,935
Covered payroll	$	3,346,229
County's total OPEB liability (asset) as a percentage of covered-employee or covered payroll		11.38%

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

Exhibit 27

County of Appomattox, Virginia

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios

Component Unit School Board

For the Year Ended June 30, 2018

		2018
Total OPEB liability		
Service cost	$	64,290
Interest		36,560
Changes in assumptions		(23,861)
Benefit payments		(69,314)
Net change in total OPEB liability	$	7,675
Total OPEB liability - beginning		991,309
Total OPEB liability - ending	$	998,984
Covered payroll	$	10,522,346
School Board's total OPEB liability (asset) as a percentage of covered-employee or covered payroll		9.49%

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

County of Appomattox, Virginia

Notes to Required Supplementary Information - Primary Government

For the Year Ended June 30, 2018

Valuation Date: 7/1/2017

Measurement Date: 6/30/2018

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.58% per year as of June 30, 2017; 3.87% per year as of June 30, 2018
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 3.50% graded down to 4.10% by 2073
Salary Increase Rates	The salary increase rate was 2.50% per annum
Retirement Age	The average age of retirement is 65
Mortality Rates	The mortality rates for pre-retirement participants was calculated using the RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males and females setback 1 year. The mortality rates for active and healthy retirees was calculated using the RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; female's setback 1 year with 1.5% increase compounded from ages 70 to 85. The mortality rates for disabled retirees was calculated using the RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

Valuation Date: 7/1/2017

Measurement Date: 6/30/2018

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.58% per year as of June 30, 2017; 3.87% per year as of June 30, 2018
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.70% graded down to 4.30% by 2074
Salary Increase Rates	The salary increase rate was 2.50% per annum
Retirement Age	The average age of retirement is 65
Mortality Rates	The mortality rates for pre-retirement participants was calculated using the RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020. The mortality rates for active and healthy retirees was calculated using the RP-2014 Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 65 to 90; female's setback 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90. The mortality rates for disabled retirees was calculated using the RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

OTHER SUPPLEMENTARY INFORMATION

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COMBINING AND INDIVIDUAL FUND FINANCIAL

STATEMENTS AND SCHEDULES

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Exhibit 30

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, 2018

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Transfers out	$ -	$ -	$ (149,852)	$ (149,852)
Total other financing sources (uses)	$ -	$ -	$ (149,852)	$ (149,852)
Net change in fund balances	$ -	$ -	$ (149,852)	$ (149,852)
Fund balances - beginning	-	-	3,420,990	3,420,990
Fund balances - ending	$ -	$ -	$ 3,271,138	$ 3,271,138

Exhibit 31

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, 2018

	County Special Revenue Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for services	$ -	$ -	$ 34,038	$ 34,038
Miscellaneous	-	-	178	178
Intergovernmental:				
Commonwealth	-	-	66,680	66,680
Federal	-	-	2,858	2,858
Total revenues	$ -	$ -	$ 103,754	$ 103,754
EXPENDITURES				
Current:				
Public safety	$ -	$ -	$ 30,798	$ (30,798)
Total expenditures	$ -	$ -	$ 30,798	$ (30,798)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ 72,956	$ 72,956
OTHER FINANCING SOURCES (USES)				
Transfers out	$ -	$ -	$ (117,603)	$ (117,603)
Total other financing sources (uses)	$ -	$ -	$ (117,603)	$ (117,603)
Net change in fund balances	$ -	$ -	$ (44,647)	$ (44,647)
Fund balances - beginning	-	-	903,338	903,338
Fund balances - ending	$ -	$ -	$ 858,691	$ 858,691

Exhibit 32

County of Appomattox, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Agency Funds		
	Special Welfare	Sheriff Drug	Total
ASSETS			
Cash and cash equivalents	$ 10,645	$ 2,921	$ 13,566
Total assets	$ 10,645	$ 2,921	$ 13,566
LIABILITIES			
Amounts held for social services clients	$ 10,645	$ -	$ 10,645
Amounts held for others	-	2,921	2,921
Total liabilities	$ 10,645	$ 2,921	$ 13,566

Exhibit 33

County of Appomattox, Virginia
Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2018

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare:				
Assets:				
Cash and cash equivalents	$ 12,767	$ 3,081	$ 5,203	$ 10,645
Liabilities:				
Amounts held for social services clients	$ 12,767	$ 3,081	$ 5,203	$ 10,645
Sheriff Drug:				
Assets:				
Cash and cash equivalents	$ 5,182	$ 3,000	$ 5,261	$ 2,921
Liabilities:				
Amounts held for others	$ 5,182	$ 3,000	$ 5,261	$ 2,921
Courtland Park:				
Assets:				
Cash and cash equivalents	$ 167,300	$ 39,933	$ 207,233	$ -
Liabilities:				
Amounts held for others	$ 167,300	$ 39,933	$ 207,233	$ -
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	$ 185,249	$ 46,014	$ 217,697	$ 13,566
Liabilities:				
Amounts held for others	$ 172,482	$ 42,933	$ 212,494	$ 2,921
Amounts held for social services clients	12,767	3,081	5,203	10,645
Total liabilities	$ 185,249	$ 46,014	$ 217,697	$ 13,566

DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD

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Exhibit 34

County of Appomattox, Virginia
Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
June 30, 2018

	School Operating Fund	School Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 1,906,411	$ 1,171,453	$ 3,077,864
Cash in custody of others	-	4,000	4,000
Receivables (net of allowance for uncollectibles):			
Accounts receivable	9,956	-	9,956
Due from other funds	71,961	-	71,961
Due from other governmental units	688,387	-	688,387
Total assets	$ 2,676,715	$ 1,175,453	$ 3,852,168
LIABILITIES			
Accounts payable	$ 36,723	$ -	$ 36,723
Accrued liabilities	1,904,411	-	1,904,411
Due to other funds	-	71,961	71,961
Due to other governmental units	733,581	-	733,581
Total liabilities	$ 2,674,715	$ 71,961	$ 2,746,676
FUND BALANCES			
Committed	$ -	$ 1,103,492	$ 1,103,492
Unassigned	2,000	-	2,000
Total fund balances	$ 2,000	$ 1,103,492	$ 1,105,492

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

Total fund balances per above		$ 1,105,492
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	$ 25,599,032	
Accumulated depreciation	(13,749,750)	11,849,282
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Net pension asset		207,288
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	$ 2,571,302	
OPEB related items	282,176	2,853,478
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	$ (17,087,000)	
Net OPEB liabilities	(3,736,669)	(20,823,669)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (2,445,288)	
OPEB related items	(151,707)	(2,596,995)
Net position of governmental activities		$ (7,405,124)

Exhibit 35

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, 2018

	School Operating Fund	School Special Revenue Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	$ 11,177	$ -	$ 11,177
Charges for services	57,510	286,875	344,385
Miscellaneous	174,166	-	174,166
Recovered costs	22,756	-	22,756
Intergovernmental:			
Local government	5,610,690	10,859	5,621,549
Commonwealth	14,640,393	28,507	14,668,900
Federal	1,283,928	734,144	2,018,072
Total revenues	$ 21,800,620	$ 1,060,385	$ 22,861,005
EXPENDITURES			
Current:			
Education	$ 21,931,689	$ 1,001,262	$ 22,932,951
Total expenditures	$ 21,931,689	$ 1,001,262	$ 22,932,951
Excess (deficiency) of revenues over (under) expenditures	$ (131,069)	$ 59,123	$ (71,946)
OTHER FINANCING SOURCES (USES)			
Transfers in	$ -	$ 150,000	$ 150,000
Transfers out	(150,000)	-	(150,000)
Total other financing sources (uses)	$ (150,000)	$ 150,000	$ -
Net change in fund balances	$ (281,069)	$ 209,123	$ (71,946)
Fund balances - beginning	283,069	894,369	1,177,438
Fund balances - ending	$ 2,000	$ 1,103,492	$ 1,105,492

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		$ (71,946)
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	$ 417,942	
Jointly owned asset allocation	627,995	
Depreciation expense	(842,057)	203,880
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.		
Pension expense	$ 700,137	
OPEB expense	7,199	707,336
Change in net position of governmental activities		$ 839,270

Exhibit 36

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, 2018

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ 5,000	$ 5,000	$ 11,177	$ 6,177
Charges for services	65,995	65,995	57,510	(8,485)
Miscellaneous	132,500	303,734	174,166	(129,568)
Recovered costs	30,000	30,000	22,756	(7,244)
Intergovernmental:				
Local government	5,966,215	5,966,215	5,610,690	(355,525)
Commonwealth	14,674,955	14,756,855	14,640,393	(116,462)
Federal	1,100,000	1,100,000	1,283,928	183,928
Total revenues	$ 21,974,665	$ 22,227,799	$ 21,800,620	$ (427,179)
EXPENDITURES				
Current:				
Education	$ 21,974,665	$ 22,508,868	$ 21,931,689	$ 577,179
Total expenditures	$ 21,974,665	$ 22,508,868	$ 21,931,689	$ 577,179
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (281,069)	$ (131,069)	$ 150,000
OTHER FINANCING SOURCES (USES)				
Transfers out	$ -	$ -	$ (150,000)	$ (150,000)
Total other financing sources (uses)	$ -	$ -	$ (150,000)	$ (150,000)
Net change in fund balances	$ -	$ (281,069)	$ (281,069)	$ -
Fund balances - beginning	-	281,069	283,069	2,000
Fund balances - ending	$ -	$ -	$ 2,000	$ 2,000

Exhibit 37

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, 2018

	School Special Revenue Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for services	$ 238,499	$ 238,499	$ 286,875	$ 48,376
Intergovernmental:				
Local government	-	-	10,859	10,859
Commonwealth	15,678	15,678	28,507	12,829
Federal	645,823	711,314	734,144	22,830
Total revenues	$ 900,000	$ 965,491	$ 1,060,385	$ 94,894
EXPENDITURES				
Current:				
Education	$ 1,396,370	$ 1,461,861	$ 1,001,262	$ 460,599
Total expenditures	$ 1,396,370	$ 1,461,861	$ 1,001,262	$ 460,599
Excess (deficiency) of revenues over (under) expenditures	$ (496,370)	$ (496,370)	$ 59,123	$ 555,493
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 150,000	$ 150,000
Total other financing sources (uses)	$ -	$ -	$ 150,000	$ 150,000
Net change in fund balances	$ (496,370)	$ (496,370)	$ 209,123	$ 705,493
Fund balances - beginning	496,370	496,370	894,369	397,999
Fund balances - ending	$ -	$ -	$ 1,103,492	$ 1,103,492

DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY

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Exhibit 38

County of Appomattox, Virginia
Statement of Net Position
Discretely Presented Component Unit-Economic Development Authority
June 30, 2018

ASSETS		
Current assets:		
Cash and cash equivalents	$	169,382
Noncurrent assets:		
Capital assets:		
Land	$	1,381,873
Infrastructure		1,917,079
Accumulated depreciation		(816,135)
Total capital assets	$	2,482,817
Total noncurrent assets	$	2,482,817
Total assets	$	2,652,199
NET POSITION		
Investment in capital assets	$	2,482,817
Unrestricted		169,382
Total net position	$	2,652,199

Exhibit 39

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, 2018

OPERATING REVENUES		
Charges for services:		
Rent	$	15,655
Contributions from local governments		25,000
Miscellaneous		10,411
Total operating revenues	$	51,066
OPERATING EXPENSES		
Other supplies and expenses	$	34,886
EDA grant		25,000
Tobacco grant		80,000
Depreciation		52,118
Total operating expenses	$	192,004
Operating income (loss)	$	(140,938)
NONOPERATING REVENUES (EXPENSES)		
Investment income	$	409
Tobacco grant		105,000
Total nonoperating revenues (expenses)	$	105,409
Change in net position	$	(35,529)
Total net position - beginning		2,687,728
Total net position - ending	$	2,652,199

Exhibit 40

County of Appomattox, Virginia
Statement of Cash Flows
Discretely Presented Component Unit-Economic Development Authority
For the Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$	51,066
Payments for operating activities		(139,886)
Net cash provided by (used for) operating activities	$	(88,820)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Tobacco grant	$	105,000
Net cash provided by (used for) noncapital financing activities	$	105,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	$	409
Net cash provided by (used for) investing activities	$	409
Net increase (decrease) in cash and cash equivalents	$	16,589
Cash and cash equivalents - beginning		152,793
Cash and cash equivalents - ending	$	169,382
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$	(140,938)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation		52,118
Total adjustments	$	52,118
Net cash provided by (used for) operating activities	$	(88,820)

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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, 2018

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 8,445,813	$ 8,445,813	$ 8,570,461	$ 124,648
Real and personal public service corporation taxes	770,654	770,654	763,422	(7,232)
Personal property taxes	3,251,807	3,251,807	5,149,014	1,897,207
Machinery and tools taxes	51,603	51,603	79,440	27,837
Merchant's capital taxes	135,544	135,544	193,242	57,698
Penalties	130,000	130,000	188,107	58,107
Interest	95,000	95,000	141,920	46,920
Total general property taxes	$ 12,880,421	$ 12,880,421	$ 15,085,606	$ 2,205,185
Other local taxes:				
Local sales and use taxes	$ 1,300,000	$ 1,300,000	$ 1,259,794	$ (40,206)
Consumers' utility taxes	360,000	360,000	361,227	1,227
Consumption tax	43,000	43,000	53,515	10,515
Gross receipts	9,000	9,000	13,897	4,897
Motor vehicle licenses	476,000	476,000	451,540	(24,460)
Taxes on recordation and wills	83,000	83,000	95,771	12,771
Hotel and motel room taxes	5,000	5,000	5,935	935
Total other local taxes	$ 2,276,000	$ 2,276,000	$ 2,241,679	$ (34,321)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 5,000	$ 5,000	$ 5,043	$ 43
Permits and other licenses	67,540	67,540	85,390	17,850
Total permits, privilege fees, and regulatory licenses	$ 72,540	$ 72,540	$ 90,433	$ 17,893
Fines and forfeitures:				
Court fines and forfeitures	$ 31,000	$ 31,000	$ 35,995	$ 4,995
Total fines and forfeitures	$ 31,000	$ 31,000	$ 35,995	$ 4,995
Revenue from use of money and property:				
Revenue from use of money	$ 450	$ 450	$ 1,503	$ 1,053
Revenue from use of property	78,661	78,661	67,882	(10,779)
Total revenue from use of money and property	$ 79,111	$ 79,111	$ 69,385	$ (9,726)
Charges for services:				
Sheriff's fees	$ 794	$ 794	$ 794	$ -
Circuit court - document reproduction	-	-	86	86
Charges for Commonwealth's Attorney	900	900	1,582	682
Charges for sanitation and waste removal	93,445	93,445	70,953	(22,492)
Charges for other protection	1,600	1,600	1,929	329
Charges for recreation	35,000	35,000	11,214	(23,786)
Charges for library	14,000	14,000	13,995	(5)
Sports complex	10,000	10,000	12,339	2,339
Total charges for services	$ 155,739	$ 155,739	$ 112,892	$ (42,847)

County of Appomattox, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	$ 185,300	$ 185,300	$ 210,030	$ 24,730
Total miscellaneous	$ 185,300	$ 185,300	$ 210,030	$ 24,730
Recovered costs:				
Town recoveries	$ 106,384	$ 106,384	$ 145,796	$ 39,412
Health department	1,500	1,500	3,353	1,853
Comprehensive services and social services	2,000	2,000	24,222	22,222
Total recovered costs	$ 109,884	$ 109,884	$ 173,371	$ 63,487
Total revenue from local sources	$ 15,789,995	$ 15,789,995	$ 18,019,391	$ 2,229,396
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	$ 30,000	$ 30,000	$ 35,074	$ 5,074
EMS vehicles	15,600	15,600	16,385	785
Rolling stock tax	44,500	44,500	39,648	(4,852)
Auto rental tax	1,200	1,200	1,421	221
Additional tax on deeds	26,000	26,000	29,030	3,030
State recordation tax	30,000	30,000	30,761	761
Communications tax	560,000	560,000	515,102	(44,898)
Personal property tax relief funds	1,023,637	1,023,637	1,023,637	-
Total noncategorical aid	$ 1,730,937	$ 1,730,937	$ 1,691,058	$ (39,879)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 325,380	$ 325,380	$ 324,185	$ (1,195)
Sheriff	763,177	763,177	764,792	1,615
Commissioner of revenue	108,004	108,004	107,917	(87)
Treasurer	78,504	78,504	78,206	(298)
Registrar/electoral board	36,500	36,500	37,399	899
Clerk of the Circuit Court	178,082	178,082	189,765	11,683
Total shared expenses	$ 1,489,647	$ 1,489,647	$ 1,502,264	$ 12,617
Other categorical aid:				
Public assistance and welfare administration	$ 544,033	$ 544,033	$ 560,359	$ 16,326
Comprehensive services act	1,061,860	1,061,860	1,151,563	89,703
Fire programs fund	41,270	41,270	43,531	2,261
Library grant	42,222	42,222	38,560	(3,662)

County of Appomattox, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Department of forestry grant	$ 15,000	$ 15,000	$ 18,338	$ 3,338
Victim witness grant	58,266	58,266	14,757	(43,509)
Litter control grant	8,528	8,528	8,133	(395)
Virginia domestic violence victims fund	45,000	45,000	22,500	(22,500)
Road side clean up	15,000	15,000	13,039	(1,961)
PSAP wireless	214,000	214,000	214,976	976
Total other categorical aid	$ 2,045,179	$ 2,045,179	$ 2,085,756	$ 40,577
Total categorical aid	$ 3,534,826	$ 3,534,826	$ 3,588,020	$ 53,194
Total revenue from the Commonwealth	$ 5,265,763	$ 5,265,763	$ 5,279,078	$ 13,315
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	$ 4,000	$ 4,000	$ 4,569	$ 569
Categorical aid:				
Federal interest rate subsidy	$ 417,375	$ 417,375	$ 421,431	$ 4,056
Public assistance and welfare administration	824,223	824,223	848,956	24,733
Comprehensive services act	-	-	68,672	68,672
Victim assistance	-	-	44,270	44,270
CDBG grant funds	-	-	276,172	276,172
Transportation safety	20,171	20,171	5,735	(14,436)
Emergency management performance grant	7,500	7,500	7,500	-
Byrne JAG grant	1,100	1,100	1,100	-
Total categorical aid	$ 1,270,369	$ 1,270,369	$ 1,673,836	$ 403,467
Total revenue from the federal government	$ 1,274,369	$ 1,274,369	$ 1,678,405	$ 404,036
Total General Fund	$ 22,330,127	$ 22,330,127	$ 24,976,874	$ 2,646,747

County of Appomattox, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Fund:				
County Special Revenue Fund:				
Revenue from local sources:				
Charges for services:				
Court costs- law library	$ -	$ -	$ 3,104	$ 3,104
Courthouse security fees	-	-	25,312	25,312
Courthouse maintenance fees	-	-	5,622	5,622
Total charges for services	$ -	$ -	$ 34,038	$ 34,038
Miscellaneous:				
Miscellaneous	$ -	$ -	$ 178	$ 178
Total miscellaneous revenue	$ -	$ -	$ 178	$ 178
Total revenue from local sources	$ -	$ -	$ 34,216	$ 34,216
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Wireless grant	$ -	$ -	$ 54,829	$ 54,829
Forfeited assets	-	-	11,851	11,851
Total categorical aid	$ -	$ -	$ 66,680	$ 66,680
Total revenue from the Commonwealth	$ -	$ -	$ 66,680	$ 66,680
Revenue from the federal government:				
Categorical aid:				
Forfeited assets	$ -	$ -	$ 2,858	$ 2,858
Total categorical aid	$ -	$ -	$ 2,858	$ 2,858
Total revenue from the federal government	$ -	$ -	$ 2,858	$ 2,858
Total County Special Revenue Fund	$ -	$ -	$ 103,754	$ 103,754
Total Primary Government	$ 22,330,127	$ 22,330,127	$ 25,080,628	$ 2,750,501
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	$ 11,177	$ 6,177
Total revenue from use of money and property	$ 5,000	$ 5,000	$ 11,177	$ 6,177
Charges for services:				
Charges for education	$ 65,995	$ 65,995	$ 57,510	$ (8,485)
Total charges for services	$ 65,995	$ 65,995	$ 57,510	$ (8,485)

County of Appomattox, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	$ 132,500	$ 303,734	$ 174,166	$ (129,568)
Total miscellaneous	$ 132,500	$ 303,734	$ 174,166	$ (129,568)
Recovered costs:				
Tuition - other localities	$ 30,000	$ 30,000	$ 22,756	$ (7,244)
Total revenue from local sources	$ 233,495	$ 404,729	$ 265,609	$ (139,120)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Appomattox	$ 5,966,215	$ 5,966,215	$ 5,610,690	$ (355,525)
Total revenues from local governments	$ 5,966,215	$ 5,966,215	$ 5,610,690	$ (355,525)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	$ 2,482,303	$ 2,482,303	$ 2,355,419	$ (126,884)
Basic school aid	7,288,632	7,288,632	7,277,403	(11,229)
English as a second language	4,178	4,178	4,178	-
Gifted and talented	75,661	75,661	75,634	(27)
Remedial education	279,481	279,481	279,381	(100)
Special education	682,490	682,490	682,245	(245)
Textbook payment	169,511	169,511	169,450	(61)
ISAEP	7,859	7,859	8,294	435
Vocational education	347,421	347,421	347,297	(124)
School fringes	1,457,625	1,457,625	1,457,103	(522)
Foster children	16,436	16,436	19,839	3,403
Special education foster care	-	-	20,202	20,202
Career and technical education	17,785	17,785	37,091	19,306
Early reading intervention	37,004	37,004	43,942	6,938
Remedial Ed-Summer School	78,069	78,069	74,520	(3,549)
Homebound	10,968	10,968	12,841	1,873
VA preschool initiative payments	242,947	242,947	234,270	(8,677)
SOL Algebra readiness	32,745	32,745	30,432	(2,313)
K-3 initiative	344,431	344,431	351,809	7,378
Compensation supplement	494,353	494,353	71,062	(423,291)
Special education regional tuition	182,216	182,216	169,500	(12,716)

County of Appomattox, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
At risk payments	$ 249,992	$ 249,992	$ 252,199	$ 2,207
Technology grant	154,000	154,000	154,000	-
Supplemental lottery	-	-	423,501	423,501
Mentor teachers	2,317	2,317	2,896	579
Project graduation	3,785	3,785	3,785	-
School safety initiative	-	81,900	81,900	-
Other state aid	12,746	12,746	200	(12,546)
Total categorical aid	$ 14,674,955	$ 14,756,855	$ 14,640,393	$ (116,462)
Total revenue from the Commonwealth	$ 14,674,955	$ 14,756,855	$ 14,640,393	$ (116,462)
Revenue from the federal government:				
Categorical aid:				
Title I	$ 500,000	$ 500,000	$ 662,650	$ 162,650
Vocational education	50,000	50,000	47,757	(2,243)
Title II Part A	90,000	90,000	85,523	(4,477)
Title VIB	444,000	444,000	472,306	28,306
Preschool grant	16,000	16,000	15,692	(308)
Total categorical aid	$ 1,100,000	$ 1,100,000	$ 1,283,928	$ 183,928
Total revenue from the federal government	$ 1,100,000	$ 1,100,000	$ 1,283,928	$ 183,928
Total School Operating Fund	$ 21,974,665	$ 22,227,799	$ 21,800,620	$ (427,179)
School Special Revenue Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	$ 238,499	$ 238,499	$ 286,875	$ 48,376
Total revenue from local sources	$ 238,499	$ 238,499	$ 286,875	$ 48,376

County of Appomattox, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Special Revenue Fund: (Continued)				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Appomattox	$ -	$ -	$ 10,859	$ 10,859
Total revenues from local governments	$ -	$ -	$ 10,859	$ 10,859
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	$ 15,678	$ 15,678	$ 28,507	$ 12,829
Total revenue from the Commonwealth	$ 15,678	$ 15,678	$ 28,507	$ 12,829
Revenue from the federal government:				
Categorical aid:				
School food program grant	$ 640,500	$ 640,500	$ 663,332	$ 22,832
Equipment grant	5,323	5,323	5,321	(2)
Commodities	-	65,491	65,491	-
Total categorical aid	$ 645,823	$ 711,314	$ 734,144	$ 22,830
Total revenue from the federal government	$ 645,823	$ 711,314	$ 734,144	$ 22,830
Total School Special Revenue Fund	$ 900,000	$ 965,491	$ 1,060,385	$ 94,894
Total Discretely Presented Component Unit - School Board	$ 22,874,665	$ 23,193,290	$ 22,861,005	$ (332,285)

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

Fund, Major and Minor Expenditure Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	$ 430,992	$ 373,768	$ 162,886	$ 210,882
Total legislative	$ 430,992	$ 373,768	$ 162,886	$ 210,882
General and financial administration:				
County administrator	$ 344,916	$ 355,622	$ 346,807	$ 8,815
Legal services	79,200	79,200	62,271	16,929
Commissioner of revenue	322,494	326,821	304,926	21,895
Independent auditor	58,000	58,000	59,360	(1,360)
Treasurer	287,437	310,904	278,852	32,052
Information technology	205,869	206,213	179,088	27,125
Total general and financial administration	$ 1,297,916	$ 1,336,760	$ 1,231,304	$ 105,456
Board of elections:				
Electoral board and officials	$ 58,105	$ 58,105	$ 47,187	$ 10,918
Registrar	97,060	97,492	96,672	820
Total board of elections	$ 155,165	$ 155,597	$ 143,859	$ 11,738
Total general government administration	$ 1,884,073	$ 1,866,125	$ 1,538,049	$ 328,076
Judicial administration:				
Courts:				
Circuit court	$ 22,968	$ 23,898	$ 20,880	$ 3,018
General district court	4,473	4,473	4,422	51
Special Magistrates	1,000	1,000	114	886
Court services unit	211,487	211,425	179,483	31,942
Juvenile and domestic relations court	7,300	7,300	5,478	1,822
Sheriff	82,792	82,831	82,499	332
Witness advocate grant	58,266	60,806	57,202	3,604
VA domestic victim grant	45,001	45,001	44,752	249
Clerk of the circuit court	285,760	295,668	290,499	5,169
Total courts	$ 719,047	$ 732,402	$ 685,329	$ 47,073
Commonwealth's attorney:				
Commonwealth's attorney	$ 483,574	$ 486,163	$ 463,085	$ 23,078
Total commonwealth's attorney	$ 483,574	$ 486,163	$ 463,085	$ 23,078
Total judicial administration	$ 1,202,621	$ 1,218,565	$ 1,148,414	$ 70,151
Public safety:				
Law enforcement and traffic control:				
Sheriff	$ 1,628,420	$ 1,712,960	$ 1,634,284	$ 78,676
School resource officer	210,497	168,497	154,345	14,152
DMV traffic control grant	20,171	20,171	8,179	11,992
Total law enforcement and traffic control	$ 1,859,088	$ 1,901,628	$ 1,796,808	$ 104,820

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

Fund, Major and Minor Expenditure Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Fire department	$ 212,376	$ 214,637	$ 162,217	$ 52,420
Ambulance and rescue services	45,961	46,100	44,490	1,610
Forestry service	10,000	10,000	9,927	73
Total fire and rescue services	$ 268,337	$ 270,737	$ 216,634	$ 54,103
Correction and detention:				
Sheriff	$ 723,839	$ 723,839	$ 844,602	$ (120,763)
Total correction and detention	$ 723,839	$ 723,839	$ 844,602	$ (120,763)
Inspections:				
Building	$ 82,545	$ 82,545	$ 74,535	$ 8,010
Total inspections	$ 82,545	$ 82,545	$ 74,535	$ 8,010
Other protection:				
Animal control	$ 159,340	$ 158,734	$ 135,400	$ 23,334
E-911	905,055	1,141,946	1,031,540	110,406
Medical examiner	500	500	60	440
Total other protection	$ 1,064,895	$ 1,301,180	$ 1,167,000	$ 134,180
Total public safety	$ 3,998,704	$ 4,279,929	$ 4,099,579	$ 180,350
Public works:				
Sanitation and waste removal:				
Refuse collection	$ 849,344	$ 876,073	$ 809,542	$ 66,531
Tire security	43,274	18,393	10,152	8,241
Total sanitation and waste removal	$ 892,618	$ 894,466	$ 819,694	$ 74,772
Maintenance of general buildings and grounds:				
General properties	$ 686,884	$ 692,446	$ 498,023	$ 194,423
Total maintenance of general buildings and grounds	$ 686,884	$ 692,446	$ 498,023	$ 194,423
Total public works	$ 1,579,502	$ 1,586,912	$ 1,317,717	$ 269,195
Health and welfare:				
Health:				
Local health department	$ 120,000	$ 120,000	$ 120,000	$ -
Total health	$ 120,000	$ 120,000	$ 120,000	$ -
Mental health and mental retardation:				
Central VA Community Services	$ 41,000	$ 41,000	$ 41,000	$ -
Central VA Commission on Aging	2,500	2,500	2,500	-
Total mental health and mental retardation	$ 43,500	$ 43,500	$ 43,500	$ -

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

Fund, Major and Minor Expenditure Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	$ 1,632,012	$ 1,740,857	$ 1,607,421	$ 133,436
Comprehensive services act	1,559,182	1,774,182	1,870,805	(96,623)
Total welfare	$ 3,191,194	$ 3,515,039	$ 3,478,226	$ 36,813
Total health and welfare	$ 3,354,694	$ 3,678,539	$ 3,641,726	$ 36,813
Education:				
Other instructional costs:				
Contributions to Community College	$ 378	$ 378	$ -	$ 378
Contribution to County School Board	5,966,215	5,966,215	5,621,549	344,666
Total education	$ 5,966,593	$ 5,966,593	$ 5,621,549	$ 345,044
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	$ 181,537	$ 184,146	$ 154,572	$ 29,574
Sports complex	34,000	38,610	28,480	10,130
Total parks and recreation	$ 215,537	$ 222,756	$ 183,052	$ 39,704
Cultural enrichment:				
Contributions	$ 38,563	$ 38,563	$ 38,235	$ 328
Total cultural enrichment	$ 38,563	$ 38,563	$ 38,235	$ 328
Library:				
Public library	$ 208,913	$ 224,195	$ 215,934	$ 8,261
Total library	$ 208,913	$ 224,195	$ 215,934	$ 8,261
Total parks, recreation, and cultural	$ 463,013	$ 485,514	$ 437,221	$ 48,293
Community development:				
Planning and community development:				
Planning and zoning	$ 229,048	$ 1,164,169	$ 428,182	$ 735,987
Tourism	16,000	17,675	16,175	1,500
Economic development	87,986	135,047	64,630	70,417
Total planning and community development	$ 333,034	$ 1,316,891	$ 508,987	$ 807,904
Environmental management:				
Contribution to soil and water conservation district	$ 10,000	$ 10,000	$ 10,000	$ -
Total environmental management	$ 10,000	$ 10,000	$ 10,000	$ -

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

Fund, Major and Minor Expenditure Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Community development: (Continued)				
Cooperative extension program:				
Extension office	$ 61,996	$ 61,996	$ 56,696	$ 5,300
Total cooperative extension program	$ 61,996	$ 61,996	$ 56,696	$ 5,300
Total community development	$ 405,030	$ 1,388,887	$ 575,683	$ 813,204
Capital projects:				
County capital projects	$ 200,000	$ 610,688	$ 448,800	$ 161,888
Town/County Sewer Project	76,573	76,573	76,573	-
School capital projects	-	-	-	-
Total capital projects	$ 276,573	$ 687,261	$ 525,373	$ 161,888
Debt service:				
Principal retirement	$ 2,169,230	$ 2,169,230	$ 2,169,230	$ -
Interest and other fiscal charges	1,050,231	1,052,687	911,499	141,188
Total debt service	$ 3,219,461	$ 3,221,917	$ 3,080,729	$ 141,188
Total General Fund	$ 22,350,264	$ 24,380,242	$ 21,986,040	$ 2,394,202
Special Revenue Fund:				
County Special Revenue Fund:				
Sheriff:				
Asset forfeiture	$ -	$ -	$ 30,798	$ (30,798)
Total Sheriff	$ -	$ -	$ 30,798	$ (30,798)
Total County Special Revenue Fund	$ -	$ -	$ 30,798	$ (30,798)
Total Primary Government	$ 22,350,264	$ 24,380,242	$ 22,016,838	$ 2,363,404

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

Fund, Major and Minor Expenditure Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration, health, and attendance	$ 1,009,731	$ 1,009,731	$ 1,005,878	$ 3,853
Instruction costs	17,397,477	17,931,680	17,532,072	399,608
Pupil transportation	1,663,197	1,663,197	1,444,357	218,840
Operation and maintenance of school plant	1,904,260	1,904,260	1,949,382	(45,122)
Total education	$ 21,974,665	$ 22,508,868	$ 21,931,689	$ 577,179
Total School Operating Fund	$ 21,974,665	$ 22,508,868	$ 21,931,689	$ 577,179
School Special Revenue Fund:				
Education:				
School food services	$ 900,000	$ 900,000	$ 862,763	$ 37,237
Purchase of textbooks	496,370	496,370	73,008	423,362
Commodities	-	65,491	65,491	-
Total education	$ 1,396,370	$ 1,461,861	$ 1,001,262	$ 460,599
Total School Special Revenue Fund	$ 1,396,370	$ 1,461,861	$ 1,001,262	$ 460,599
Total Discretely Presented Component Unit - School Board	$ 23,371,035	$ 23,970,729	$ 22,932,951	$ 1,037,778

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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
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
2018	1,561,527	1,249,392	4,272,389	1,590,182	3,649,618	6,887,265	219,381	612,387	952,652	379,293	21,374,086

Table 2

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

	PROGRAM REVENUES			GENERAL REVENUES						
Fiscal Year	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	Payment from Appomattox School Board	Total
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
2018	421,579	5,331,394	-	15,449,720	2,241,679	69,385	210,208	1,695,627	-	25,419,592

Table 3

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
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
2018	1,538,049	1,148,414	4,130,377	1,317,717	3,641,726	22,932,951	437,221	575,683	3,080,729	38,802,867

(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 4

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
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
2018	15,085,606	2,241,679	90,433	35,995	80,562	491,315	384,374	196,127	23,713,993	42,320,084

(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 (1,3)	Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
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%
2018	16,435,975	15,295,308	93.06%	483,907	15,779,215	96.00%	1,617,859	9.84%

(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.
(3) Began twice per year billing for personal property in FY 2018

Table 6

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

Fiscal Year	Real Estate (1)	Mobile Homes (3)	Personal Property (1,3)	Machinery and Tools (3)	Merchant's Capital (3)	Public Utility (2) Real Estate	Public Utility (2) Personal Property	Total
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
2018	1,321,188,641	8,909,114	204,488,836	2,504,301	19,629,608	113,476,290	770,922	1,670,967,712

(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
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	$ 0.58	0.58	4.60	4.60	1.00
2014	0.600	0.58	4.60	4.60	1.00
2015	0.65	0.600	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
2018	0.65	0.65	3.35	3.35	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
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
2018	14,973	1,670,967,712	9,383,383	9,383,383	0.56%	627

(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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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, 2018, 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 26, 2018.

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 two instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002.

County of Appomattox, Virginia's Response to Findings

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 26, 2018

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

To The Honorable Members of the Board of Supervisors
County of 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, 2018. 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). 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, 2018.

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 26, 2018

County of Appomattox, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number		Federal Expenditures
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
Promoting Safe and Stable Families	93.556	0950117/0950118		$ 9,822
Temporary Assistance for Needy Families	93.558	0400117/0400118		122,141
Refugee and Entrant Assistance - State Administered Programs	93.566	0500117/0500118		179
Low-Income Home Energy Assistance	93.568	0600417/0600418		16,976
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760117/0760118		20,121
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900117/0900118		412
Foster Care - Title IV-E	93.658	1100117/1100118		212,105
Adoption Assistance	93.659	1120117/1120118		97,869
Social Services Block Grant	93.667	1000117/1000118		143,190
Chafee Foster Care Independence Program	93.674	9150117/9150118		2,291
Children's Health Insurance Program	93.767	0540117/0540118		5,265
Medical Assistance Program	93.778	1200117/1200118		145,361
Total Department of Health and Human Services				$ 775,732
Department of Agriculture:				
Pass Through Payments:				
Child Nutrition Cluster:				
Department of Agriculture:				
Food Distribution	10.555	17901-45707	$ 65,491	
Department of Education:				
National School Lunch Program	10.555	17901-40623	446,997	
Total CFDA# 10.555			$ 512,488	
School Breakfast Program	10.553	17901-40591	216,335	$ 728,823
Department of Education:				
Child Nutrition Discretionary Grants Limited Availability	10.579	20100-185002		5,321
Department of Social Services:				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	0010117/0010118		141,897
Total Department of Agriculture				$ 876,041
Department of Treasury:				
Direct Payments:				
Forfeited Assets	21.000	N/A		$ 2,857
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Services:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	13-O1142LO12		$ 1,100
Crime Victim Assistance	16.575	36001-46000		44,270
Total Department of Justice				$ 45,370
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
State and Community Highway Safety	20.600	60507-50252/51222		$ 5,735

County of Appomattox, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2018

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number		Federal Expenditures
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Services:				
Emergency Management Performance Grants	97.042	77501-52749		$ 7,500
Department of Housing and Urban Development:				
Pass Through Payments:				
Department of Housing and Community Development:				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	533005		$ 276,172
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I: Grants to Local Educational Agencies	84.010	17901-42901		$ 662,650
Special Education Cluster:				
Special Education Grants to States	84.027	17901-43071	$ 472,306	
Special Education Preschool Grants	84.173	17901-62521	15,692	487,998
Career and Technical Education: Basic Grants to States	84.048	17901-61095		47,757
Supporting Effective Instruction State Grant	84.367	17901-61480		85,523
Total Department of Education				$ 1,283,928
Total Expenditures of Federal Awards				$ 3,273,335

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, 2018

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Appomattox, Virginia under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). 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	$	1,678,405
Special Revenue Funds:		
County Special Revenue Fund		2,858
Total primary government	$	1,681,263
Component Unit - School Board:		
School Operating Fund	$	1,283,928
School Cafeteria Fund		734,144
Total component unit School Board	$	2,018,072
Total federal expenditures per basic financial statements	$	3,699,335
Less: Federal interest rate subsidy not included in Schedule of Expenditures of Federal Awards		(421,431)
Less: Payment in Lieu of Taxes		(4,569)
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	$	3,273,335

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.

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553/10.555	Child Nutrition 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

Section IV – Commonwealth of Virginia Findings and Questioned Costs

Finding 2018-001:

Financial Reporting

Criteria:

Section 15.2-2506 of the *Code of Virginia* requires that before any governing body gives final approval to its budget, the local government must hold at least one public hearing to receive the view of citizens within the local government. The governing body shall cause public notice to be given at least 7 days prior to the public hearing by publication in a newspaper of general circulation in the local government.

Condition:

The County held their public hearing on April 25, 2017 on the FY17-18 budget but did not provide 7 days of public notice to the citizens within the local gonverment. The public hearing was advertised in the Appomattox Times-Virginian on April 19, 2017.

Effect of Condition:

The citizens within the local government were not given ample notice to attend the public hearing of the FY17-18 County Budget.

Cause of Condition:

Procedures were not in place to ensure that the public hearing was advertised 7 days prior to the date of the public hearing.

Recommendation:

County management should have procedures in place to ensure that the public hearing is properly advertised in accordance with the requirements of the *Code of Virginia* .

Management's Recommendation:

The County is making corrective action for FY19.

Section IV – Commonwealth of Virginia Findings and Questioned Costs (Continued)

Finding 2018-002:

Financial Reporting

Criteria:

Section 22.1-92 of the *Code of Virginia* requires that before any School Board gives final approval to its budget for submission to the governing body, the school board must hold at least one public hearing to receive the view of citizens within the school division. The School Board shall cause public notice to be given at least 10 days prior to the public hearing by publication in a newspaper of general circulation in the School Division.

Condition:

The School Board held their public hearing on January 26, 2017 on the FY17-18 budget but did not provide 10 days of public notice to the citizens within the school division. The public hearing was advertised in the Appomattox Times-Virginian on January 18, 2017.

Effect of Condition:

The citizens within the school division were not given ample notice to attend the public hearing of the FY17-18 School Budget.

Cause of Condition:

Procedures were not in place to ensure that the public hearing was advertised 10 days prior to the date of the public hearing.

Recommendation:

School Board management should have procedures in place to ensure that the public hearing is properly advertised in accordance with the requirements of the *Code of Virginia* .

Management's Recommendation:

The School Board office is making corrective action for FY19.

There were no prior year audit findings.

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