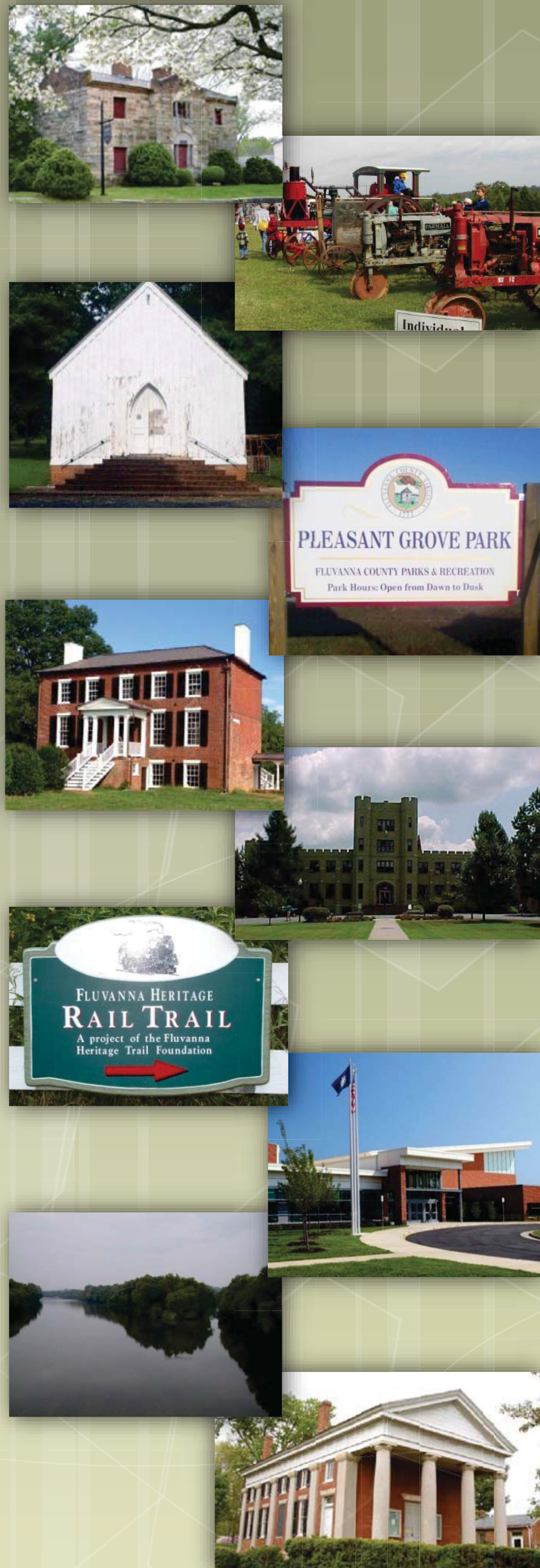

County of Fluvanna, Virginia

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018

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

COUNTY OF FLUVANNA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

Prepared By:

Department of Finance
County of Fluvanna, Virginia
Eric Dahl
Director of Finance

COUNTY OF FLUVANNA, VIRGINIA

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2018

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Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2018

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COUNTY OF FLUVANNA

"Responsive & Responsible Government"

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

November 30, 2018

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the County of Fluvanna (the "County") for the fiscal year ended June 30, 2018. The *Code of Virginia* requires that local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. This report has been prepared by the Department of Finance in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB) where applicable, and the Auditor of Public Accounts (APA).

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

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

The County's financial statements have been audited by Robinson, Farmer, Cox, Associates, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

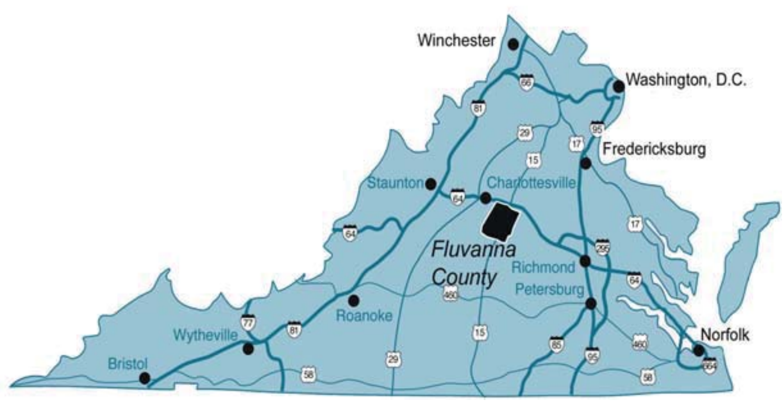
The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2018 are fairly presented in all material respects, in conformity with GAAP. The auditors' report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE COUNTY

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



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

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

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

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

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

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

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

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

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

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

The School Board administers its own appropriations within the categories defined by the Commonwealth of Virginia. The Board of Supervisors' financial accountability over the School Board is also limited to approving transfers to the education funds and authorizing school debt issuances. The Fluvanna County Public Schools is the single largest service provided by the County. The elected School Board is composed of five members who represent the five electoral districts. The School Board appoints a Superintendent to administer the policies of the School Board. The school system is comprised of one high school, one middle school, and three elementary schools. The K-12 End-of-Year Membership as of June 2018 totaled 3,465 students. The Fluvanna High School Completion Rate is 95.6% (VA On-Time Graduation Rate) with 78% of graduates seeking higher education.

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

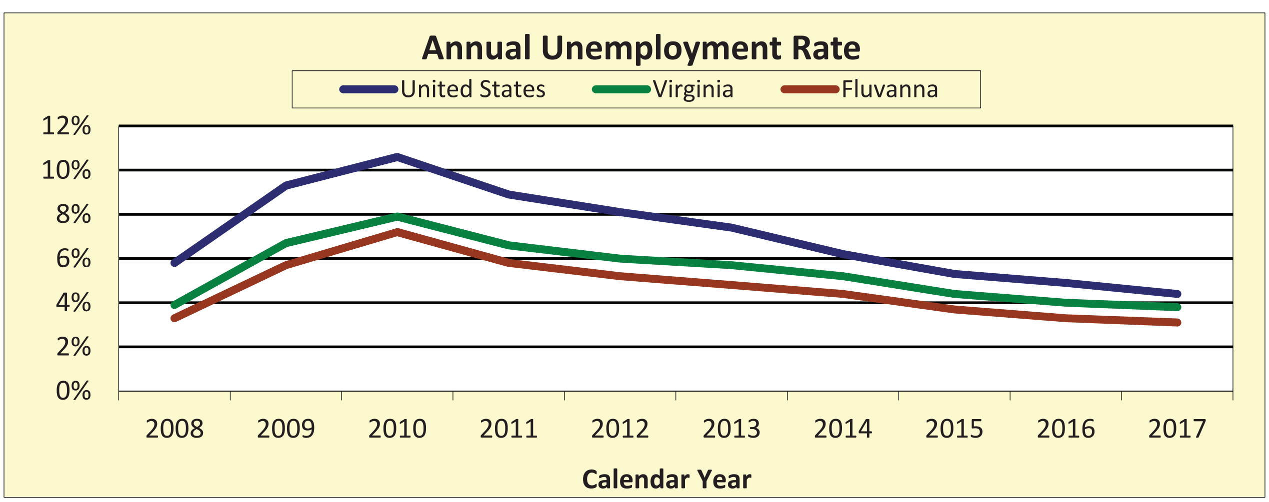
When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with 15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is monitored and reported at the department level. The budget is implemented through appropriations that the Board makes annually,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

FACTORS AFFECTING FINANCIAL CONDITION

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

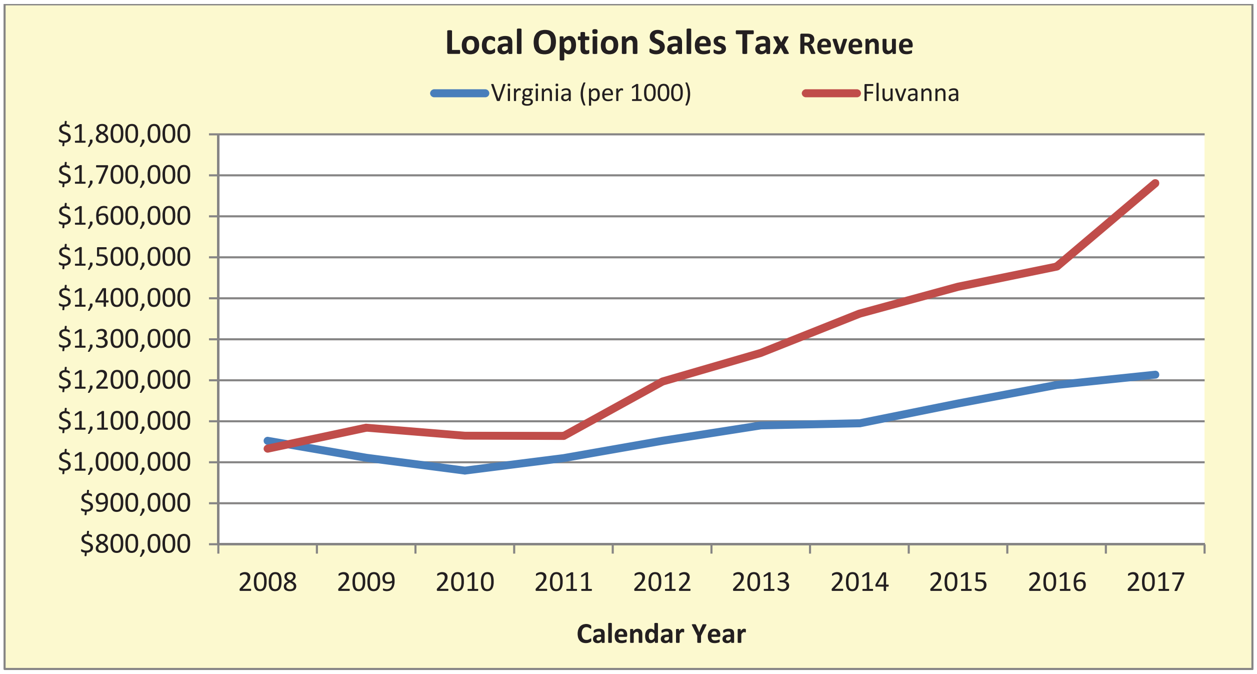
Local Economy

Based on available economic data, the annual local unemployment rate for 2017 was 3.1%, 0.2% lower than the 3.3% annual local unemployment rate for 2016. The local unemployment rate compares favorably to the state and national rate of 3.8% and 4.4%, respectively. The predominant industries are government, education, administrative and support services, health care, and retail trade. As seen in the chart below, while unemployment in Fluvanna County continues to compare favorably to the state and national numbers, unemployment remains 0.7% higher than at pre-recession levels in 2008.



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

Sales tax revenue can also be an indicator of the overall condition of the County's economy. As seen in the chart below, there has been strong growth in the Local Option Sales Tax revenue in Fluvanna County over the past seven years. The effects of the recession are seen in 2009 and 2010; however, post-recession Local Option Sales Tax revenue has increased 58.0% from 2011 to 2017. In contrast, Virginia has seen a 16.8% increase during the same time period.



Source: Virginia Department of Taxation, Revenue Forecasting – Annual

The population growth in the County has increased over the years due to competitively priced housing, a rural setting, and approximation to major urban centers, including Charlottesville and Richmond. Fluvanna County saw an increase of 28.2% in population growth between the 2000 and the 2010 census. However, population growth has moderated from the 2010 census to 2017 population estimates at a rate of 3.0%.

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

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

Financial Policies

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

MAJOR INITIATIVES

For fiscal year 2018, following the priorities established by the County of Fluvanna Board of Supervisors, and with the assistance and guidance of the County Administrator, County staff and agencies implemented and continued a number of specific projects designed to provide County residents with cost efficient government while enhancing their home and employment environment. Major initiatives begun, continued, or completed during this fiscal year are:

- The Zion Crossroads Water and Sewer system will provide water and sewer infrastructure for Fluvanna County's growth corridor from the intersection of U.S. Route 250/Route 15, going west approximately 2.5 miles on U.S. Route 250 towards Charlottesville and going south approximately 1 mile on Route 15. The Board of Supervisors has to date appropriated $775,000 from unassigned fund balance for the design of the Zion Crossroads Water and Sewer System. In August 2017, a Water and Sewer Revenue Bond was issued, providing $8.5 million in project funds. The final design was completed and approved by the Board of Supervisors in November 2017. An Invitation For Bid for construction was issued in May 2018 and all bids were received in October 2018, coming in $1.0 million below estimates. Construction is projected to begin around January 2019 and the project will take approximately 18 months to complete after construction begins.

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

- The Public Safety Emergency Communications Radio System was built to upgrade the current system, provide new equipment to all Public Safety personnel and build (1) class III self-supported lattice tower and lease additional tower space from a third-party to provide a better system for the citizens and Public Safety personnel. A contract was awarded and a lease purchase financing agreement was executed in June 2015 for $6.6 million. Toward the end of fiscal year 2016, the Board of Supervisors determined that it would be beneficial long-term for the County to build their own class III self-supported lattice towers for the communications equipment. This change will lower the overall costs long-term, by reducing the number of tower leases the County has to obtain from other tower providers in the County. This change to the project added building (3) class III self-supported lattice towers on County owned land for an additional $1.4 million. In October 2016, the Board of Supervisors refinanced the original capital lease and a new capital lease in the amount $8.2 million was issued for the entire project. This project reached substantial completion in June 2018.

- The Energy Performance Contracting process began in fiscal year 2016, which is intended to replace and enhance energy-powered equipment and appliances throughout the buildings and schools in the County. The type of projects include; HVAC replacements/upgrades, LED lighting improvements, weatherization, and control system upgrades. In addition to upgrading aging systems and equipment, the energy savings achieved will offset the ongoing debt service payments, making the project cost neutral. The Board of Supervisors and the School Board jointly awarded an Energy Performance Contract and approved a Qualified Energy Conservation Revenue Bond for the project in February 2017 through the VA Saves Green Community Program, providing $7.4 million in project funds. This project is eligible for a federal interest rate subsidy, making the effective interest rate 0.91%. The project began in April 2017 and completed June 2018.

- The Fluvanna Middle School renovation was started in fiscal year 2015 to provide much needed upgrades to the former high school. Virginia Public School Authority Bonds were issued, provided $5.1 million in project funds for a new HVAC system, roofing, new dropped ceilings, LED lighting, gymnasium flooring, bathroom renovations and other improvements. Renovations/upgrades have taken place over the summer of 2015, 2016, 2017 and was completed in July 2018.

- County and School Fiber Infrastructure Project began in fiscal year 2017, to construct a fiber infrastructure to connect all school buildings and a majority of the County buildings. This project will provide reliable connectivity and the necessary bandwidth for instruction and operation, meet federal Erate modernization bandwidth requirements, and eliminate expense of leasing connectivity between sites. Construction began in July 2017 and the project was completed June 2018.

- The Farm Heritage Museum was built at historic Pleasant Grove Park to enhance the park as a tourist designation, along with the Pleasant Grove House. The museum will display a donated collection of vintage farm equipment, to educate visitors at Pleasant Grove about the history of farming in Fluvanna from the 1800's. The project was completed in July 2018.

FUTURE BUDGET CONSIDERATIONS

For fiscal year 2019, the Board of Supervisors approved a Total Budget of $75.5 million inclusive of a General Fund budget of $50.5 million. The Board of Supervisors elected to increase the real estate tax rate from $0.907 to $0.939 per $100 of assessed value for calendar year 2018.

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

Awards and Acknowledgments

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

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

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

Respectfully submitted,

Steven M. Nichols	Eric M. Dahl
County Administrator	Deputy County Administrator/Director of Finance

COUNTY OF FLUVANNA, VIRGINIA

DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2018

Board of Supervisors

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

Constitutional Officers

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

County Administrative Officials

Steven M. Nichols .... County Administrator

School Board

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

School Administrative Officials

Chuck Winkler. .... Superintendent of Schools

Social Services Board

Kathy Brent, Chair .... Columbia District
Thomas E. Payne, Vice Chair .... Palmyra District
Linda Y. Mitchell .... Cunningham District
Deborah T. Johnson .... Fork Union District
Joe Chesser .... Rivanna District
Patricia B. Eager .... Board of Supervisor's Representative

Social Services Administrative Official

Kimberly Mabe .... Director of Social Services

Other Officials

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Fluvanna

Virginia

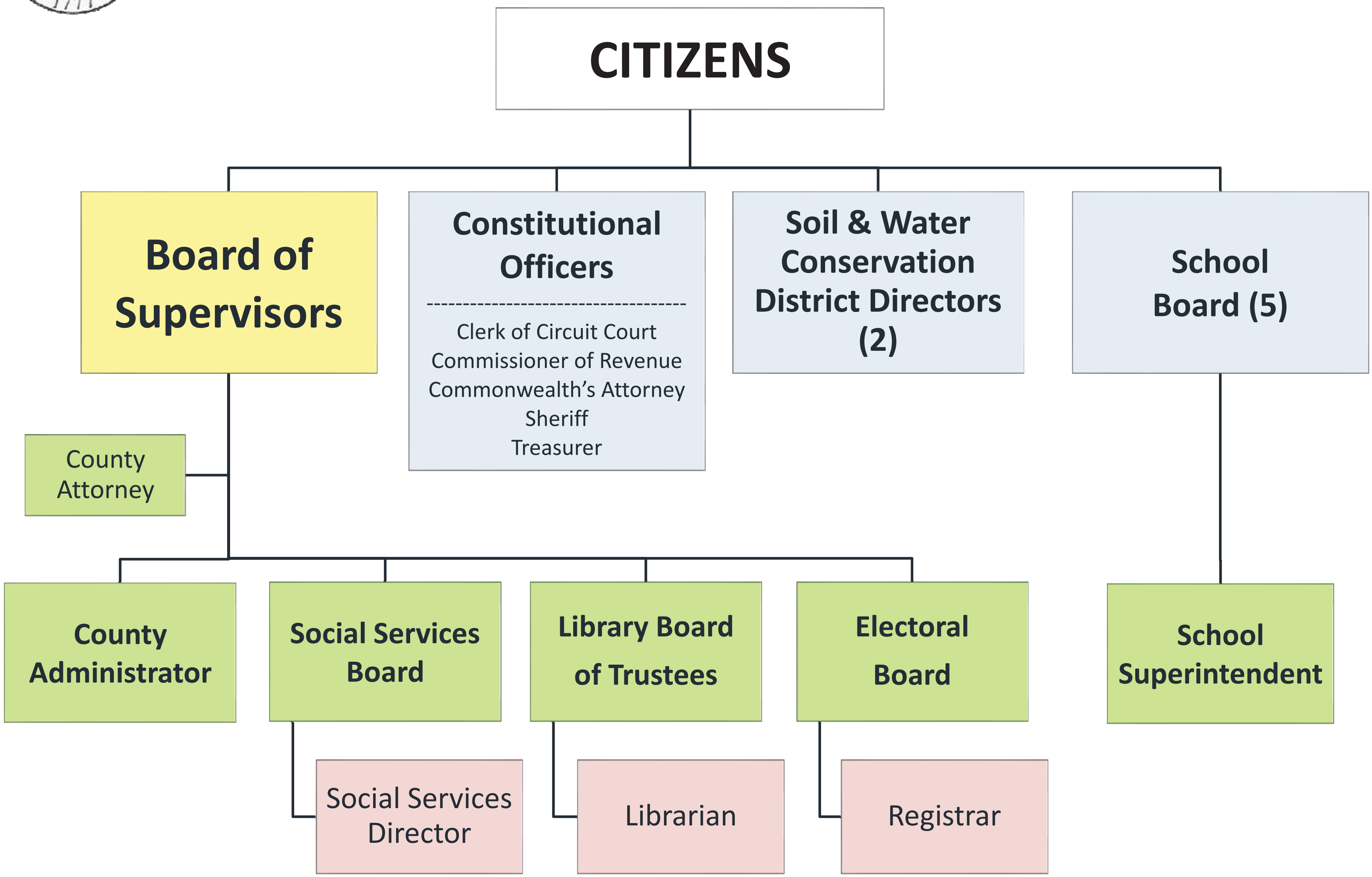
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

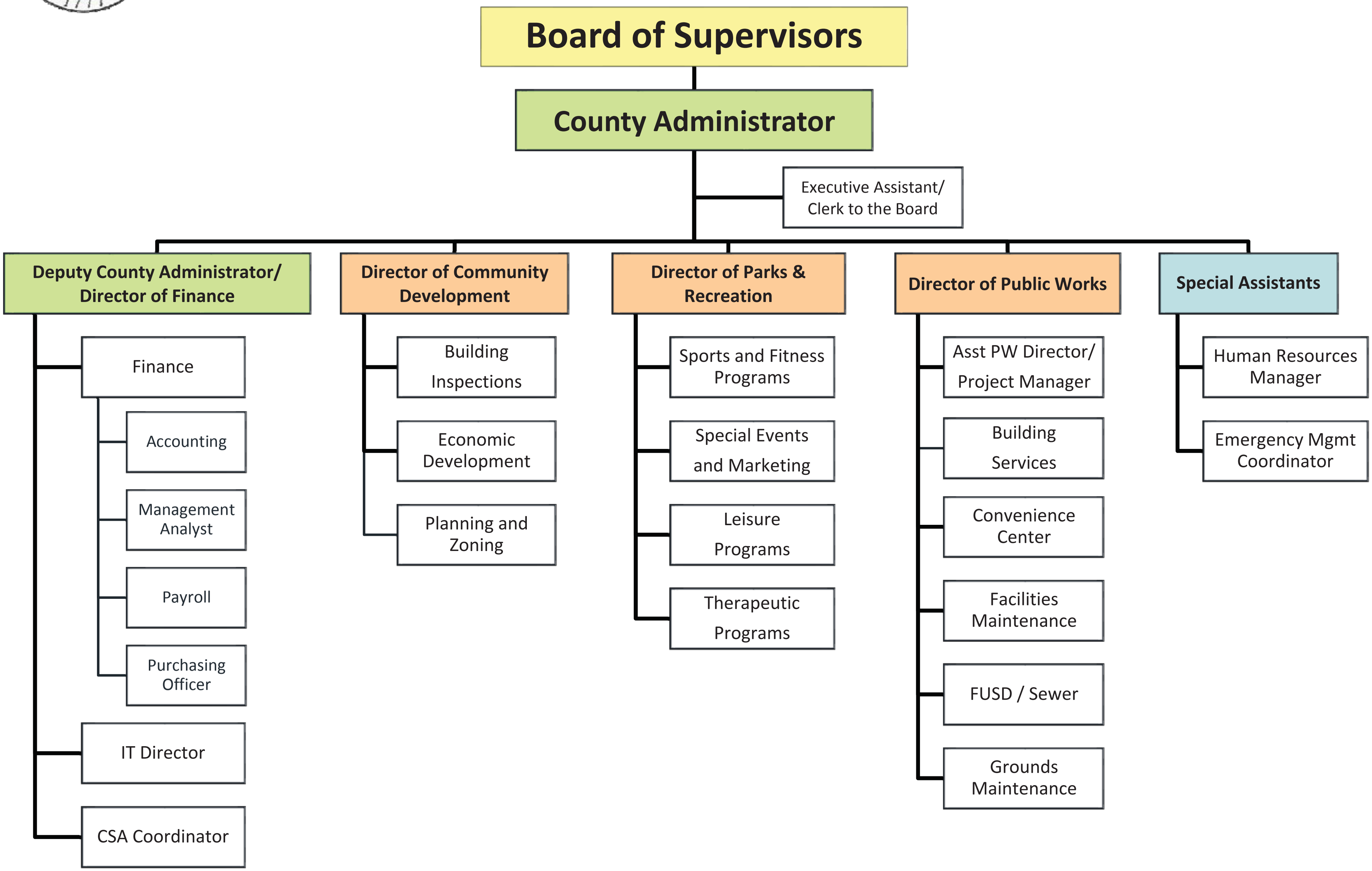
Executive Director/CEO

County Organization



County Administration Structure

Eff. Aug 2018



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Fluvanna, Virginia, as of and for the year ended June 30, 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.

Opinion**s**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fluvanna, Virginia, as of June 30, 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 20 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. The County also early implemented GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 21 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 19-28, 144, and 145-164 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, on our consideration of the County of Fluvanna, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Fluvanna, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Fluvanna, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 30, 2018

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

The management of the County of Fluvanna, Virginia presents the following discussion and analysis as an overview of the County's financial activities for the fiscal year ended June 30, 2018. We encourage readers to read this discussion and analysis in conjunction with the transmittal letter in the Introductory Section of this report, and the County's financial statements which follow this discussion and analysis.

Financial Highlights

- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $44.0 million (net position). Of this amount, $22.7 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The County's total net position decreased by $900,000, of which the governmental activities decreased by $1.7 million and business-type activities increased by $800,000.

- As of the close of fiscal year 2018, the County's governmental funds reported combined ending fund balances of $21.7 million. Approximately 66.8% of this amount ($14.5 million) is available for spending at the government's discretion (unassigned fund balance).

- At the end of the current fiscal year, unrestricted fund balance (the total of committed, assigned, and unassigned components of fund balance) for the general fund was $22.6 million, or approximately 47.7% of total general fund expenditures.

- The total long-term obligations for Primary Government decreased by $900,000 during fiscal year 2018 (Note 7). This net decrease was the result of an early redemption and retirements on existing debt, which was greater than the issuance of a water and sewer system revenue bond.

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.

Overview of the Financial Statements: (Continued)

Government-Wide Financial Statements

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

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

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

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

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

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

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

Fund Financial Statements

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

Overview of the Financial Statements: (Continued)

Fund Financial Statements: (Continued)

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

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

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

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

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

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

Government-wide Overall Financial Analysis

Statement of Net Position

Table 1 summarizes the Statement of Net Position (Exhibit 1 in the Financial Section of the CAFR) for the primary government as of June 30, 2018 and 2017.

Table 1

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

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	$ 45.4	52.0	$ 9.2	$ 0.5	$ 54.6	$ 52.5
Capital assets	103.8	107.0	5.4	4.8	109.2	111.8
Total assets	$ 149.2	$ 159.0	$ 14.6	$ 5.3	$ 163.8	$ 164.3
Total deferred outflows of resources	14.3	15.5	-	-	14.3	15.5
Long-term liablilities outstanding	$ 96.1	104.9	$ 9.1	$ 1.0	$ 105.2	$ 105.9
Other liabilities	9.7	11.2	0.6	0.2	10.3	11.4
Total liabilities	$ 105.8	$ 116.1	$ 9.7	$ 1.2	$ 115.5	$ 117.3
Total deferred inflows of resources	18.6	16.9	-	-	18.6	16.9
Net position:						
Net investment in capital assets	$ 17.5	18.5	$ 3.7	$ 3.8	$ 21.2	$ 22.3
Restricted	0.1	0.1	-	-	0.1	0.1
Unrestricted	21.5	22.9	1.2	0.3	22.7	23.2
Total net position	$ 39.1	$ 41.5	$ 4.9	$ 4.1	$ 44.0	$ 45.6

As noted earlier, net position over time may serve as a useful indicator of a County's financial position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $44.0 million at the close of the most recent fiscal year. The County's overall net position decreased $1.7 million from the prior year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

The County's investment in capital assets of $21.2 million, or 48.2% of total net position, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens, like schools, libraries, law enforcement, fire and emergency medical services. Consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets is of a permanent nature, as assets acquired are generally not sold or otherwise disposed of during their useful life).

The remaining $22.8 million balance of net position contains $22.7 million unrestricted, which may be used to meet the County's ongoing obligations to citizens and creditors, and $100,000 restricted, due to an assets liability.

Government-wide Overall Financial Analysis: (Continued)

Statement of Activities

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

Table 2

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

	Primary Government					
	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	$ 1.3	$ 1.1	$ 0.4	$ 0.4	$ 1.7	$ 1.5
Operating grants and contributions	6.1	5.7	-	-	6.1	5.7
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
General property taxes	35.1	33.7	-	-	35.1	33.7
Other local taxes	3.6	3.4	-	-	3.6	3.4
Use of money and property	0.1	0.1	0.1	-	0.2	0.1
C/VA non-categorical aid	3.9	3.9	-	-	3.9	3.9
Other general revenues	0.9	0.1	-	-	0.9	0.1
Total revenues	$ 51.0	$ 48.0	$ 0.5	$ 0.4	$ 51.5	$ 48.4
Expenses:						
General government administration	$ 2.5	$ 2.6	$ -	$ -	$ 2.5	$ 2.6
Judicial administration	1.3	1.3	-	-	1.3	1.3
Public safety	9.0	7.9	-	-	9.0	7.9
Public works	2.3	1.7	-	-	2.3	1.7
Health and welfare	6.1	6.1	-	-	6.1	6.1
Education	25.1	21.1	-	-	25.1	21.1
Parks, recreation, and cultural	0.9	0.8	-	-	0.9	0.8
Community development	0.8	0.9	-	-	0.8	0.9
Interest and other fiscal charges	3.4	3.6	-	-	3.4	3.6
Fork Union Sanitary District	-	-	0.3	0.4	0.3	0.4
Zion Crossroads Water & Sewer	-	-	0.4	-	0.4	-
Sewer	-	-	0.3	0.3	0.3	0.3
Total expenses	$ 51.4	$ 46.0	$ 1.0	$ 0.7	$ 52.4	$ 46.7
Increase in net position before transfers	$ (0.4)	$ 2.0	$ (0.5)	$ (0.3)	$ (0.9)	$ 1.7
Transfers	(1.3)	(0.3)	1.3	0.3	-	-
Increase in net position	$ (1.7)	$ 1.7	$ 0.8	$ -	$ (0.9)	$ 1.7
Net position, July 1, 2017, as restated	40.8	39.8	4.1	4.1	44.9	43.9
Net position, June 30, 2018	$ 39.1	$ 41.5	$ 4.9	$ 4.1	$ 44.0	$ 45.6

Government-wide Overall Financial Analysis: (Continued)

Statement of Activities: (Continued)

The net position for governmental activities decreased $1.7 million for the current fiscal year, for an ending balance of $39.1 million. Generally, net asset changes are the result of the difference between revenues and expenses. Total expenses exceeded revenues by $400,000 in the current fiscal year and transfers of $1.3 million further reduced the net position. Revenues for fiscal year 2018 increased by $3.0 million over the previous and the key revenue elements include:

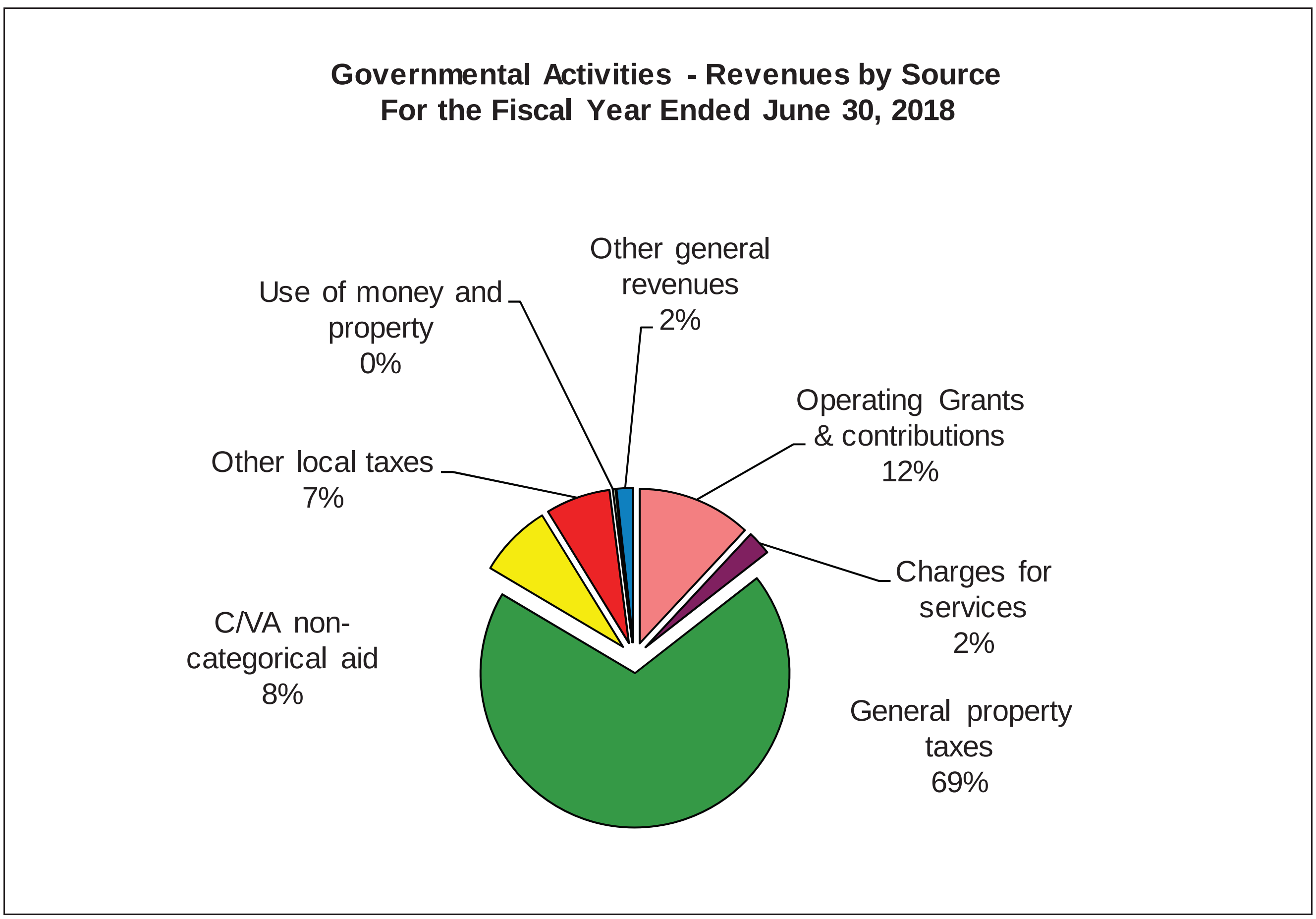
- General property taxes are the largest source of County revenue, totaling $35.1 million for fiscal year 2018, an increase of $1.4 million, or 4.2%, in comparison to fiscal year 2017. The County increased the tax rate from $0.907 to $0.939 for calendar year 2018, which resulted in higher tax levies for the second half billing for fiscal year 2018. In addition, there was a higher than anticipated collection of current and delinquent real property and personal property taxes, as well as penalties and interest.

- Other general revenues increased $800,000; $500,000 for the general fund from mostly one-time sales of surplus and $300,000 from capital project funds.

- Other local taxes increased $200,000 from the local sales and use tax.

- Charges for services increased $200,000 from the EMS cost recovery program.

- Operating grants and contributions increased $400,000, while all other remaining revenues are unchanged.



Government-wide Overall Financial Analysis: (Continued)

Statement of Activities: (Continued

For the fiscal year June 30, 2018, the expenses for governmental activities totaled $51.4 million, an increase of $5.4 million compared to the prior fiscal year. Key expense elements include:

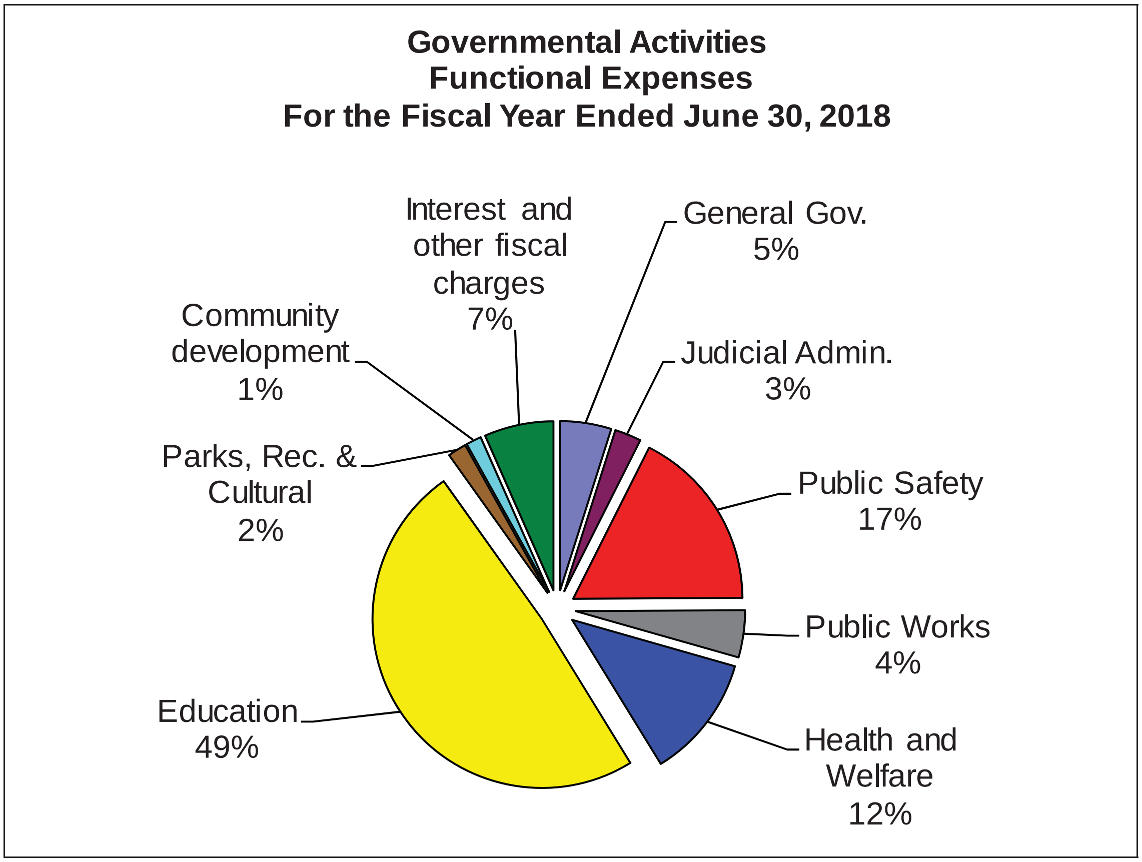
- Public Safety increased $1.1 million; $200,000 for increased Correction and Detention costs, $200,000 increase for the Sheriff from personnel costs, $300,000 to support volunteer Fire and Rescue services, and the remaining $400,000 increase from capital expenses.

- Public Works increased $600,000 as a result of increased capital expenses from the energy performance contract, for replacing and enhancing energy-powered equipment countywide.

- Education increased $4.0 million over the previous fiscal year, with a $1.2 million increase in operational expenses and a $2.8 million increase in capital expenses from the energy performance contract, for replacing and enhancing energy-powered equipment countywide.

- The remaining expenses for governmental activities reflect a $300,000 net decrease.

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



Business-Type Activities – For the County's business-type activities, the net position for the current fiscal year increased $800,000 for an ending balance of $4.9 million. The addition of the Zion Crossroads Water and Sewer enterprise fund is the reason for the change this fiscal year. Revenues increased $100,000 and expenses increased $400,000 from the previous fiscal year. A transfer from the General Fund of $1.3 million resulted in the net position increasing.

Financial Analysis of the Governmental Funds

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

Governmental Funds

At June 30, 2018, the County's governmental funds reported combined ending fund balances of $21.7 million (Exhibit 3), decreasing in comparison with the prior year by $6.4 million. Of the $21.7 million fiscal year 2018 fund balance, $78,606 is nonspendable from a note receivable; $631,597 is classified as restricted to indicate that it can only be spent for specific purposes as stipulated by external resource providers such as debt covenants; $6.1 million is classified as committed to indicate that it has been set aside for specific purposes by the County's Board of Supervisors; $369,449 is assigned to expenditures for capital outlays; and $14.5 million is unassigned or available for any purpose, but maintained at targeted levels in accordance with sound financial management practices.

The General Fund is the main operating fund of the County. The fund balance of the General Fund decreased by $1.9 million (Exhibit 4) at $20.8 million during fiscal year 2018, of which $6.1 million is committed and $14.5 million is unassigned. The excess of revenues over expenditures was $3.1 million, offset by $5.0 million of interfund transfers for the Capital Improvements Fund, Zion Crossroads Water and Sewer Fund and the Sewer Fund. General Fund revenues exceeded budget by $2.1 million; with $1.0 million coming from higher than anticipated collection of current and delinquent general property taxes, $512,317 from other local taxes and $419,827 from one-time miscellaneous revenues, primarily for sale of surplus. General Fund expenditures came in below budget by $1.6 million, with $1.2 million in savings from Public Safety, Health & Welfare and Education. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund revenues. Unassigned fund balance represents 28.8% of General Fund revenues for fiscal year 2018. The Board of Supervisors uses a policy to maintain unassigned General Fund balance at a minimum of 12% of the total General Fund revenues and component unit – school board operating revenues, reduced by the General Fund contribution. The unassigned fund balance policy minimum for June 30, 2018 is $8.7 million and the unassigned General Fund balance exceeds this policy by $5.8 million or 8.1%.

The fund balance in the Capital Projects Fund decreased by $4.4 million, to a balance of $941,526 for fiscal year 2018. This decrease resulted from expended Qualified Energy Conservation Revenue Bond proceeds during 2018, issued for the combined County and School energy project.

Proprietary Funds

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

General Fund Budgetary Highlights

General fund budget amendments resulted in a net decrease of $700,000 between the original budget and the final budget. Significant changes included:

- $1,595,735 decrease – Debt Service
  - The Literary Loan fund redemption budgeted in the general fund was transferred to the capital project fund.

- $342,094 increase – Children's Services Act
  - Anticipating costs and services associated with the Children's Services Act can be difficult and can change dramatically depending upon the type of services required. In May of fiscal year 2018, encumbered services had reached the original fiscal year 2018 budget. The average funding match is 62% state and 38% local funding. The local funding for this budget amendment was to come from unassigned fund balance. At the end of the fiscal year, actuals came in $185,432 under budget.

General Fund Budgetary Highlights: (Continued)

- $83,033 increase – Health Insurance
  - o The County changed health insurance providers and the prior provider assessed the County with an Adverse Experience Adjustment for their pro rata share, as a result of the overall insurance pool having an operating loss.

- $165,000 increase – Contribution to Component Unit School Board
  - o This request was primarily for the replacement of laptops division wide.

- $100,231 increase – Public Safety
  - o Various requests for the Sheriff's Office, E911 and Fire & Rescue

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets as of June 30, 2018 totals $109.1 million, net of accumulated depreciation. This represents a decrease of $2.8 million, or 2.5% below fiscal year 2017. Capital assets are illustrated in Table 3 below.

Table 3

($ in millions)

	Governmental Activities	Business-type Activities	Totals at June 30 2018	Totals at June 30 2017
Land and improvements	$ 2.0	$ 0.3	$ 2.3	$ 2.2
Construction in progress - jointly owned	-	-	-	7.8
Construction in progress	0.2	0.7	0.9	9.3
Subtotal, capital assets not being depreciated	$ 2.2	$ 1.0	$ 3.2	$ 19.3
Buildings and improvements	$ 33.3	$ -	$ 33.3	$ 22.6
Equipment	9.2	0.2	9.4	9.2
Infrastructure	-	7.0	7.0	7.0
Jointly owned assets	84.7	-	84.7	79.5
Subtotal, capital assets being depreciated	$ 127.2	$ 7.2	$ 134.4	$ 118.3
Less: accumulated depreciation	$ 25.7	$ 2.8	$ 28.5	$ 25.7
Net capital assets being depreciated	$ 101.5	$ 4.4	$ 105.9	$ 92.6
Capital assets, net	$ 103.7	$ 5.4	$ 109.1	$ 111.9

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

Long-term debt

Table 4 illustrates the County's outstanding debt at June 30, 2018.

Table 4

($ in millions)

	Governmental Activities	Business-type Activities	Totals at June 30 2018	Totals at June 30 2017
General obligations bonds	$ 78.2	$ -	$ 78.2	$ 83.5
Qualified energy conservation revenue bonds	7.4	-	7.4	7.7
State moral obligation bonds	2.5	-	2.5	2.8
Revenue bonds	-	8.7	8.7	1.1
Capital lease obligations	7.1	-	7.1	8.2
Total	$ 95.2	$ 8.7	$ 103.9	$ 103.3

Capital Asset and Debt Administration: (Continued)

The County has adopted two debt ratios as a management tool. The first ratio adopted limits the annual general governmental debt service to no more than 12% of total General Fund revenues. In fiscal year 2018, the County's debt service to revenue ratio was 17.5%, which increased 1.5% from the previous fiscal year. The second ratio is the net general obligation of debt to assessed value which should not exceed 3.5%. This ratio measures the relationship between County's tax-supported debts to the taxable value of property in the County. In fiscal year 2018, this ratio decreased 0.4%, to 2.8% (Table 10).

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

Economic Factors and Next Year's Budgets and Rates

Economic Factors

The annual local unemployment rate was 3.1% for calendar year 2017, which is a 0.2% improvement from 3.3% for calendar year 2016. The local unemployment rate compares favorably to the State's rate of 3.8% and national rate of 4.4% for calendar year 2017.

Fiscal Year 2019 Budget and Rates

For the fiscal year ending June 30, 2019, the adopted total budget is $77.6 million, an increase of $2.0 million from fiscal year 2018. This net increase over the previous fiscal year was primarily the result of the following:

- $1.3 million increase for County operations
    - $200,000 increase for General Government
    - $300,000 increase for Public Works
    - $300,000 increase for Health & Welfare
    - $500,000 increase for all others combined
- $700,000 increase for Capital Projects
- $1.3 million decrease for Debt Service
- $900,000 increase for Education
- $400,000 increase for Enterprise Funds

For calendar year 2018, the real estate tax rate increased from $0.907 to $0.939 per $100 of assessed value.

Key factors that are expected to impact future budgets include:

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position
At June 30, 2018

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business Type Activities	Total	School Board	Fluvanna County EDA
ASSETS					
Current Assets					
Cash and cash equivalents	$ 19,359,132	$ 635,091	$ 19,994,223	$ 1,994,464	$ 74,037
Restricted assets	572,077	8,590,524	9,162,601	-	-
Receivables (net of allowance for uncollectibles):					
Property taxes	21,759,912	-	21,759,912	-	-
Accounts receivable	430,059	20,836	450,895	32,931	-
Notes receivable	67,100	-	67,100	-	-
Prepaid expenses	11,506	-	11,506	-	-
Due from other governments	3,068,943	-	3,068,943	672,617	-
Total Current Assets	$ 45,268,729	$ 9,246,451	$ 54,515,180	$ 2,700,012	$ 74,037
Noncurrent Assets					
Net other postemployment benefit asset	$ 119,735	$ -	$ 119,735	$ 563,663	$ -
Net pension asset	$ -	$ -	$ -	$ 321,930	$ -
Capital assets (net of accumulated depreciation):					
Land	$ 1,968,230	$ 296,176	$ 2,264,406	$ 359,782	$ -
Buildings and improvements	24,714,577	1,327	24,715,904	1,874,193	-
Infrastructure	-	4,385,168	4,385,168	-	-
Equipment	2,688,459	-	2,688,459	2,765,921	-
Jointly owned assets	74,139,254	-	74,139,254	17,413,269	-
Construction in progress	258,809	744,063	1,002,872	786,830	-
Total capital assets	$ 103,769,329	$ 5,426,734	$ 109,196,063	$ 23,199,995	$ -
Total Noncurrent Assets	$ 103,889,064	$ 5,426,734	$ 109,315,798	$ 24,085,588	$ -
Total Assets	$ 149,157,793	$ 14,673,185	$ 163,830,978	$ 26,785,600	$ 74,037
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	$ 13,669,788	$ -	$ 13,669,788	$ -	$ -
OPEB deferrals	81,143	-	81,143	361,102	-
Pension deferrals	555,656	-	555,656	4,296,252	-
Total Deferred Outflows of resources	$ 14,306,587	$ -	$ 14,306,587	$ 4,657,354	$ -
Total Assets and Deferred Outflows of Resources	$ 163,464,380	$ 14,673,185	$ 178,137,565	$ 31,442,954	$ 74,037
LIABILITIES					
Current Liabilities					
Accounts payable and other current liabilities	$ 1,559,121	$ 20,320	$ 1,579,441	$ 2,336,495	$ -
Amounts held for others	248,893	-	248,893	-	-
Unearned revenue - grants	1,785	-	1,785	-	-
Accrued interest payable	1,342,060	78,478	1,420,538	-	-
Notes payable	-	67,100	67,100	-	-
Current portion of long-term obligations	6,550,173	430,462	6,980,635	181,077	-
Total Current Liabilities	$ 9,702,032	$ 596,360	$ 10,298,392	$ 2,517,572	$ -
Noncurrent Liabilities					
Noncurrent portion of long-term obligations	96,099,232	9,116,132	105,215,364	37,283,838	-
Total Liabilities	$ 105,801,264	$ 9,712,492	$ 115,513,756	$ 39,801,410	$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenues - taxes	$ 17,633,911	$ -	$ 17,633,911	$ -	$ -
Items related to measurement of net OPEB liability/asset	139,182	-	139,182	601,996	-
Items related to measurement of net pension liability/asset	785,653	-	785,653	5,125,446	-
Total Deferred Inflows of resources	$ 18,558,746	$ -	$ 18,558,746	$ 5,727,442	$ -
NET POSITION					
Net investment in capital assets	$ 17,537,769	$ 3,727,045	$ 21,264,814	$ 23,199,995	$ -
Restricted for:					
Debt service	59,520	-	59,520	-	-
Unrestricted	21,507,081	1,233,648	22,740,729	(37,285,893)	74,037
Total Net Position	$ 39,104,370	$ 4,960,693	$ 44,065,063	$ (14,085,898)	$ 74,037
Total Liabilities, Deferred Outflows of Resources, and Net Position	$ 163,464,380	$ 14,673,185	$ 178,137,565	$ 31,442,954	$ 74,037

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

COUNTY OF FLUVANNA, VIRGINIA

Statement of Activities
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	$ 2,507,323	$ -	$ 295,623	$ -
Judicial administration	1,299,463	104,064	567,736	-
Public safety	8,992,729	980,372	1,271,329	-
Public works	2,313,685	86,314	8,080	-
Health and welfare	6,065,223	-	3,627,801	-
Education	25,127,190	-	-	-
Parks, recreation, and cultural	911,313	116,745	78,938	-
Community development	749,560	-	-	-
Interest on long-term debt	3,399,682	-	207,240	-
Total governmental activities	$ 51,366,168	$ 1,287,495	$ 6,056,747	$ -
Business-type activities:				
Fork Union Sanitary District	$ 317,212	$ 371,481	$ -	$ -
Zion Crossroads Water & Sewer	389,980	-	-	-
Sewer	300,088	27,244	-	-
Total business-type activities	$ 1,007,280	$ 398,725	$ -	$ -
Total primary government	$ 52,373,448	$ 1,686,220	$ 6,056,747	$ -
COMPONENT UNITS:				
School Board	$ 40,081,668	$ 763,699	$ 22,488,431	$ -
Fluvanna County EDA	10,524	8,250	-	-
Total component units	$ 40,092,192	$ 771,949	$ 22,488,431	$ -

General revenues:
- General property taxes
- Local sales and use taxes
- Consumer utility taxes
- Motor vehicle license taxes
- Recordation taxes
- Other local taxes
- Commonwealth of Virginia non-categorical aid
- Unrestricted revenues from use of money and property
- Miscellaneous
- Contribution from county

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning, as restated

Net position - ending

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	Component Unit
Governmental Activities	Business Type Activities	Total	School Board	Fluvanna County EDA
$ (2,211,700)	$ -	$ (2,211,700)	$ -	$ -
(627,663)	-	(627,663)	-	-
(6,741,028)	-	(6,741,028)	-	-
(2,219,291)	-	(2,219,291)	-	-
(2,437,422)	-	(2,437,422)	-	-
(25,127,190)	-	(25,127,190)	-	-
(715,630)	-	(715,630)	-	-
(749,560)	-	(749,560)	-	-
(3,192,442)	-	(3,192,442)	-	-
$ (44,021,926)	$ -	$ (44,021,926)	$ -	$ -
$ -	$ 54,269	$ 54,269	$ -	$ -
-	(389,980)	(389,980)	-	-
-	(272,844)	(272,844)	-	-
$ -	$ (608,555)	$ (608,555)	$ -	$ -
$ -	$ (608,555)	$ (44,630,481)	$ -	$ -
$ -	$ -	$ -	$ (16,829,538)	$ -
-	-	-	-	(2,274)
$ -	$ -	$ -	$ (16,829,538)	$ (2,274)
$ 35,083,167	$ -	$ 35,083,167	$ -	$ -
1,783,287	-	1,783,287	-	-
455,170	-	455,170	-	-
791,162	-	791,162	-	-
398,653	-	398,653	-	-
211,345	-	211,345	-	-
3,909,452	-	3,909,452	-	-
141,043	118,705	259,748	22,701	65
882,532	-	882,532	209,739	-
-	-	-	22,498,742	1,000
(1,281,640)	1,281,640	-	-	-
$ 42,374,171	$ 1,400,345	$ 43,774,516	$ 22,731,182	$ 1,065
$ (1,647,755)	$ 791,790	$ (855,965)	$ 5,901,644	$ (1,209)
40,752,125	4,168,903	44,921,028	(19,987,542)	75,246
$ 39,104,370	$ 4,960,693	$ 44,065,063	$ (14,085,898)	$ 74,037

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Fund Financial Statements

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Balance Sheet - Governmental Funds
At June 30, 2018

	Governmental Funds: General	Governmental Funds: Capital Projects	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 18,489,236	$ 869,896	$ 19,359,132
Cash in custody of others	-	572,077	572,077
Receivables (Net of allowance for uncollectibles):			
Taxes, including penalties	21,759,912	-	21,759,912
Accounts	430,059	-	430,059
Notes receivable	67,100	-	67,100
Prepaid items	11,506	-	11,506
Due from other governmental units	3,068,943	-	3,068,943
Total assets	$ 43,826,756	$ 1,441,973	$ 45,268,729
LIABILITIES			
Accounts payable and accrued expenses	$ 1,058,674	$ 500,447	$ 1,559,121
Unearned revenue - grants	1,785	-	1,785
Amounts held for others	248,893	-	248,893
Total liabilities	$ 1,309,352	$ 500,447	$ 1,809,799
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	$ 21,743,577	$ -	$ 21,743,577
FUND BALANCES			
Nonspendable	$ 78,606	$ -	$ 78,606
Restricted	59,520	572,077	631,597
Committed	6,103,010	-	6,103,010
Assigned	-	369,449	369,449
Unassigned	14,532,691	-	14,532,691
Total fund balances	$ 20,773,827	$ 941,526	$ 21,715,353
Total liabilities, deferred inflows of resources and fund balances	$ 43,826,756	$ 1,441,973	

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

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the County as a whole.	$ 103,769,329
The net OPEB asset is not an available resource and, therefore, is not reported in the funds.	119,735
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,342,060)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues in the governmental funds and thus are not included in the fund balance.	
Unavailable revenue - property taxes	4,109,666
Items related to measurement of net pension liability/asset	(785,653)
Items related to measurement of net OPEB liability/asset	(139,182)
Deferred outflows - Pension deferrals	555,656
Deferred outflows - OPEB deferrals	81,143
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term--are reported in the statement of net position.	(88,979,617)
Net position of General Government Activities	$ 39,104,370

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

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

	Governmental Funds		
	General	Capital Projects	Total Governmental Funds
Revenues:			
General property taxes	$ 34,771,214	$ -	$ 34,771,214
Other local taxes	3,639,617	-	3,639,617
Permits, privilege fees and regulatory licenses	325,260	-	325,260
Fines and forfeitures	55,563	-	55,563
Revenue from use of money and property	103,468	37,575	141,043
Charges for services	906,672	-	906,672
Miscellaneous	568,690	313,842	882,532
Recovered costs	142,951	191,360	334,311
Intergovernmental:			
Commonwealth	8,435,417	-	8,435,417
Federal	1,530,782	-	1,530,782
Total revenues	$ 50,479,634	$ 542,777	$ 51,022,411
Expenditures:			
Current:			
General government administration	$ 2,568,564	$ 4,550	$ 2,573,114
Judicial administration	1,160,743	-	1,160,743
Public safety	7,921,285	982,850	8,904,135
Public works	2,173,731	1,424,992	3,598,723
Health and welfare	6,094,617	-	6,094,617
Education	16,905,395	4,903,282	21,808,677
Parks, recreation, and cultural	836,080	332,593	1,168,673
Community development	768,397	-	768,397
Nondepartmental	109,625	-	109,625
Debt service:			
Principal retirement	5,397,896	1,549,255	6,947,151
Interest and other fiscal charges	3,463,987	46,478	3,510,465
Total expenditures	$ 47,400,320	$ 9,244,000	$ 56,644,320
Excess (deficiency) of revenues over (under) expenditures	$ 3,079,314	$ (8,701,223)	$ (5,621,909)
Other financing sources (uses):			
Transfers in	$ -	$ 4,260,752	$ 4,260,752
Transfers (out)	(4,988,835)	-	(4,988,835)
Total other financing sources (uses)	$ (4,988,835)	$ 4,260,752	$ (728,083)
Changes in fund balances	$ (1,909,521)	$ (4,440,471)	$ (6,349,992)
Fund balances at beginning of year	22,683,348	5,381,997	28,065,345
Fund balances at end of year	$ 20,773,827	$ 941,526	$ 21,715,353

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

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

		Primary Government Governmental Funds
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds		$ (6,349,992)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following details support this adjustment.		
Capital outlay	$ 5,753,193	
Depreciation expense	(4,220,651)	1,532,542
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position		(30,723)
Transfer of joint tenancy assets from Primary Government to the Component Unit		(4,750,996)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the change in unavailable taxes.		
Unearned revenue - property taxes	$ 311,953	
(Increase) decrease in deferred inflows related to the measurement of the net OPEB liability	(139,182)	
(Increase) decrease in deferred inflows related to the measurement of the net pension liability	(638,932)	(466,161)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. A summary of items supporting this adjustment is as follows:		
Principal retired on school general obligation bonds	$ 3,710,736	
Principal retired on public facility note	355,000	
Principal retired on qualified energy conservation revenue bonds	236,000	
Principal retired on capital lease obligations	1,096,159	
Principal retired on state literary fund loans	1,549,256	
Landfill postclosure costs	27,703	6,974,854
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Change in compensated absences	$ (64,795)	
Change in net OPEB asset	92,317	
Deferred amount on refunding	(764,973)	
Amortization of bond discount	(31,697)	
Amortization of bond premium	677,558	
Change in net pension liability	1,705,934	
Change in net GLI OPEB liability	68,000	
Change in net HIC OPEB liability	6,857	
Change in deferred outflows related to pensions	(495,868)	
Change in deferred outflows related to OPEB	44,444	
Change in accrued interest payable	204,944	1,442,721
Change in net position of governmental activities		$ (1,647,755)

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

Statement of Net Position
Proprietary Funds
At June 30, 2018

	Business-Type Activities - Enterprise Funds			
	Fork Union Sanitary District	**Zion Crossroads Water & Sewer**	**Sewer**	**Totals**
ASSETS				
Current Assets				
Cash and cash equivalents	$ 118,178	$ -	$ 528,686	$ 646,864
Cash in custody of others	-	8,590,524	-	8,590,524
Accounts receivable	20,604	-	232	20,836
Total Current Assets	$ 138,782	$ 8,590,524	$ 528,918	$ 9,258,224
Noncurrent Assets				
Capital assets:				
Land and construction in progress	$ 11,736	$ 744,063	$ 284,440	$ 1,040,239
Other capital assets, net of depreciation	1,442,650	-	2,943,845	4,386,495
Total Noncurrent Assets	$ 1,454,386	$ 744,063	$ 3,228,285	$ 5,426,734
Total Assets	$ 1,593,168	$ 9,334,587	$ 3,757,203	$ 14,684,958
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	$ 18,443	$ -	$ 1,877	$ 20,320
Reconciled overdraft	-	11,773	-	11,773
Note payable	67,100	-	-	67,100
Accrued interest payable	-	78,478	-	78,478
Current portion of long-term obligations	43,483	325,542	61,437	430,462
Total Current Liabilities	$ 129,026	$ 415,793	$ 63,314	$ 608,133
Noncurrent Liabilities				
Noncurrent portion of long-term obligations	$ 390,271	$ 8,232,927	$ 492,934	$ 9,116,132
Total Liabilities	$ 519,297	$ 8,648,720	$ 556,248	$ 9,724,265
NET POSITION				
Net investment in capital assets	$ 1,038,760	$ -	$ 2,688,285	$ 3,727,045
Unrestricted	35,111	685,867	512,670	1,233,648
Total Net Position	$ 1,073,871	$ 685,867	$ 3,200,955	$ 4,960,693
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 1,593,168	$ 9,334,587	$ 3,757,203	$ 14,684,958

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

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

	Business-Type Activities - Enterprise Funds			
	Fork Union Sanitary District	Zion Crossroads Water & Sewer	Sewer	Totals
Operating revenues:				
Charges for services	$ 371,481	$ -	$ 27,244	$ 398,725
Total operating revenues	$ 371,481	$ -	$ 27,244	$ 398,725
Operating expenses:				
Personal services	$ 100,584	$ -	$ 82,648	$ 183,232
Fringe benefits	18,618	-	31,913	50,531
Contractual services	13,198	-	40,520	53,718
Other charges	77,339	-	48,392	125,731
Depreciation	87,790	-	96,615	184,405
Total operating expenses	$ 297,529	$ -	$ 300,088	$ 597,617
Operating income (loss)	$ 73,952	$ -	$ (272,844)	$ (198,892)
Nonoperating revenues (expenses):				
Interest income	$ -	$ 118,705	$ -	$ 118,705
Bond issuance cost	-	(140,761)	-	(140,761)
Interest expense	(19,683)	(249,219)	-	(268,902)
Total nonoperating revenues (expenses)	$ (19,683)	$ (271,275)	$ -	$ (290,958)
Income (loss) before contributions and transfers	$ 54,269	$ (271,275)	$ (272,844)	$ (489,850)
Capital contributions and construction grants	$ -	$ 553,557	$ -	$ 553,557
Transfers				
Transfers in	$ -	$ 403,585	$ 324,498	$ 728,083
Change in net position	$ 54,269	$ 685,867	$ 51,654	$ 791,790
Net position at beginning of year	1,019,602	-	3,149,301	4,168,903
Net position at end of year	$ 1,073,871	$ 685,867	$ 3,200,955	$ 4,960,693

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

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

	Business-Type Activities - Enterprise Funds			
	Fork Union Sanitary District	Zion Crossroads Water & Sewer	Sewer	Totals
Cash flows from operating activities:				
Receipts from customers and users	$ 367,501	$ -	$ 29,424	$ 396,925
Payments to suppliers	(85,178)	-	(88,708)	(173,886)
Payments to employees (including fringe benefits)	(140,287)	-	(115,564)	(255,851)
Net cash provided by (used for) operating activities	$ 142,036	$ -	$ (174,848)	$ (32,812)
Cash flows from noncapital financing activities:				
Transfers in	$ -	$ 403,585	$ 324,498	$ 728,083
Increase (decrease) in due to other funds	(15,033)	11,773	-	(3,260)
Net cash provided by (used for) noncapital financing activities	$ (15,033)	$ 415,358	$ 324,498	$ 724,823
Cash flows from capital and related financing activities:				
Proceeds from indebtedness	$ -	$ 8,612,579	$ -	$ 8,612,579
Construction and acquisition of capital assets	(5,095)	(190,506)	-	(195,601)
Bond issuance cost	-	(140,761)	-	(140,761)
Interest expense	(19,683)	(224,851)	-	(244,534)
Retirement of indebtedness	(39,837)	-	(60,000)	(99,837)
Net cash provided by (used for) capital and related financing activities	$ (64,615)	$ 8,056,461	$ (60,000)	$ 7,931,846
Cash flows from investing activities:				
Interest income	$ -	$ 118,705	$ -	$ 118,705
Increase (decrease) in cash and cash equivalents	$ 62,388	$ 8,590,524	89,650	$ 8,742,562
Cash and cash equivalents at beginning of year	55,790	-	439,036	494,826
Cash and cash equivalents at end of year	$ 118,178	$ 8,590,524	$ 528,686	$ 9,237,388
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ 73,952	$ -	$ (272,844)	$ (198,892)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:				
Depreciation	$ 87,790	$ -	$ 96,615	$ 184,405
Changes in operating assets, liabilities, and deferred inflows/outflows of resources:				
(Increase)/decrease in accounts receivable	(3,980)	-	2,180	(1,800)
(Increase)/decrease in deferred outflows	22,191	-	9,767	31,958
Increase/(decrease) in compensated absences	2,378	-	4,307	6,685
Increase/(decrease) in net pension liability	(42,840)	-	(14,119)	(56,959)
Increase/(decrease) in deferred inflows	(2,814)	-	(958)	(3,772)
Increase/(Decrease) in accounts payable and accrued expenses	5,359	-	204	5,563
Total adjustments	$ 68,084	$ -	$ 97,996	$ 166,080
Net cash provided by (used for) operating activities	$ 142,036	$ -	$ (174,848)	$ (32,812)
Noncash investing, capital, or Financing transactions:				
Capital Contributions	$ -	$ 553,557	$ -	$ 553,557

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

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

	Other Post - Employment Benefits Trust	Agency Fund
ASSETS		
Cash and cash equivalents	$ -	$ 171,132
Investments:		
Fixed income	428,830	
Stocks	1,102,703	
Real Estate	142,944	
Alternative investments	367,569	-
Total investments	$ 2,042,046	$ -
Total assets	$ 2,042,046	$ 171,132
LIABILITIES		
Amounts held for social services clients	$ -	$ 171,132
Total liabilities	$ -	$ 171,132
NET POSITION		
Restricted - postemployment benefits other than pensions	$ 2,042,046	$ -
Total liabilities and net position	$ 2,042,046	$ 171,132

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

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

		Other Post - Employment Benefits Trust
ADDITIONS		
Contributions:		
Employer	$	133,373
Total contributions	$	133,373
Investment income or (loss)		
Net increase in the fair market value of investments	$	178,618
Total investment earnings	$	178,618
Total additions	$	311,991
DEDUCTIONS		
Benefits	$	133,373
Administrative expenses		2,594
Total deductions	$	135,967
Change in net position	$	176,024
Net Position Restricted for Postemployment Benefits other than Pensions		
Net position - beginning		1,866,022
Net position - ending	$	2,042,046

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Statement of Net Position

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

Statement of Activities

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

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

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

Fund Financial Statements

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

Budgetary Comparison Schedules

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended component Units:

The County has no blended component units.

Discretely Presented Component Units:

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

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

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units: (Continued)

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

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

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

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

1. Governmental Funds

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

a. General Fund

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

b. Capital Projects Fund

The Capital Projects Fund (Capital Improvements) accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

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

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

2. Proprietary Funds

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

Enterprise Funds

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

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

3. Fiduciary Funds (Trust and Agency Funds)

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the accrual basis of accounting. Fiduciary funds are not included in the government-wide financial statements. The County's only Agency Fund is the Special Welfare Fund. The County's only Trust Fund is the Other Post Employment Benefits Fund.

D. Budgets and Budgetary Accounting

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

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

2. Public hearings are conducted to obtain citizen comments.

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

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

D. Budgets and Budgetary Accounting: (Continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the function level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; and the School Board is authorized to transfer budgeted amounts within the school system's categories.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund and the Capital Project Fund. The School Fund is integrated only at the level of legal adoption.

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

7. Appropriations lapse on June 30, for all County units.

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

E. Cash and Cash Equivalents

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

F. Investments

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

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

G. Receivables and Payables

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

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

G. Receivables and Payables: (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $271,869 at June 30, 2018 and is comprised of the following:

Fork Union Sanitary District	$	21,458
Sewer		8,839
Property Taxes		241,572
Total	$	271,869

Property Tax Calendar

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

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

I. Capital Assets

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

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

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

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

I. Capital Assets: (Continued)

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

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

J. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Long-term Obligations

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

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

L. Fund Balances

Financial Policies

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

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

L. Fund Balances: (Continued)

Financial Policies: (Continued)

Under GASB 54, fund balances are required to be reported according to the following classifications:

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

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

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

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

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

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

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

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

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

L. Fund Balances: (Continued)

Category	General Fund	Capital Projects Fund	Component Unit School Board Cafeteria Fund
Nonspendable:			
Prepaid Items	$ 11,506	$ -	$ -
Note Receivable	67,100	-	-
Total Nonspendable	$ 78,606	$ -	$ -
Restricted:			
Unexpended Bond Proceeds - School	$ -	$ 138,609	$ -
Unexpended Bond Proceeds - VA Saves Energy Project	-	433,468	-
USDA Debt Reserve	59,520	-	-
Total Restricted	$ 59,520	$ 572,077	$ -
Committed:			
Capital Projects:			
Historic Courthouse	$ 195,130	$ -	$ -
E911 Radio	12,208	-	-
Old HS WW treatment plant PH I-FY12	27,450	-	-
County Fiber Infrastructure	40,047	-	-
School Fiber Infrastructure	298,475	-	-
County Capital Reserve	371,737	-	-
School Capital Reserve	346,619	-	-
Schools Computer Instructional Technology and Infrastructure	461	-	-
School Board Office Renovations	198,586	-	-
Self Contained Breathing Apparatus (SCBA)	100,000	-	-
Schools Safety and Security Upgrades	5,886	-	-
Access Control Monitoring	9,519	-	-
Building Assessment	21,860	-	-
Library & Public Safety - Combined Water System	50,000	-	-
Computer Aided Dispatch/Records Management System	267,793	-	-
County VoIP Phone Equipment	144,925	-	-
Facilities Security Upgrade	4,840	-	-
Convenience Center Road & Trailer	5,325	-	-
F&R Personal Protective Equipment	4,461	-	-
F&R Apparatus and Vehicles	568,695	-	-
F&R Thermal Imaging Camera Replacement	11,279	-	-
Recoat Central WW Treatment Plant	70,000	-	-
Carysbrook School Renovation	257,910	-	-
Farm Heritage Museum	23,926	-	-
Carysbrook Softball Field	16,450	-	-
Pleasant Grove Road Paving	98,000	-	-
County Government Vehicles	18,070	-	-
Schools Floor Covering Replacement	27,378	-	-
Sheriff Reserve for Vehicles	341,836	-	-
Social Services Vehicles	10,163	-	-
School Buses	437,001	-	-
School Transportation & Facility Vehicles	105,837	-	-
FY18 Budget - Use of Fund Balance	1,716,800	-	-
Other Carryforwards	294,343	-	-
Total Committed	$ 6,103,010	$ -	$ -
Assigned:			
Other capital projects	$ -	$ 369,449	$ -
Cafeteria	-	-	363,517
Total Assigned	$ -	$ 369,449	$ 363,517
Unassigned:	$ 14,532,691	$ -	$ -
Total Fund Balance	$ 20,773,827	$ 941,526	$ 363,517

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

M. Net Position

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

N. Use of Estimates

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

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

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

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

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

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

P. Net Position Flow Assumption

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

Q. Deferred Outflows/Inflows of Resources

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

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

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

R. Pensions

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

S. Other Postemployment Benefits (OPEB)

Group Life Insurance

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

Political Subdivision and Teacher Employee Health Insurance Credit Program

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

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

Statutes authorize the County and School Board Component Unit to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). Bond proceeds subject to arbitrage rebate are invested in the State Non-Arbitrage Program (See Note 1). Capital lease proceeds are held in escrow and invested in money market funds.

Credit Risk of Debt Securities

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

The County's rated debt investments as of June 30, 2018 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

Rated Debt Investments' Values

Rated Debt Investments	Fair Value	AAAm	AA+f
Virginia Investment Pool	$ 13,597,534	$ 9,435,967	$ 4,161,567
Money Market Mutual Funds (SNAP)	9,162,601	9,162,601	-
Total	$ 22,760,135	$ 18,598,568	$ 4,161,567

NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

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

Investment Maturities (in years)		
Investment Type	**Fair Value**	**Less Than 1 Year**
Virginia Investment Pool	$ 13,597,534	$ 13,597,534
Money Market Mutual Funds (SNAP)	9,162,601	9,162,601
Total	$ 22,760,135	$ 22,760,135

Custodial Credit Risk

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

Fair Value Measurements:

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

External Investment Pool:

The fair values of the positions in the SNAP is the same as the value of the pool shares. As these pools are not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. SNAP is amortized cost basis portfolios under the provisions of GASB 79. There are no withdrawal limitations or restrictions imposed on participants.

NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS:

Receivables due from other governmental units consist of the following at June 30, 2018:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	$ 332,843	$ -
Communication tax	123,020	-
Public assistance and welfare administration	74,337	-
State sales tax	-	517,466
PPTRA	1,438,261	-
Shared expenses	156,112	-
Children's services	756,460	-
Other	26,609	44,000
Federal Government:		
School grants	-	111,151
Public assistance and welfare administration	152,781	-
Other	8,520	-
Totals	$ 3,068,943	$ 672,617

NOTE 4 - INTERFUND OBLIGATIONS/TRANSFERS:

There were no Interfund obligations at June 30, 2018.

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

Fund	Transfers In	Transfers Out
Primary Government		
General Fund	$ -	$ 4,988,835
Sewer	324,498	-
Zion Crossroads Water & Sewer	403,585	
Capital Projects Fund	4,260,752	-
Total	$ 4,988,835	$ 4,988,835

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

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

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

NOTE 6 - CAPITAL ASSETS:

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

	Beginning Balance July 1, 2017	Additions	Deletions	Ending Balance June 30, 2018
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 1,908,616	$ 69,614	$ 10,000	$ 1,968,230
Construction in progress-jointly owned assets	7,775,923	3,642,650	11,418,573	-
Construction in progress	9,351,221	2,069,843	11,162,255	258,809
Total capital assets not being depreciated	$ 19,035,760	$ 5,782,107	$ 22,590,828	$ 2,227,039
Capital assets being depreciated:				
Buildings and improvements	$ 22,614,586	$ 10,708,083	$ 21,814	$ 33,300,855
Equipment	8,975,113	425,258	181,821	9,218,550
Jointly owned assets	79,463,134	11,418,573	6,190,131	84,691,576
Total capital assets being depreciated	$ 111,052,833	$ 22,551,914	$ 6,393,766	$ 127,210,981
Less accumulated depreciation for:				
Buildings and improvements	$ 7,323,704	$ 1,263,665	$ 1,091	$ 8,586,278
Equipment	5,965,093	746,819	181,821	6,530,091
Jointly owned assets	9,781,290	2,210,167	1,439,135	10,552,322
Total accumulated depreciation	$ 23,070,087	$ 4,220,651	$ 1,622,047	$ 25,668,691
Total capital assets being depreciated, net	$ 87,982,746	$ 18,331,263	$ 4,771,719	$ 101,542,290
Governmental activities capital assets, net	$ 107,018,506	$ 24,113,370	$ 27,362,547	$ 103,769,329

Tenancy in Common – State legislation enacted in 2002, Section 15.2-1800.1 of the Code of Virginia, (1950), as amended, granted the County a tenancy in common with the School Board when the County incurs a financial obligation for school property which is payable over more than one fiscal year. For financial reporting purposes, the net book value of School capital assets financed by the County guaranteed debt is shown under the County up to the amount of outstanding debt. At June 30, 2018, the School component unit capital assets financed by the outstanding County guaranteed debt with a book value of $74,139,254 were reported in the Primary Government as tenant in common with the School Board.

NOTE 6 - CAPITAL ASSETS: (CONTINUED)

	Beginning Balance July 1, 2017	Additions	Deletions	Ending Balance June 30, 2018
Business-type Activities:				
Fork Union Sanitary District:				
Capital assets, not being depreciated:				
Land	$ 11,736	$ -	$ -	$ 11,736
Total capital assets not being depreciated	$ 11,736	$ -	$ -	$ 11,736
Capital assets being depreciated:				
Buildings and improvements	$ 18,079	$ -	$ -	$ 18,079
Infrastructure	3,100,962	5,095	-	3,106,057
Equipment	163,911	-	-	163,911
Total capital assets being depreciated	$ 3,282,952	$ 5,095	$ -	$ 3,288,047
Less accumulated depreciation for:				
Buildings and improvements	$ 16,530	$ 222	$ -	$ 16,752
Infrastructure	1,584,820	79,914	-	1,664,734
Equipment	156,257	7,654	-	163,911
Total accumulated depreciation	$ 1,757,607	$ 87,790	$ -	$ 1,845,397
Total capital assets being depreciated, net	$ 1,525,345	$ (82,695)	$ -	$ 1,442,650
Fork Union Sanitary District capital assets, net	$ 1,537,081	$ (82,695)	$ -	$ 1,454,386
Zion Crossroads Water & Sewer:				
Capital assets, not being depreciated:				
Construction in progress	$ -	$ 744,063	$ -	$ 744,063
Total capital assets not being depreciated	$ -	$ 744,063	$ -	$ 744,063
Zion Crossroads Water & Sewer capital assets, net	$ -	$ 744,063	$ -	$ 744,063

NOTE 6 - CAPITAL ASSETS: (CONTINUED)

	Beginning Balance July 1, 2017	Additions	Deletions	Ending Balance June 30, 2018
Business-type Activities: (continued)				
Sewer Fund:				
Capital assets, not being depreciated:				
Land	$ 284,440	$ -	$ -	$ 284,440
Total capital assets not being depreciated	$ 284,440	$ -	$ -	$ 284,440
Capital assets being depreciated:				
Infrastructure	$ 3,864,580	$ -	$ -	$ 3,864,580
Total capital assets being depreciated	$ 3,864,580	$ -	$ -	$ 3,864,580
Less accumulated depreciation for:				
Infrastructure	$ 824,120	$ 96,615	$ -	$ 920,735
Total accumulated depreciation	$ 824,120	$ 96,615	$ -	$ 920,735
Total capital assets being depreciated, net	$ 3,040,460	$ (96,615)	$ -	$ 2,943,845
Sewer capital assets, net	$ 3,324,900	$ (96,615)	$ -	$ 3,228,285
Business-type activities capital assets, net	$ 4,861,981	$ 564,753	$ -	$ 5,426,734

NOTE 6 - CAPITAL ASSETS: (CONTINUED)

	Beginning Balance July 1, 2017	Additions	Deletions	Ending Balance June 30, 2018
Discretely Presented Component-Unit School Board:				
Capital assets, not being depreciated:				
Land	$ 359,782	$ -	$ -	$ 359,782
Construction in progress	425,894	360,936	-	786,830
Total capital assets not being depreciated	$ 785,676	$ 360,936	$ -	$ 1,146,612
Capital assets being depreciated:				
Buildings and improvements	$ 8,887,873	$ 27,375	$ -	$ 8,915,248
Equipment	7,111,134	717,436	454,846	7,373,724
Jointly owned assets	21,929,865	6,190,131	-	28,119,996
Total capital assets being depreciated	$ 37,928,872	$ 6,934,942	$ 454,846	$ 44,408,968
Less accumulated depreciation for:				
Buildings and improvements	$ 6,183,899	$ 857,156	$ -	$ 7,041,055
Equipment	4,471,895	590,754	454,846	4,607,803
Jointly owned assets	9,267,592	1,439,135	-	10,706,727
Total accumulated depreciation	$ 19,923,386	$ 2,887,045	$ 454,846	$ 22,355,585
Total capital assets being depreciated, net	$ 18,005,486	$ 4,047,897	$ -	$ 22,053,383
School Board capital assets, net	$ 18,791,162	$ 4,408,833	$ -	$ 23,199,995

NOTE 6 - CAPITAL ASSETS: (CONTINUED)

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

Governmental Activities:		
General government administration	$	201,778
Judicial administration		187,681
Public safety		1,288,606
Public works		133,637
Health and welfare		36,380
Education		2,210,167
Parks, recreation and cultural		87,677
Community development		74,725
Total	$	4,220,651
Business-Type Activities:		
Fork Union Sanitary District	$	87,790
Sewer	$	96,615
Component Unit School Board	$	1,447,910 (1)
(1) Depreciation Expense	$	1,447,910
Accumulated depreciation on joint tenancy asset transfer		1,439,135
Total additions to accumulated depreciation	$	2,887,045

NOTE 7 - LONG-TERM OBLIGATIONS:

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

	Balance July 1, 2017 as restated	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2018	Amounts Due Within One Year
Governmental Activities:					
School general obligation bonds	$ 81,948,878	$ -	$ 3,710,736	$ 78,238,142	$ 3,846,143
Premium on general obligation bonds	5,829,454	-	592,200	5,237,254	566,242
Discount on general obligation bonds	(316,967)	-	(31,697)	(285,270)	(31,697)
Infrastructure and state moral obligation revenue bonds	2,835,000	-	355,000	2,480,000	385,000
Premium on infrastructure revenue bonds	343,951	-	85,358	258,593	72,651
Qualified energy conservation revenue bonds	7,653,740	-	236,000	7,417,740	472,812
Landfill postclosure costs	730,482	7,436	35,139	702,779	35,139
Capital leases	8,223,125	-	1,096,159	7,126,966	1,148,393
Literary fund loans	1,549,256	-	1,549,256	-	-
Net pension liability	2,067,595	2,289,162	3,995,096	361,661	-
Net OPEB liability:					
Net Group Life Insurance OPEB liability	$ 603,000	$ 24,000	$ 92,000	$ 535,000	$ -
Net Health Insurance Credit OPEB liability	28,493	3,299	10,156	21,636	-
Total net pension liability	$ 631,493	$ 27,299	$ 102,156	$ 556,636	$ -
Compensated absences	490,109	113,806	49,011	554,904	55,490
Total governmental activities	$ 111,986,116	$ 2,437,703	$ 11,774,414	$ 102,649,405	$ 6,550,173

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

	Balance July 1, 2017	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2018	Amounts Due Within One Year
Business-type Activities:					
Compensated absences	$ 25,814	$ 9,267	$ 2,581	$ 32,500	$ 3,250
Net pension liability	56,959	-	56,959	-	-
Water facilities bonds	455,463	-	39,837	415,626	41,670
Sewer system revenue bonds	600,000	-	60,000	540,000	60,000
Water and sewer system revenue bonds	-	7,715,000	-	7,715,000	250,000
Premium on revenue bonds	-	897,579	54,111	843,468	75,542
Total business-type activities	$ 1,138,236	$ 8,621,846	$ 213,488	$ 9,546,594	$ 430,462

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government

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

	General Obligation Bonds		Infrastructure and State Moral Obligation Revenue Bond	
Year	Principal	Interest	Principal	Interest
2019	$ 3,846,143	$ 2,723,148	$ 385,000	$ 114,284
2020	3,956,834	2,600,794	400,000	94,168
2021	3,973,139	2,483,111	420,000	74,631
2022	4,114,442	2,327,283	440,000	54,069
2023	4,286,073	2,151,613	205,000	37,541
2024	4,292,128	1,959,676	220,000	26,650
2025	4,458,030	1,780,723	230,000	15,119
2026	4,624,210	1,611,025	180,000	4,612
2027	4,407,143	1,443,584	-	-
2028	4,195,000	1,276,646	-	-
2029	4,340,000	1,134,003	-	-
2030	4,480,000	989,337	-	-
2031	4,240,000	817,391	-	-
2032	4,415,000	645,883	-	-
2033	4,575,000	489,720	-	-
2034	4,535,000	353,025	-	-
2035	4,675,000	214,875	-	-
2036	4,825,000	72,375	-	-
Totals	$ 78,238,142	$ 25,074,212	$ 2,480,000	$ 421,074

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

	Qualified Energy Conservation Revenue Bonds		Capital Leases		Revenue Bonds: Water Facilities Bond		Revenue Bonds: Sewer System Revenue Bond		Revenue Bonds: Water and Sewer System Revenue Bond	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 472,812	$ 278,636	$ 1,148,393	$ 87,807	$ 41,670	$ 17,850	$ 60,000	$ -	$ 250,000	$ 313,906
2020	478,320	260,184	1,163,885	72,315	43,584	15,936	60,000	-	255,000	305,866
2021	483,893	241,517	1,179,587	56,614	45,587	13,934	60,000	-	265,000	295,891
2022	489,530	222,632	1,195,500	40,701	47,681	11,839	60,000	-	280,000	283,250
2023	495,233	203,528	1,211,628	24,573	49,871	9,649	60,000	-	290,000	269,494
2024	501,002	184,201	1,227,973	8,227	52,162	7,358	60,000	-	305,000	256,147
2025	506,839	164,649	-	-	54,559	4,961	60,000	-	320,000	241,181
2026	512,744	144,869	-	-	57,065	2,455	60,000	-	335,000	225,397
2027	518,717	124,859	-	-	23,447	209	60,000	-	350,000	208,844
2028	524,760	104,615	-	-	-	-	-	-	370,000	190,394
2029	530,873	84,136	-	-	-	-	-	-	390,000	171,494
2030	537,058	63,418	-	-	-	-	-	-	410,000	153,210
2031	543,315	42,459	-	-	-	-	-	-	425,000	135,016
2032	549,644	21,255	-	-	-	-	-	-	445,000	117,184
2033	273,000	5,296	-	-	-	-	-	-	460,000	99,869
2034	-	-	-	-	-	-	-	-	480,000	81,881
2035	-	-	-	-	-	-	-	-	495,000	64,972
2036	-	-	-	-	-	-	-	-	510,000	49,269
2037	-	-	-	-	-	-	-	-	530,000	31,169
2038	-	-	-	-	-	-	-	-	550,000	10,519
Totals	$ 7,417,740	$ 2,146,254	$ 7,126,966	$ 290,237	$ 415,626	$ 84,191	$ 540,000	$ -	$ 7,715,000	$ 3,504,953

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

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Detail of Long-Term Obligations

	Amount Outstanding	Amounts Due Within One Year
Infrastructure and State Moral Obligation Revenue Bonds:		
$3,520,000 Virginia Resources Authority Infrastructure and State Moral Obligation Revenue Bonds Series 2014C, issued November 19, 2014 maturing annually in installments ranging from $180,000 to $440,000 through October 1, 2025. Interest payable semiannually at ranging 3.007% to 5.125%.	$ 2,480,000	$ 385,000
Premium on School Bonds 2014C	258,593	72,651
Total infrastructure and state moral obligation revenue bonds	$ 2,738,593	$ 457,651
School General Obligation Bonds:		
$1,000,000 Refunding School Bonds, 1999A, issued May 13, 1999, maturing annually in installments of $50,000 through July 15, 2019, interest payable semiannually at 4.1%.	$ 100,000	$ 50,000
$6,411,957 School Bonds, 2005A, issued November 10, 2005, maturing annually in installments ranging from $273,104 to $372,067 through July 15, 2025, interest payable semiannually at 5.1%.	2,804,492	329,318
$67,525,000 School Bonds, 2008A, issued December 22, 2008, maturing annually in installments ranging from $700,000 to $5,115,000 through December 1, 2018, interest payable semiannually at 5.95%.	1,855,000	1,855,000

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Detail of Long-Term Obligations: (Continued)

	Amount Outstanding	Amounts Due Within One Year
School General Obligation Bonds: (continued)		
$5,420,000 School Bonds, 2009A, issued November 13, 2009, maturing annually in installments ranging from $135,500 to $387,143 through September 15, 2026. The interest rate is 0.0%.	$ 3,563,650	$ 426,825
Discount on School Bonds 2009A	(285,270)	(31,697)
$66,120,000 School Refunding Bonds, 2012B, issued December 20, 2012, maturing annually in installments ranging from $345,000 to $4,825,000 through June 30, 2036, interest payable semiannually at ranging from 1.25% to 5.00%.	63,175,000	695,000
Premium on School Bonds 2012B	4,596,923	458,844
$3,995,000 School Bonds, 2012, issued November 15, 2012, maturing annually in installments ranging from $135,000 to $305,000 through July 15, 2032, interest payable semiannually at ranging from 2.05% to 5.05%.	2,930,000	250,000
Premium on School Bonds 2012	179,835	36,600
$4,420,000 School Bonds, 2014C, issued November 20, 2014, maturing annually in installments ranging from $170,000 to $405,000 through July 15, 2029, interest payable semiannually at ranging from 2.05% to 5.05%.	3,810,000	240,000
Premium on School Bonds 2014C	460,496	70,798
Total school general obligation bonds	$ 83,190,126	$ 4,380,688

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Detail of Long-Term Obligations: (Continued)

	Amount Outstanding	Amounts Due Within One Year
Qualified Energy Conservation Revenue Bonds:		
$7,653,740 Qualified Energy Conservation Revenue Bonds, Series 2017, issued February 28, 2017, maturing annually in installments ranging from $236,000 to $549,644 through August 1, 2032, interest payable semiannually at 3.88%.	$ 7,417,740	$ 472,812
Capital Leases:		
$8,223,125 capital lease dated October 31, 2016 maturing annually in installments ranging from $1,096,159 to $1,227,973 through September 1, 2023. Interest payable semiannually at 1.34%. Lease is for Radio Equipment.	$ 7,126,966	$ 1,148,393
Total capital leases	$ 7,126,966	$ 1,148,393
Landfill postclosure costs	$ 702,779	$ 35,139
Net pension liability	$ 361,661	$ -
Net Group Life Insurance OPEB liability	$ 535,000	$ -
Net Health Insurance Credit OPEB liability	$ 21,636	$ -
Compensated absences	$ 554,904	$ 55,490
Total Governmental Funds	$ 102,649,405	$ 6,550,173
Business-type Activities:		
Water Facilities Bond:		
$1,000,000, Series 1998-A, authorized June 25, 1998, due in monthly installments of $4,960, including principal and interest. The interest rate is 4.5% and final payment is due December 31, 2030.	$ 415,626	$ 41,670
Sewer System Revenue Bond:		
$1,200,000, Series 2006, authorized August 1, 2006, due in semi-annual installments of $30,000, principal only. The interest rate is 0.0% and final payment is due March 1, 2027.	540,000	60,000
Water and Sewer System Revenue Bond:		
$7,715,000, Series 2017B, authorized August 16, 2017, due in annual installments ranging from $250,000 to $550,000 through October 1, 2037, interest payable semiannually at ranging from 2.825% to 5.125%	7,715,000	250,000
Premium on revenue bonds	843,468	75,542
Compensated absences	32,500	3,250
Total Business-type Activities Obligations	$ 9,546,594	$ 430,462
Total Primary Government	$ 112,195,999	$ 6,980,635

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

USDA Revenue Bond

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

Component Unit School Board

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

	Balance July 1, 2017 as restated	Increases	Decreases	Balance June 30, 2018	Amounts Due Within One Year
Compensated absences	$ 1,526,662	$ 436,776	$ 152,666	$ 1,810,772	$ 181,077
Net OPEB liability:					
Net Group Life Insurance OPEB liability	$ 2,115,080	$ 15,110	$ 339,290	$ 1,790,900	$ -
Net Health Insurance Credit OPEB liability	3,226,210	246,510	324,530	3,148,190	-
Total net OPEB liability	$ 5,341,290	$ 261,620	$ 663,820	$ 4,939,090	$ -
Net pension liability	36,035,133	5,265,624	10,585,704	30,715,053	-
Total	$ 42,903,085	$ 5,964,020	$ 11,402,190	$ 37,464,915	$ 181,077

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

NOTE 8 - 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.

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

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

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENT PLAN</th></tr>
<tr><td>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.</td><td>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.</td><td>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.
• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</td></tr>
</table>

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
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. 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.	**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. 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.	**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. 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	**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

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Retirement Contributions 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** .	**Retirement Contributions** 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.
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 Contributions Component:** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

NOTE 8 - 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 Contributions 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 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS (CONTINUED)</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENT PLAN</th></tr>
<tr><td>Vesting (Cont.)</td><td>Vesting (Cont.)</td><td>Vesting (Cont.)
<u>Defined Contributions Component:</u> (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.</td></tr>
<tr><td>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.</td><td>Calculating the Benefit
See definition under Plan 1.</td><td>Calculating the Benefit
<u>Defined Benefit Component:</u>
See definition under Plan 1

<u>Defined Contribution Component:</u>
The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</td></tr>
<tr><td>Average Final Compensation
A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</td><td>Average Final Compensation
A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</td><td>Average Final Compensation
Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</td></tr>
</table>

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

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

NOTE 8 - 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. **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.	**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 **Exceptions to COLA Effective Dates:** 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:** Same as Plan 1 and Plan 2.

NOTE 8 - 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 8 - 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 8 - 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	82	47
Inactive members:		
Vested inactive members	34	13
Non-vested inactive members	55	34
Inactive members active elsewhere in VRS	100	19
Total inactive members	189	66
Active members	134	99
Total covered employees	405	212

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2018 was 8.35% 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 $545,361 and $545,998 for the years ended June 30, 2018 and June 30, 2017, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2018 was 5.40% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

NOTE 8 - 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 $117,666 and $120,005 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 8 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

Mortality rates: (continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 – Non-Hazardous Duty:

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

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

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

NOTE 8 - 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 8 - 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%

NOTE 8 - PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Discount Rate

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

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	$ 21,597,588	$ 19,473,032	$ 2,124,556
Changes for the year:			
Service cost	$ 739,955	$ -	$ 739,955
Interest	1,476,546	-	1,476,546
Changes of assumptions	(70,252)	-	(70,252)
Differences between expected and actual experience	(724,313)	-	(724,313)
Contributions - employer	-	518,149	(518,149)
Contributions - employee	-	311,591	(311,591)
Net investment income	-	2,370,791	(2,370,791)
Benefit payments, including refunds of employee contributions	(1,008,142)	(1,008,142)	-
Administrative expenses	-	(13,584)	13,584
Other changes	-	(2,116)	2,116
Net changes	$ 413,794	$ 2,176,689	$ (1,762,895)
Balances at June 30, 2017	$ 22,011,382	$ 21,649,721	$ 361,661

NOTE 8 - PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2016	$ 6,319,874	$ 5,948,150	$ 371,724
Changes for the year:			
Service cost	$ 211,644	$ -	$ 211,644
Interest	433,369	-	433,369
Changes of assumptions	(67,824)		
Differences between expected and actual experience	(318,329)	-	(318,329)
Contributions - employer	-	118,506	(118,506)
Contributions - employee	-	110,414	(110,414)
Net investment income	-	728,404	(728,404)
Benefit payments, including refunds of employee contributions	(257,790)	(257,790)	-
Administrative expenses	-	(4,161)	4,161
Other changes	-	(649)	649
Net changes	$ 1,070	$ 694,724	$ (693,654)
Balances at June 30, 2017	$ 6,320,944	$ 6,642,874	$ (321,930)

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County			
Net Pension Liability (Asset)	$ 3,219,208	$ 361,661	$ (2,005,943)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	$ 487,323	$ (321,930)	$ (999,044)

NOTE 8 - PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2018, the County and Component Unit School Board (nonprofessional) recognized pension expense of ($82,396) and $23,738, 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	$ 10,295	$ 432,251	$ 129,644	$ 228,724
Change in assumptions	-	41,925	-	47,992
Net difference between projected and actual earnings on pension plan investments	-	311,477	-	99,603
Employer contributions subsequent to the measurement date	545,361	-	117,666	-
Total	$ 555,656	$ 785,653	$ 247,310	$ 376,319

$545,361 and $117,666 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 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	$ (499,043)	$ (95,875)
2020	(70,015)	(38,978)
2021	(3,407)	(49,178)
2022	(202,893)	(62,644)
Thereafter	-	-

NOTE 8 - PENSION PLAN: (CONTINUED)

Component Unit School Board (professional)

Plan Description

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

Contributions

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

Each School Division's contractually required employer contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of $192,884,000 as an accelerated payback of the deferred contribution in the 2010-2012 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Division were $3,187,199 and $2,845,848 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 $30,715,053 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 .249938% as compared to .28335% at June 30, 2016.

NOTE 8 - PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2018, the school division recognized pension expense of $1,829,649. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, 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	$ -	$ 2,174,679
Change in assumptions	447,874	-
Net difference between projected and actual earnings on pension plan investments	-	1,115,539
Changes in proportion and differences between employer contributions and proportionate share of contributions	413,869	1,458,909
Employer contributions subsequent to the measurement date	3,187,199	-
Total	$ 4,048,942	$ 4,749,127

$3,187,199 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 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	$ (1,642,206)
2020	(343,370)
2021	(534,132)
2022	(1,190,184)
Thereafter	(177,491)

NOTE 8 - PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

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

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.95%
Investment rate of return	7.0%, net of pension plan investment 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-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years

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

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 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
Employer's 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 8 - PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

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

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Discount Rate

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

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

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

	Rate		
	(6.00%)	**(7.00%)**	**(8.00%)**
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	$ 45,867,304	$ 30,715,053	$ 18,180,379

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 9 - COMPENSATED ABSENCES:

In accordance with GASB Statement 16, *Accounting for Compensated Absences*, the County has accrued the liability arising from outstanding claims and judgments and compensated absences.

NOTE 9 - COMPENSATED ABSENCES: (CONTINUED)

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

Governmental Activities	$	554,904
Business-type Activities	$	32,500
Component Unit School Board	$	1,810,772

NOTE 10 - SELF INSURANCE/RISK MANAGEMENT:

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

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

NOTE 11 - DEFERRED/UNAVAILABLE/UNEARNED REVENUE:

	Government-wide Statements	Balance Sheet
	Governmental Activities	**Governmental Funds**
Primary Government:		
Deferred/Unavailable property tax revenue:		
Deferred/Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	$ -	$ 4,109,666
Tax assessments due after June 30	17,296,351	17,296,351
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	337,560	337,560
Total governmental activities	$ 17,633,911	$ 21,743,577

NOTE 12 - CONTINGENT LIABILITIES:

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

NOTE 13 - LITIGATION:

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

NOTE 14 - LANDFILL CLOSURE AND POSTCLOSURE CARE COST:

The County of Fluvanna, Virginia owns and operates a landfill site. State and federal laws and regulations require the County to place a final cover on each phase of its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste. In accordance with Statement 18 of the Governmental Accounting Standards Board entitled *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $702,779 reported as a landfill closure and postclosure care liability at June 30, 2018, represents the cumulative amount reported based on the use of 100% of the estimated capacity used of the landfill. The County has closed the landfill. These amounts are based on what it would cost to perform all closures and postclosure care in 2018. Actual closure and postclosure care costs may be higher due to inflation, changes in technology, or changes in regulations.

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

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

NOTE 15 - SURETY BONDS:

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

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

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

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

County and School Board

Plan Description

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

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

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

County and School Board: (Continued)

Plan Description: (Continued)

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

Benefits Provided

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

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Life insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. Retirees pay 100 % of premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

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

Plan Membership

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

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

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

County and School Board: (Continued)

Plan Description: (Continued)

Chapter 2 of the County Code grants the authority to establish and amend the contribution requirements of the County and plan members to the County Finance Board. The Board establishes rates based on an actuarially determined rate. For the year ended June 30, 2018, the County and School Board's average contribution rate was 0.48% percent of covered-employee payroll. For the year ended June 30, 2018 the County and School Board contributed $45,364 and $88,009, respectively, to the Plan. Plan members are not required to contribute to the plan.

Investment Policy

The County and School Board's policy in regard to the allocation of invested assets is established and may be amended by the County Finance Board by a majority vote of its members. It is the policy of the County Finance Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. FCRBP's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2018:

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

Concentrations

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

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

County and School Board: (Continued)

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 9.58 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Schedule of Investment Returns

Last 10 Fiscal Years

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

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

Net/Total OPEB Liability

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

Actuarial Assumptions

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

Inflation	2.50%
Salary Increases	3.00%
Discount Rate	7.00%
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study at July 1, 2017.

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

County and School Board: (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 (see the discussion of FCRBP's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Geometric Real Rate of Return
Core Fixed Income	0.99%
High Yield Bonds	2.77%
Large Cap US Equities	4.14%
Small Cap US Equities	4.57%
Developed Foreign Equities	4.66%
Emerging Market Equities	5.64%
Private Equity	6.63%
Hedge Funds/Absolute Return	2.63%
Real Estate (REITS)	3.86%
Commodities	1.78%
Assumed Inflation	2.60%
Portfolio Real Mean Return	4.22%
Portfolio Nominal Mean Return	6.93%
Portfolio Standard Deviation	12.55%
Long-Term Expected Rate of Return	**7.00%**

Discount Rate

Discount rate. The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

County and School Board: (Continued)

Changes in Net OPEB Liability

	Primary Government Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2017	$ 343,358	$ 370,776	$ (27,418)
Changes for the year:			
Service cost	19,880	-	19,880
Interest	18,235	-	18,235
Difference between expected and actual experience	(80,448)	-	(80,448)
Changes in assumptions	30,356	-	30,356
Contributions - employer	-	45,364	(45,364)
Net investment income	-	35,491	(35,491)
Administrative expenses	-	(515)	515
Benefit payments	(45,364)	(45,364)	-
Net changes	(57,341)	34,976	(92,317)
Balances at June 30, 2018	$ 286,017	$ 405,752	$ (119,735)

	School Board Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2017	$ 1,302,208	$ 1,495,246	$ (193,038)
Changes for the year:			
Service cost	58,813	-	58,813
Interest	81,623	-	81,623
Difference between expected and actual experience	(151,728)	-	(151,728)
Changes in assumptions	(130,276)	-	(130,276)
Contributions - employer	-	88,009	(88,009)
Net investment income	-	143,127	(143,127)
Administrative expenses	-	(2,079)	2,079
Benefit payments	(88,009)	(88,009)	-
Net changes	(229,577)	141,048	(370,625)
Balances at June 30, 2018	$ 1,072,631	$ 1,636,294	$ (563,663)

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

County and School Board: (Continued)

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

The following amounts present the net OPEB liability of the County and School Board, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current discount rate:

	Rate		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Primary Government	$ (96,640)	$ (119,735)	$ (139,972)
School Board	$ (483,529)	$ (563,663)	$ (636,960)

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

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

	Rates		
	1% Decrease (5.00%)	Healthcare Cost Trend (6.00%)	1% Increase (7.00%)
Primary Government	$ (147,618)	$ (119,735)	$ (86,660)
School Board	$ (670,593)	$ (563,663)	$ (439,839)

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

For the year ended June 30, 2018, the County and School Board recognized OPEB expense in the amount of $1,837 and ($14,550), respectively. At June 30, 2018, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		School Board	
	Deferred Outflows of Resouces	Deferred Inflows of Resources	Deferred Outflows of Resouces	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 66,082	$ -	$ 127,644
Changes in assumptions	24,935	-	-	109,597
Net difference between projected and actual earnings on OPEB plan investments	-	7,643	-	30,825
Employer contributions subsequent to the measurement date	-	-	-	-
Total	$ 24,935	$ 73,725	$ -	$ 268,066

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

County and School Board: (Continued)

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

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

Year Ended June 30	Primary Government	School Board
2019	$ (10,856)	$ (52,469)
2020	(10,856)	(52,469)
2021	(10,856)	(52,469)
2022	(10,855)	(52,470)
2023	(5,367)	(44,763)
Thereafter	-	(13,426)

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

NOTE 17—HEALTH INSURANCE CREDIT (HIC) PROGRAM:

Plan Description

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.

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

Plan Description: (Continued)

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.

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:

	Number
Inactive members or their beneficiaries currently receiving benefits	12
Inactive members:	
Vested inactive members	4
Total inactive members	4
Active members	46
Total covered employees	62

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

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County's contractually required employer contribution rate for the year ended June 30, 2018 was 0.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the Health Insurance Credit Program were $4,823 and $4,699 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net HIC OPEB Liability

The County's 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%
Investment rate of return	7.0%, net of investment expenses, including inflation*

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

Mortality Rates – Largest Ten Locality Employers – General Employees

Pre-Retirement:

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

Post-Retirement:

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

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

Actuarial Assumptions: (Continued)

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

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%

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

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

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

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

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 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 Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 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 Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

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

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 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 17—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2016	$ 114,195	$ 85,702	$ 28,493
Changes for the year:			
Service cost	$ 3,136	$ -	$ 3,136
Interest	7,882	-	7,882
Benefit changes	-	-	-
Differences between expected			-
and actual experience	-	-	-
Assumption changes	(2,836)	-	(2,836)
Contributions - employer	-	4,699	(4,699)
Net investment income	-	10,003	(10,003)
Benefit payments	(3,205)	(3,205)	-
Administrative expenses	-	(164)	164
Other changes	-	501	(501)
Net changes	$ 4,977	$ 11,834	$ (6,857)
Balances at June 30, 2017	$ 119,172	$ 97,536	$ 21,636

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Net HIC OPEB Liability	$ 32,384	$ 21,636	$ 12,409

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

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

For the year ended June 30, 2018, the ***County*** recognized Health Insurance Credit Program OPEB expense of $3,299. At June 30, 2018, the ***County*** reported deferred outflows of resources and deferred inflows of resources related to the County's Health Insurance Credit Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	3,152
Change in assumptions	-	2,305
Employer contributions subsequent to the measurement date	4,823	-
Total	$ 4,823	$ 5,457

$4,823 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 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	
2019	$ (1,319)
2020	(1,319)
2021	(1,319)
2022	(1,319)
2023	(181)
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 18—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:
  - $4.00 per month, multiplied by twice the amount of service credit, or
  - $4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 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 244,784 and $216,961 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 $3,148,190 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 0.5504% as compared to 0.5526% 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 $246,510. 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 18—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

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

At June 30, 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
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	5,810
Change in assumptions	-	32,370
Change in proportion	-	68,890
Employer contributions subsequent to the measurement date	244,784	-
Total	$ 244,784	$ 107,070

$244,784 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	$ (16,600)
2020	(16,600)
2021	(16,600)
2022	(16,600)
2023	(14,940)
Thereafter	(25,730)

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

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 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 18—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

The actuarial assumptions used in the June 30, 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 18—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 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 18—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	$ 3,513,390	$ 3,148,190	$ 2,836,940

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

Plan Description

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

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

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

Plan Description: (Continued)

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

Eligible Employees

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

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

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

Benefit Amounts

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

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

Reduction in Benefit Amounts

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

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

Plan Description: (Continued)

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (CONTINUED)
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 entity were $36,385 and $34,264 for the years ended June 30, 2018 and June 30, 2017, respectively, for the County; $12,036 and $12,138 for the years ended June 30, 2018 and June 30, 2017, respectively, for the School Board (nonprofessional); and $104,282 and $102,421 for the years ended June 30, 2018 and June 30, 2017, respectively, for the School Board (professional).

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

At June 30, 2018, the entity reported a liability of $535,000, $189,000, and $1,601,900 for the County, School Board Nonprofessional, and School Board Professional, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the participating employer's proportion was 0.09680%, 0.02394%, and 0.23558% as compared to 0.09369%, 0.02261%, and 0.23452% at June 30, 2016 for the County, School Board Nonprofessional, and School Board Professional, respectively.

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

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

For the year ended June 30, 2018, the participating employer recognized GLI OPEB expense of $9,000, $1,000, and $14,110 for the County, School Board Nonprofessional, and School Board Professional, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government		
Differences between expected and actual experience	$ -	$ 12,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	20,000
Change in assumptions	-	28,000
Changes in proportion	15,000	-
Employer contributions subsequent to the measurement date	36,385	-
Total	$ 51,385	$ 60,000
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	$ -	$ 4,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	7,000
Change in assumptions	-	10,000
Changes in proportion	-	5,000
Employer contributions subsequent to the measurement date	12,036	-
Total	$ 12,036	$ 26,000
Component Unit School Board (professional)		
Differences between expected and actual experience	$ -	$ 35,690
Net difference between projected and actual earnings on GLI OPEB program investments	-	60,590
Change in assumptions	-	82,170
Changes in proportion	-	22,410
Employer contributions subsequent to the measurement date	104,282	-
Total	$ 104,282	$ 200,860

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

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

$36,385, $12,036 and $104,282 for the County, School Board Nonprofessional, and School Board Professional, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OEPB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2019	$ (9,000)	$ (5,000)	$ (40,670)
2020	(9,000)	(5,000)	(40,670)
2021	(9,000)	(5,000)	(40,670)
2022	(9,000)	(5,000)	(40,670)
2023	(4,000)	(4,000)	(25,730)
Thereafter	(5,000)	(2,000)	(12,450)

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

Actuarial Assumptions: (Continued)

Mortality Rates – General State Employees

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

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

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

The actuarial assumptions used in the June 30, 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 19—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers

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

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

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

The actuarial assumptions used in the June 30, 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 19—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – SPORS Employees

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

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

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

The actuarial assumptions used in the June 30, 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 19—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – VaLORS Employees

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

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

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

The actuarial assumptions used in the June 30, 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 19—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – JRS Employees

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

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

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

The actuarial assumptions used in the June 30, 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 19—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – Largest Ten Locality Employers – General Employees

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

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

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

The actuarial assumptions used in the June 30, 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 19—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

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

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

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

The actuarial assumptions used in the June 30, 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 19—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 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 19—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

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

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

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 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 19—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

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

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

	Rate		
	1% Decrease (6.00%)	**Current Discount (7.00%)**	**1% Increase (8.00%)**
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 692,000	$ 535,000	$ 408,000
School Board(nonporfessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 244,000	$ 189,000	$ 144,000
School Board(porfessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 2,071,680	$ 1,601,900	$ 1,220,930

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 20—RESTRICTED ASSETS:

Restricted assets at June 30, 2018 consist of the following:

	Governmental Activities
Cash for Capital Projects - Middle School	$ 138,609
Cash for E-911 Radio Project	433,468
Cash for Zion Crossroads Water & Sewer	8,590,524
Total	$ 9,162,601

NOTE 21—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)). The implementation of these Statements resulted in the following restatement of net position:

	Governmental Activities	School Board
Net Position as reported at June 30, 2017	$ 41,549,388	$ (15,169,180)
Implementation of GASB 75:		
Net Health Insurance OPEB	(202,469)	193,038
Net Group Life Insurance OPEB	(571,000)	(2,002,650)
Net Heath Insurance Credit OPEB	(23,794)	(3,008,750)
Net Position as restated at June 30, 2017	$ 40,752,125	$ (19,987,542)

NOTE 22—UPCOMING PRONOUNCEMENTS:

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

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

NOTE 22—UPCOMING PRONOUNCEMENTS: (CONTINUED)

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

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

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 County early implemented the financial reporting provisions.

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

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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

	General Fund			
	Original Budget	**Budget As Amended**	**Actual**	**Variance From Amended Budget Positive (Negative)**
Revenues:				
General property taxes	$ 33,726,954	$ 33,726,954	$ 34,771,214	$ 1,044,260
Other local taxes	3,127,300	3,127,300	3,639,617	512,317
Permits, privilege fees and regulatory licenses	295,200	295,200	325,260	30,060
Fines and forfeitures	20,000	20,000	55,563	35,563
Revenue from use of money and property	76,500	76,500	103,468	26,968
Charges for services	780,700	780,700	906,672	125,972
Miscellaneous	138,353	148,863	568,690	419,827
Recovered costs	147,951	151,858	142,951	(8,907)
Intergovernmental:				
Commonwealth	8,645,126	8,611,602	8,435,417	(176,185)
Federal	1,291,579	1,455,088	1,530,782	75,694
Total revenues	$ 48,249,663	$ 48,394,065	$ 50,479,634	$ 2,085,569
Expenditures:				
Current:				
General government administration	$ 2,638,463	$ 2,726,990	$ 2,568,564	$ 158,426
Judicial administration	1,183,291	1,230,159	1,160,743	69,416
Public safety	8,398,675	8,456,683	7,921,285	535,398
Public works	1,944,350	2,183,482	2,173,731	9,751
Health and welfare	5,958,873	6,334,690	6,094,617	240,073
Education	17,167,927	17,332,927	16,905,395	427,532
Parks, recreation, and cultural	871,677	900,152	836,080	64,072
Community development	751,233	800,975	768,397	32,578
Nondepartmental	314,041	195,765	109,625	86,140
Debt service:				
Principal retirement	6,993,631	5,397,896	5,397,896	-
Interest and other fiscal charges	3,474,996	3,471,113	3,463,987	7,126
Total expenditures	$ 49,697,157	$ 49,030,832	$ 47,400,320	$ 1,630,512
Excess (deficiency) of revenues over (under) expenditures	$ (1,447,494)	$ (636,767)	$ 3,079,314	$ 3,716,081
Other financing sources (uses):				
Transfers (out)	$ (1,771,663)	$ (4,308,217)	$ (4,988,835)	$ (680,618)
Total other financing sources (uses)	$ (1,771,663)	$ (4,308,217)	$ (4,988,835)	$ (680,618)
Changes in fund balances	$ (3,219,157)	$ (4,944,984)	$ (1,909,521)	$ 3,035,463
Fund balances at beginning of year	3,244,834	4,962,362	22,683,348	17,720,986
Fund balances at end of year	$ 25,677	$ 17,378	$ 20,773,827	$ 20,756,449

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

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

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

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

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

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

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

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

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

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2018	$ 545,361	$ 545,361	$ -	$ 6,531,269	8.35%
2017	545,998	545,998	-	6,538,898	8.35%
2016	647,170	647,170	-	6,116,923	10.58%
2015	653,325	653,325	-	6,175,095	10.58%
2014	755,548	755,548	-	5,879,750	12.85%
2013	718,465	718,465	-	5,591,165	12.85%
2012	550,380	550,380	-	5,206,999	10.57%
2011	558,946	558,946	-	5,288,046	10.57%
2010	479,024	479,024	-	5,499,701	8.71%
2009	499,970	499,970	-	5,740,188	8.71%
Component Unit School Board (nonprofessional)					
2018	$ 117,666	$ 117,666	$ -	$ 2,179,000	5.40%
2017	120,005	120,005	-	2,222,315	5.40%
2016	153,781	153,781	-	2,312,495	6.65%
2015	143,116	143,116	-	2,152,114	6.65%
2014	167,312	167,312	-	2,094,015	7.99%
2013	169,325	169,325	-	2,119,206	7.99%
2012	106,915	106,915	-	1,936,870	5.52%
2011	107,190	107,190	-	1,941,842	5.52%
2010	130,063	130,063	-	1,994,838	6.52%
2009	131,036	131,036	-	2,009,761	6.52%
Component Unit School Board (professional)					
2018	$ 3,187,199	$ 3,187,199	$ -	$ 19,529,406	16.32%
2017	2,845,848	2,845,848	-	19,412,333	14.66%
2016	2,801,113	2,801,113	-	19,922,568	14.06%
2015	2,787,567	2,787,567	-	19,224,600	14.50%

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

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

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. 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	Updated to a more current mortality table - RP-2014
Retirement Rates	Lowered rates at older ages and changed final retirement
Withdrawal Rates	Adjusted rates to better fit experience at each year age and
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	Updated to a more current mortality table - RP-2014
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	Updated to a more current mortality table - RP-2014
Retirement Rates	Lowered rates at older ages and changed final retirement
Withdrawal Rates	Adjusted rates to better fit experience at each year age and
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	Updated to a more current mortality table - RP-2014
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
Disability Rates	Adjusted rates to better fit experience

Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
Primary Government
For the Years Ended June 30, 2017 and June 30, 2018

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

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

Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
Component Unit School Board
For the Years Ended June 30, 2017 and June 30, 2018

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

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

Schedule of Employer Contributions - OPEB Plans
For the Years Ended June 30, 2012 through June 30, 2018

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

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

Schedule of Investment Returns
Last Ten Fiscal Years

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

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

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

Valuation Date: 7/1/2017

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Projected Unit Credit
Amortization Method/Period	Level Percentage of Payroll, Closed, 28 Years Remaing as of
Asset Valuation Method	Fair market value of assets
Inflation	2.50%
Medical Trend Rate	The medical trend rate assumption starts at 6.0% in 2017 and gradually declines to 4.20% by the year 2095.
Salary Increases	3.00%
Investment Rate of Return	7.00%
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 using scale BB to 2020. The mortality rates for disabled retirees and calculated using the RP-2014 Disabled Mortality Rates with scale BB to 2020.

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

		2017
Total HIC OPEB Liability		
Service cost	$	3,136
Interest		7,882
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions		(2,836)
Benefit payments		(3,205)
Net change in total HIC OPEB liability	$	4,977
Total HIC OPEB Liability - beginning		114,195
Total HIC OPEB Liability - ending (a)	$	119,172
Plan fiduciary net position		
Contributions - employer	$	4,699
Net investment income		10,003
Benefit payments		(3,205)
Administrative expense		(164)
Other		501
Net change in plan fiduciary net position	$	11,834
Plan fiduciary net position - beginning		85,702
Plan fiduciary net position - ending (b)	$	97,536
County's net HIC OPEB liability - ending (a) - (b)	$	21,636
Plan fiduciary net position as a percentage of the total HIC OPEB liability		81.84%
Covered payroll	$	6,538,898
County's net HIC OPEB liability as a percentage of covered payroll		0.33%

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

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

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

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

Notes to Required Supplementary Information
County
Health Insurance Credit 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:

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of 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	24.8120%	$ 3,148,190	$ 19,412,333	16.22%	7.04%

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

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

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

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

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

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

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

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

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2017	0.03554%	$ 535,000	$ 6,538,898	8.18%	48.86%
Component Unit School Board (nonprofessional)					
2017	0.01254%	$ 189,000	$ 2,222,315	8.50%	48.86%
Component Unit School Board (professional)					
2017	0.10646%	$ 1,601,900	$ 19,412,333	8.25%	48.86%

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

Schedule of Employer Contributions
Group Life Insurance Program
For the Years Ended June 30, 2017 through June 30, 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	$ 36,385	$ 36,385	$ -	$ 6,943,704	0.52%
2017	34,264	34,264	-	6,538,898	0.52%
Component Unit School Board (nonprofessional)					
2018	$ 12,036	$ 12,036	$ -	$ 2,296,942	0.52%
2017	12,138	12,138	-	2,222,315	0.55%
Component Unit School Board (professional)					
2018	$ 104,282	$ 104,282	$ -	$ 19,901,142	0.52%
2017	102,421	102,421	-	19,412,333	0.53%

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

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

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

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

General State Employees

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

Teachers

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

SPORS Employees

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

VaLORS Employees

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

JRS Employees

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

OTHER SUPPLEMENTARY INFORMATION

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

	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Revenues:				
Revenue from use of money	$ -	$ -	$ 37,575	$ 37,575
Miscellaneous	-	313,842	313,842	-
Recovered costs	-	1,500	191,360	189,860
Intergovernmental:				
Commonwealth	-	480,000	-	(480,000)
Total revenues	$ -	$ 795,342	$ 542,777	$ (252,565)
Expenditures:				
Capital projects:				
General government administration	$ 21,700	$ 176,164	$ 4,550	$ 171,614
Public safety	270,400	1,886,554	982,850	903,704
Public works	250,000	2,001,337	1,424,992	576,345
Education	905,000	6,275,877	4,903,282	1,372,595
Parks, recreation, and cultural	-	454,064	332,593	121,471
Total capital projects	$ 1,447,100	$ 10,793,996	$ 7,648,267	$ 3,145,729
Debt service:				
Principal retirement	$ -	$ 1,549,255	$ 1,549,255	$ -
Interest	-	46,480	46,478	2
Total debt service	$ -	$ 1,595,735	$ 1,595,733	$ 2
Total expenditures	$ 1,447,100	$ 12,389,731	$ 9,244,000	$ 3,145,731
Excess (deficiency) of revenues over (under) expenditures	$ (1,447,100)	$ (11,594,389)	$ (8,701,223)	$ 2,893,166
Other financing sources (uses):				
Transfers in	$ 1,447,100	$ 7,052,169	$ 4,260,752	$ (2,791,417)
Total other financing sources (uses)	$ 1,447,100	$ 7,052,169	$ 4,260,752	$ (2,791,417)
Changes in fund balances	$ -	$ (4,542,220)	$ (4,440,471)	$ 101,749
Fund balance at beginning of the year	-	4,542,220	5,381,997	839,777
Fund balance at end of the year	$ -	$ -	$ 941,526	$ 941,526

COUNTY OF FLUVANNA, VIRGINIA **Exhibit 32**

Statement of Fiduciary Net Position -
Agency Fund
At June 30, 2018

		Special Welfare Fund
ASSETS		
Cash and cash equivalents	$	171,132
Total assets	$	171,132
LIABILITIES		
Amounts held for social services clients	$	171,132
Total liabilities	$	171,132

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	$ 146,837	$ 70,311	$ 46,016	$ 171,132
Liabilities:				
Amounts held for social services clients	$ 146,837	$ 70,311	$ 46,016	$ 171,132
Total liabilities	$ 146,837	$ 70,311	$ 46,016	$ 171,132

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

	School Operating Fund	School Cafeteria Fund	Total
ASSETS			
Cash and cash equivalents	$ 1,581,129	$ 413,335	$ 1,994,464
Accounts receivable	32,931	-	32,931
Due from other governmental units	672,617	-	672,617
Total assets	$ 2,286,677	$ 413,335	$ 2,700,012
LIABILITIES			
Accrued liabilities	$ 2,286,677	$ 49,818	$ 2,336,495
Total liabilities	$ 2,286,677	$ 49,818	$ 2,336,495
FUND BALANCES			
Assigned	$ -	$ 363,517	$ 363,517
Total fund balances	$ -	$ 363,517	$ 363,517
Total liabilities and fund balances	$ 2,286,677	$ 413,335	

Detailed explanation of adjustments from fund statements to government-wide statement of net position:	
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the School Board as a whole.	23,199,995
Items related to measurement of net pension and OPEB liability/asset not available to pay for current-period expenditures	
Deferred inflows related to pensions	(5,125,446)
Deferred inflows related to OPEB	(601,996)
Deferred outflows related to pensions	4,296,252
Deferred outflows related to OPEB	361,102
Net Pension and OPEB Assets	885,593
Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.	(37,464,915)
Net position of General Government Activities	$ (14,085,898)

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

	School Operating Fund	School Cafeteria Fund	Total
Revenues:			
Revenue from use of money and property	$ 22,701	$ -	$ 22,701
Charges for services	15,618	748,081	763,699
Miscellaneous	209,739	-	209,739
Recovered costs	14,498	-	14,498
Intergovernmental:			
County contribution to School Board	16,854,966	-	16,854,966
Commonwealth	20,366,010	26,031	20,392,041
Federal	1,340,368	667,370	2,007,738
Total revenues	$ 38,823,900	$ 1,441,482	$ 40,265,382
Expenditures:			
Current:			
Education	$ 38,823,900	$ 1,359,728	$ 40,183,628
Total expenditures	$ 38,823,900	$ 1,359,728	$ 40,183,628
Changes in fund balances	$ -	$ 81,754	$ 81,754
Fund balances at beginning of year	-	281,763	281,763
Fund balances at end of year	$ -	$ 363,517	$ 363,517

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

		Component Unit School Board
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 81,754
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. The following details support this adjustment.		
Capital additions	$ 1,105,747	
Depreciation expense	(1,447,910)	(342,163)
Increase (decrease) in deferred inflows related to the measurement of the net pension liability/asset		(2,497,313)
Increase (decrease) in deferred inflows related to the measurement of the net OPEB liability/asset		(601,996)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. This amount reflects the change in compensated absences.		
Change in compensated absences	$ (284,110)	
Change in net pension liability/asset	5,642,010	
Change in net OPEB liability/asset	772,825	
Change in deferred outflows related to OPEB.	31,212	
Change in deferred outflows related to pensions.	(1,651,571)	4,510,366
Transfer of joint tenancy assets from Primary Government to the Component Unit		4,750,996
Change in net position of governmental activities		$ 5,901,644

COUNTY OF FLUVANNA, VIRGINIA

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

	School Operating Fund			
	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Revenues:				
Revenue from use of money and property	$ -	$ -	$ 22,701	$ 22,701
Charges for services	-	-	15,618	15,618
Miscellaneous	629,600	680,234	209,739	(470,495)
Recovered costs	-	-	14,498	14,498
Intergovernmental:				
County contribution to School Board	17,117,498	17,282,498	16,854,966	(427,532)
Commonwealth	20,732,251	21,030,110	20,366,010	(664,100)
Federal	1,155,438	1,356,945	1,340,368	(16,577)
Total revenues	$ 39,634,787	$ 40,349,787	$ 38,823,900	$ (1,525,887)
Expenditures:				
Current:				
Instruction	$ 30,003,269	$ 30,458,269	$ 29,295,430	$ 1,162,839
Administration, attendance, and health	1,724,826	1,724,826	1,518,441	206,385
Pupil transportation	2,776,239	2,776,239	2,755,584	20,655
Operation and maintenance	3,379,419	3,459,419	3,544,128	(84,709)
School food service costs	-	-	-	-
Technology	1,751,034	1,931,034	1,710,317	220,717
Total expenditures	$ 39,634,787	$ 40,349,787	$ 38,823,900	$ 1,525,887
Excess (deficiency) of revenues over expenditures	$ -	$ -	$ -	$ -
Net changes in fund balances	$ -	$ -	$ -	$ -
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ -	$ -	$ -	$ -

	School Cafeteria Fund		
Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
$ -	$ -	$ -	$ -
1,597,046	1,597,046	748,081	(848,965)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	26,031	26,031
-	-	667,370	667,370
$ 1,597,046	$ 1,597,046	$ 1,441,482	$ (155,564)
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	-	-
1,597,046	1,597,046	1,359,728	237,318
-	-	-	-
$ 1,597,046	$ 1,597,046	$ 1,359,728	$ 237,318
$ -	$ -	$ 81,754	$ 81,754
$ -	$ -	$ 81,754	$ 81,754
-	-	281,763	281,763
$ -	$ -	$ 363,517	$ 363,517

Discretely Presented Component Unit - Fluvanna County EDA
Statement of Net Position
At June 30, 2018

Assets		
Current assets:		
Cash and cash equivalents	$	74,037
Total assets	$	74,037
Net Position		
Unrestricted	$	74,037
Total net position	$	74,037

Discretely Presented Component Unit - Fluvanna County EDA
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2018

Operating revenues		
Charges for services	$	8,250
Operating Expenses		
Other operating expenses		10,524
Operating income (loss)	$	(2,274)
Nonoperating revenues		
Investment income	$	65
Contribution from Fluvanna County		1,000
Total nonoperating revenues	$	1,065
Change in net position	$	(1,209)
Net position, beginning of year		75,246
Net position, end of year	$	74,037

Discretely Presented Component Unit - Fluvanna County EDA
Statement of Cash Flows
Year Ended June 30, 2017

Cash flows from operating activities		
Receipts from customers	$	8,250
Payments to suppliers		(10,524)
Net cash provided by (used for) by operating activities	$	(2,274)
Cash flows from noncapital financing activities		
Contribution from Fluvanna County	$	1,000
Cash flows from investing activities		
Investment earnings	$	65
Net increase (decrease) in cash and cash equivalents	$	(1,209)
Cash and cash equivalents, beginning of year		75,246
Cash and cash equivalents, end of year	$	74,037
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$	(2,274)
Change in assets and liabilities:		
		-
Net cash provided by (used for) by operating activities	$	(2,274)

Supporting Schedules

Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2018

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 22,427,273	$ 22,427,273	$ 22,614,196	$ 186,923
Real and personal public service corporation taxes	4,740,069	4,740,069	5,363,122	623,053
Personal property taxes	6,159,821	6,159,821	6,204,439	44,618
Mobile home taxes	12,571	12,571	15,866	3,295
Machinery and tools taxes	12,220	12,220	18,484	6,264
Penalties	275,000	275,000	389,061	114,061
Interest	100,000	100,000	166,046	66,046
Total general property taxes	$ 33,726,954	$ 33,726,954	$ 34,771,214	$ 1,044,260
Other local taxes:				
Local sales and use taxes	$ 1,525,000	$ 1,525,000	$ 1,783,287	$ 258,287
Consumer utility taxes	400,000	400,000	455,170	55,170
Gross receipts tax - utilities	120,000	120,000	117,885	(2,115)
Motor vehicle licenses	715,000	715,000	791,162	76,162
Bank stock taxes	65,000	65,000	87,804	22,804
Recordation taxes	296,000	296,000	398,653	102,653
Tax on wills	6,300	6,300	5,656	(644)
Total other local taxes	$ 3,127,300	$ 3,127,300	$ 3,639,617	$ 512,317
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 16,500	$ 16,500	$ 13,276	$ (3,224)
Building permits	145,000	145,000	125,932	(19,068)
Other permits, fees, and licenses	133,700	133,700	186,052	52,352
Total permits, privilege fees and regulatory licenses	$ 295,200	$ 295,200	$ 325,260	$ 30,060
Fines and Forfeitures:				
Court and other fines and forfeitures	$ 20,000	$ 20,000	$ 55,563	$ 35,563
Revenue from use of money and property:				
Revenue from use of money	$ 25,000	$ 25,000	$ 28,811	$ 3,811
Revenue from use of property	51,500	51,500	74,657	23,157
Total revenue from use of money and property	$ 76,500	$ 76,500	$ 103,468	$ 26,968
Charges for services:				
Charges for Commonwealth Attorney	$ 1,900	$ 1,900	$ 2,559	$ 659
Charges for library	10,200	10,200	8,789	(1,411)
Law library fees	1,500	1,500	3,327	1,827
Courthouse maintenance fees	6,500	6,500	6,248	(252)
Courthouse security	27,000	27,000	25,410	(1,590)
Recreation program fees	96,000	96,000	107,956	11,956
EMS cost recovery	550,000	550,000	653,393	103,393
Landfill fees	76,800	76,800	86,314	9,514
Other charges for services	1,100	1,100	1,719	619
Fees of clerk	9,700	9,700	10,957	1,257
Total charges for services	$ 780,700	$ 780,700	$ 906,672	$ 125,972

Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2018 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	$ 138,353	$ 148,863	$ 568,690	$ 419,827
Total miscellaneous	$ 138,353	$ 148,863	$ 568,690	$ 419,827
Recovered costs:				
Miscellaneous	$ 147,951	$ 151,858	$ 142,951	$ (8,907)
Total recovered costs	$ 147,951	$ 151,858	$ 142,951	$ (8,907)
Total revenue from local sources	$ 38,312,958	$ 38,327,375	$ 40,513,435	$ 2,186,060
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers tax	$ 42,000	$ 42,000	$ 38,576	$ (3,424)
Mobile home titling taxes	7,500	7,500	10,986	3,486
Auto rental taxes	5,000	5,000	7,823	2,823
Recordation taxes	75,000	75,000	89,424	14,424
Communication taxes	790,000	790,000	766,073	(23,927)
PPTRA	2,996,570	2,996,570	2,996,570	-
Total noncategorical aid	$ 3,916,070	$ 3,916,070	$ 3,909,452	$ (6,618)
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	$ 269,191	$ 269,191	$ 275,259	$ 6,068
Sheriff	986,951	986,951	1,012,234	25,283
Commissioner of the Revenue	118,450	118,450	118,301	(149)
Treasurer	135,153	135,153	135,002	(151)
Registrar/electoral board	41,000	41,000	42,320	1,320
Clerk of the Circuit Court	255,549	255,549	292,477	36,928
Total shared expenses	$ 1,806,294	$ 1,806,294	$ 1,875,593	$ 69,299
Other categorical aid:				
Litter control	$ 8,269	$ 8,269	$ 8,080	$ (189)
Library grant	71,600	74,438	74,438	-
Public assistance and welfare administration	647,483	652,603	537,991	(114,612)
Children's services act	1,972,000	1,922,000	1,817,906	(104,094)
E911 funds				-
Fire funds	80,000	80,889	85,889	5,000
Victim/witness coordinator grant	6,925	12,554	9,396	(3,158)
Four for life	25,000	25,000	26,608	1,608
Emergency services	65,000	67,000	70,413	3,413
Other categorical aid	46,485	46,485	19,651	(26,834)
Total other categorical aid	$ 2,922,762	$ 2,889,238	$ 2,650,372	$ (238,866)
Total categorical aid	$ 4,729,056	$ 4,695,532	$ 4,525,965	$ (169,567)
Total revenue from the Commonwealth	$ 8,645,126	$ 8,611,602	$ 8,435,417	$ (176,185)

Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2018 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Criminal justice grants	$ 26,075	$ 27,415	$ 30,473	$ 3,058
Commission for arts grant	5,000	4,500	4,500	-
Federal interest subsidy	-	207,240	207,240	-
Homeland security program grant	7,500	7,500	-	(7,500)
Other federal revenue	234,383	180,978	16,665	(164,313)
Public assistance and welfare administration	1,018,621	1,027,455	1,271,904	244,449
Total revenue from the federal government	$ 1,291,579	$ 1,455,088	$ 1,530,782	$ 75,694
Total General Fund	$ 48,249,663	$ 48,394,065	$ 50,479,634	$ 2,085,569
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	$ -	$ -	$ 37,575	$ 37,575
Miscellaneous:				
Miscellaneous	-	313,842	313,842	-
Recovered costs:				
Miscellaneous	-	1,500	191,360	189,860
Total revenue from local sources	$ -	$ 315,342	$ 542,777	$ 227,435
Revenue from the commonwealth:				
Categorical aid:				
Burn building	$ -	$ 480,000	$	$ (480,000)
Total revenue from the Commonwealth	$ -	$ 480,000	$ -	$ (480,000)
Total Capital Projects Fund	$ -	$ 795,342	$ 542,777	$ (252,565)
Total Revenues -- Primary Government	$ 48,249,663	$ 49,189,407	$ 51,022,411	$ 1,833,004

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2018

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	$ 168,170	$ 189,728	$ 189,088	$ 640
General and financial administration:				
County administrator	$ 234,399	$ 239,619	$ 238,355	$ 1,264
County attorney	275,000	291,492	244,959	46,533
Commissioner of the revenue	363,627	360,146	358,527	1,619
Reassessment	52,380	63,854	6,457	57,397
Human resources	111,410	124,268	117,706	6,562
Information technology	413,093	410,897	410,604	293
Treasurer	456,249	461,806	461,800	6
Finance department	349,808	367,280	353,967	13,313
Total general and financial administration	$ 2,255,966	$ 2,319,362	$ 2,192,375	$ 126,987
Board of Elections:				
Electoral board general registrar	$ 214,327	$ 217,900	$ 187,101	$ 30,799
Total board of elections	$ 214,327	$ 217,900	$ 187,101	$ 30,799
Total general government administration	$ 2,638,463	$ 2,726,990	$ 2,568,564	$ 158,426
Judicial administration:				
Courts:				
Circuit court	$ 46,090	$ 57,759	$ 44,618	$ 13,141
General district and juvenile relations court	9,532	9,532	7,699	1,833
Juvenile court service unit	2,860	9,379	8,290	1,089
VJCCCA	6,585	6,585	6,196	389
Clerk of the circuit court	627,359	651,569	612,023	39,546
Total courts	$ 692,426	$ 734,824	$ 678,826	$ 55,998
Commonwealth's attorney:				
Commonwealth's attorney	$ 490,865	$ 495,335	$ 481,917	$ 13,418
Total judicial administration	$ 1,183,291	$ 1,230,159	$ 1,160,743	$ 69,416
Public safety:				
Law enforcement and traffic control:				
Sheriff	$ 2,774,622	$ 2,830,152	$ 2,790,776	$ 39,376
Public safety grants	342,959	218,725	105,275	113,450
Total law enforcement and traffic control	$ 3,117,581	$ 3,048,877	$ 2,896,051	$ 152,826

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2018 (continued)

Fund, Function, Activities and Elements		Original Budget		Budget As Amended		Actual		Variance From Amended Budget Positive (Negative)
General Fund: (Continued)								
Public Safety: (Continued)								
Fire and rescue services:								
Forest warden	$	9,012	$	9,012	$	9,012	$	-
Volunteer fire and rescue		1,382,000		1,444,831		1,231,439		213,392
Emergency Medical Services Council		16,095		16,095		16,095		-
Total fire and rescue services	$	1,407,107	$	1,469,938	$	1,256,546	$	213,392
Correction and detention:								
Care of prisoners	$	1,461,181	$	1,461,181	$	1,460,490	$	691
Inspections:								
Building	$	205,350	$	216,057	$	208,469	$	7,588
Other protection:								
Animal control	$	291,114	$	304,386	$	301,482	$	2,904
Emergency management		871,495		857,379		786,776		70,603
E-911		1,040,847		1,094,865		1,007,471		87,394
Legal aid service		4,000		4,000		4,000		-
Total other protection	$	2,207,456	$	2,260,630	$	2,099,729	$	160,901
Total public safety	$	8,398,675	$	8,456,683	$	7,921,285	$	535,398
Public works:								
Sanitation and waste removal:								
Landfill	$	181,805	$	179,941	$	178,628	$	1,313
Landfill post closure cost								-
Litter control		23,269		23,552		23,551		1
Total sanitation and waste removal	$	205,074	$	203,493	$	202,179	$	1,314
Maintenance of general buildings and grounds:								
Facilities	$	902,395	$	981,857	$	978,023	$	3,834
Public works		267,681		253,548		253,079		469
James River Water Authority		-		253,725		250,414		3,311
General services		569,200		490,859		490,036		823
Total maintenance of general buildings and grounds	$	1,739,276	$	1,979,989	$	1,971,552	$	8,437
Total public works	$	1,944,350	$	2,183,482	$	2,173,731	$	9,751
Health and welfare:								
Health:								
Local health department	$	269,790	$	269,790	$	269,546	$	244
Mental health and mental retardation:								
Region Ten Community Services Board	$	126,250	$	126,250	$	126,250	$	-

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2018 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund: (Continued)				
Health and Welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	$ 2,426,581	$ 2,460,304	$ 2,405,907	$ 54,397
Children's services act program	2,824,632	3,166,726	2,981,294	185,432
Jefferson area board on aging	83,946	83,946	83,946	-
JAUNT, Inc.	79,404	79,404	79,404	-
Shelter for help in emergency	9,000	9,000	9,000	-
Sexual assault resource agency	1,000	1,000	1,000	-
Fluvanna housing foundation	16,000	16,000	16,000	-
Piedmont housing alliance	2,100	2,100	2,100	-
Jefferson area chip	51,000	51,000	51,000	-
Children, youth and family services	2,100	2,100	2,100	-
Youth advisory council				-
Piedmont workforce network	3,896	3,896	3,896	-
Offender Aid & Rescue	13,261	13,261	13,261	-
Monticello area community action agency	49,913	49,913	49,913	-
Total welfare	$ 5,562,833	$ 5,938,650	$ 5,698,821	$ 239,829
Total health and welfare	$ 5,958,873	$ 6,334,690	$ 6,094,617	$ 240,073
Education:				
Contributions to community colleges	$ 50,429	$ 50,429	$ 50,429	$ -
Contribution to Component Unit School Board	17,117,498	17,282,498	16,854,966	427,532
Total education	$ 17,167,927	$ 17,332,927	$ 16,905,395	$ 427,532
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation	$ 505,955	$ 518,337	$ 456,065	$ 62,272
Total parks and recreation	$ 505,955	$ 518,337	$ 456,065	$ 62,272
Cultural enrichment:				
Cultural arts	$ 10,000	$ 10,000	$ 10,000	$ -
County museum	525	525	525	-
Total cultural enrichment	$ 10,525	$ 10,525	$ 10,525	$ -
Library:				
Regional library	$ 355,197	$ 371,290	$ 369,490	$ 1,800
Total parks, recreation and cultural	$ 871,677	$ 900,152	$ 836,080	$ 64,072

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2018 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning commission	$ 40,837	$ 40,837	$ 36,562	$ 4,275
Planning				-
Zoning board	2,692	2,692	1,219	1,473
Economic development	123,149	129,155	128,635	520
County planner	426,469	440,205	432,807	7,398
Agricultural Rec	-	30,000	30,000	-
Chamber of commerce	3,500	3,500	3,500	-
Small business development center	2,500	2,500	2,500	-
Rivanna River Basin	1,750	1,750	1,750	-
Leadership development program	1,000	1,000	1,000	-
Central Virginia Partnership for Economic Development	13,081	13,081	13,081	-
Thomas Jefferson Planning District Commission	33,928	33,928	33,928	-
Total planning and community development	$ 648,906	$ 698,648	$ 684,982	$ 13,666
Environmental management:				
Soil and water conservation district	$ 20,000	$ 20,000	$ 20,000	$ -
Cooperative extension program:				
Cooperative extension service	$ 82,327	$ 82,327	$ 63,415	$ 18,912
Total community development	$ 751,233	$ 800,975	$ 768,397	$ 32,578
Nondepartmental:				
Miscellaneous	$ 314,041	$ 195,765	$ 109,625	$ 86,140
Total nondepartmental	$ 314,041	$ 195,765	$ 109,625	$ 86,140
Debt service:				
Principal retirement	$ 6,993,631	$ 5,397,896	$ 5,397,896	$ -
Interest and fiscal charges	3,474,996	3,471,113	3,463,987	7,126
Total debt service	$ 10,468,627	$ 8,869,009	$ 8,861,883	$ 7,126
Total General Fund Expenditures	$ 49,697,157	$ 49,030,832	$ 47,400,320	$ 1,630,512

Statistical Section

Contents	Tables

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

COUNTY OF FLUVANNA, VIRGINIA

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

	2009	2010	2011	2012
Governmental activities				
Net investment in capital assets	$ 9,453,382	$ 12,884,537	$ 15,481,925	$ 17,779,481
Restricted	3,922,469	12,966	-	-
Unrestricted	15,327,034	18,671,672	21,244,585	20,452,313
Total governmental activities net position	$ 28,702,885	$ 31,569,175	$ 36,726,510	$ 38,231,794
Business-type activities				
Net investment in capital assets	$ 3,572,328	$ 4,548,235	$ 4,359,941	$ 4,220,066
Restricted	-	-	-	-
Unrestricted	(945,709)	(657,499)	145,337	174,173
Total business-type activities net position	$ 2,626,619	$ 3,890,736	$ 4,505,278	$ 4,394,239
Primary government				
Net investment in capital assets	$ 13,025,710	$ 17,432,772	$ 19,841,866	$ 21,999,547
Restricted	3,922,469	12,966	-	-
Unrestricted	14,381,325	18,014,173	21,389,922	20,626,486
Total primary government net position	$ 31,329,504	$ 35,459,911	$ 41,231,788	$ 42,626,033

Table 1

	2013	2014	2015	2016	2017	2018
	$ 18,058,155	$ 18,203,194	$ 18,855,190	$ 17,955,779	$ 18,561,846	$ 17,537,769
	-	-	-	59,520	59,520	59,520
	21,488,429	22,113,118	21,036,690	21,785,862	22,928,022	21,507,081
	$ 39,546,584	$ 40,316,312	$ 39,891,880	$ 39,801,161	$ 41,549,388	$ 39,104,370
	$ 4,130,335	$ 4,046,836	$ 3,979,806	$ 3,892,325	$ 3,806,518	$ 3,727,045
	-	-	-	-	-	-
	126,485	152,478	141,897	233,162	362,385	1,233,648
	$ 4,256,820	$ 4,199,314	$ 4,121,703	$ 4,125,487	$ 4,168,903	$ 4,960,693
	$ 22,188,490	$ 22,250,030	$ 22,834,996	$ 21,848,104	$ 22,368,364	$ 21,264,814
	-	-	-	59,520	59,520	59,520
	21,614,914	22,265,596	21,178,587	22,019,024	23,290,407	22,740,729
	$ 43,803,404	$ 44,515,626	$ 44,013,583	$ 43,926,648	$ 45,718,291	$ 44,065,063

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government adminstration	$ 2,349,221	$ 2,088,545	$ 2,266,965	$ 2,946,369	$ 2,179,821	$ 2,092,329	$ 2,912,977	$ 2,316,368	$ 2,660,192	$ 2,507,323
Judicial administration	1,160,816	1,111,127	1,092,325	1,147,418	1,168,114	1,206,938	1,164,502	1,085,464	1,302,495	1,299,463
Public Safety	4,738,756	5,458,590	4,875,996	5,298,372	5,515,173	6,549,800	6,642,850	7,061,106	7,949,729	8,992,729
Public works	1,405,843	1,506,088	1,324,088	1,461,832	1,458,736	2,135,218	2,451,166	3,512,015	1,683,873	2,313,685
Health and welfare	5,007,658	4,955,292	4,826,649	5,203,796	4,660,190	4,989,704	4,861,639	5,423,546	6,063,693	6,065,223
Education	16,408,027	16,020,958	10,796,609	14,938,085	16,997,681	19,422,301	18,425,758	21,413,366	21,054,581	25,127,190
Parks, recreation and cultural	909,931	741,582	723,393	736,581	722,937	777,854	850,915	854,231	869,068	911,313
Community development	606,155	509,233	447,602	592,966	1,108,602	682,766	806,016	1,008,822	854,527	749,560
Interest on long-term debt	1,046,588	637,891	4,667,841	4,653,204	4,113,741	3,381,824	3,864,041	3,724,460	3,611,012	3,399,682
Total governmental activities expenses	$ 33,632,995	$ 33,029,306	$ 31,021,468	$ 36,978,623	$ 37,924,995	$ 41,238,734	$ 41,979,864	$ 46,399,378	$ 46,049,170	$ 51,366,168
Business-type activities:										
Community Programs	$ 60,912	$ 50,157	$ 45,710	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Water	445,563	379,109	368,737	391,788	400,650	373,351	385,374	395,482	361,760	317,212
Water & Sewer	-	-	-	-	-	-	-	-	-	389,980
Sewer	139,834	159,433	182,931	195,289	203,840	200,969	207,350	191,119	302,949	300,088
Landfill	264,311	165,517	-	-	-	-	-	-	-	-
Total business-type activities expenses	$ 910,620	$ 754,216	$ 597,378	$ 587,077	$ 604,490	$ 574,320	$ 592,724	$ 586,601	$ 664,709	$ 1,007,280
Total primary government expenses	$ 34,543,615	$ 33,783,522	$ 31,618,846	$ 37,565,700	$ 38,529,485	$ 41,813,054	$ 42,572,588	$ 46,985,979	$ 46,713,879	$ 52,373,448
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Judicial administration	83,773	69,546	74,985	64,598	69,974	76,552	63,426	53,289	101,825	104,064
Public safety	183,433	133,186	196,820	240,503	292,484	272,560	332,650	698,281	836,723	980,372
Public works	-	-	102,391	85,096	80,067	78,475	76,198	76,173	82,127	86,314
Parks, recreation and cultural	109,084	93,476	82,284	100,865	74,038	115,460	116,282	133,330	118,073	116,745
Community development	140,484	145,684	109,880	-	-	-	-	-	-	-
Operating grants and contributions	4,753,650	4,586,272	4,609,047	4,840,524	4,296,841	4,853,380	4,895,422	5,316,713	5,716,405	6,056,747
Capital grants and contributions	348,260	743,377	151,576	4,145	1,273,986	941,858	338,485	93,911	-	-
Total governmental activities program revenues	$ 5,618,684	$ 5,771,541	$ 5,326,983	$ 5,335,731	$ 6,087,390	$ 6,338,285	$ 5,822,463	$ 6,371,697	$ 6,855,153	$ 7,344,242
Business-type activities:										
Charges for services:										
Community Programs	$ 49,339	$ 36,172	$ 30,134	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Water	320,562	279,980	301,071	302,522	318,506	302,439	356,573	375,863	365,562	371,481
Sewer	59,830	1,223,327	12,791	8,229	19,828	20,134	22,822	20,738	42,255	27,244
Landfill	124,695	97,752	-	-	-	-	-	-	-	-
Capital grants and contributions	-	258,300	-	-	-	-	-	-	-	-
Total business-type activities program revenues	$ 554,426	$ 1,895,531	$ 343,996	$ 310,751	$ 338,334	$ 322,573	$ 379,395	$ 396,601	$ 407,817	$ 398,725
Total primary government program revenues	$ 6,173,110	$ 7,667,072	$ 5,670,979	$ 5,646,482	$ 6,425,724	$ 6,660,858	$ 6,201,858	$ 6,768,298	$ 7,262,970	$ 7,742,967
Net (expense) / revenue										
Governmental activities	$ (28,014,311)	$ (27,257,765)	$ (25,694,485)	$ (31,642,892)	$ (31,837,605)	$ (34,900,449)	$ (36,157,401)	$ (40,027,681)	$ (39,194,017)	$ (44,021,926)
Business-type activities	(356,194)	1,141,315	(253,382)	(276,326)	(266,156)	(251,747)	(213,329)	(190,000)	(256,892)	(608,555)
Total primary government net expense	$ (28,370,505)	$ (26,116,450)	$ (25,947,867)	$ (31,919,218)	$ (32,103,761)	$ (35,152,196)	$ (36,370,730)	$ (40,217,681)	$ (39,450,909)	$ (44,630,481)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 21,534,695	$ 22,880,842	$ 24,510,584	$ 26,319,292	$ 26,889,099	$ 28,622,456	$ 30,857,284	$ 32,784,240	$ 33,676,413	$ 35,083,167
Local sales and use taxes	1,062,461	1,062,633	1,061,791	1,217,038	1,267,142	1,403,062	1,413,860	1,518,328	1,696,819	1,783,287
Taxes on recordation and wills	277,611	241,505	244,066	253,686	272,347	187,733	239,086	241,846	352,133	398,653
Motor vehicle licenses taxes	373,002	438,089	667,940	688,726	745,234	715,553	703,417	728,942	733,566	791,162
Consumer utility taxes	1,285,679	1,306,540	1,290,455	418,280	423,000	440,464	428,843	397,316	438,801	455,170
Other local taxes	210,213	197,684	236,955	228,344	264,079	210,955	267,393	262,373	215,290	211,345
Unrestricted grants and contributions	3,166,206	3,145,750	3,152,927	3,991,243	3,997,213	3,977,097	3,966,837	3,945,610	3,925,416	3,909,452
Unrestricted revenues from use of money and property	525,726	445,339	307,436	65,369	66,792	50,189	59,654	159,491	91,055	141,043
Miscellaneous	207,765	528,475	247,590	131,485	103,010	256,909	76,133	92,600	113,059	882,532
Transfers	(279,246)	(122,802)	(867,924)	(165,287)	(128,737)	(194,241)	(193,783)	(193,784)	(300,308)	(1,281,640)
Total governmental activities	$ 28,364,112	$ 30,124,055	$ 30,851,820	$ 33,148,176	$ 33,899,179	$ 35,670,177	$ 37,818,724	$ 39,936,962	$ 40,942,244	$ 42,374,171
Business-type activities:										
Unrestricted revenues from use of money and property	$ 452	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 118,705
Transfers	279,246	122,802	867,924	165,287	128,737	194,241	193,783	193,784	300,308	1,281,640
Total business-type activities	$ 279,698	$ 122,802	$ 867,924	$ 165,287	$ 128,737	$ 194,241	$ 193,783	$ 193,784	$ 300,308	$ 1,400,345
Total primary government	$ 28,643,810	$ 30,246,857	$ 31,719,744	$ 33,313,463	$ 34,027,916	$ 35,864,418	$ 38,012,507	$ 40,130,746	$ 41,242,552	$ 43,774,516
Change in Net Position										
Governmental activities	$ 349,801	$ 2,866,290	$ 5,157,335	$ 1,505,284	$ 2,061,574	$ 769,728	$ 1,661,323	$ (90,719)	$ 1,748,227	$ (1,647,755)
Business-type activities	(76,496)	1,264,117	614,542	(111,039)	(137,419)	(57,506)	(19,546)	3,784	43,416	791,790
Total primary government	$ 273,305	$ 4,130,407	$ 5,771,877	$ 1,394,245	$ 1,924,155	$ 712,222	$ 1,641,777	$ (86,935)	$ 1,791,643	$ (855,965)

COUNTY OF FLUVANNA, VIRGINIA

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

	2009	2010	2011	2012
General fund				
Nonspendable	$ -	$ -	$ 35,080	$ 2,000
Reserved	4,001,407	91,904	-	-
Restricted	-	-	78,938	-
Unreserved, designated for capital projects	2,033,250	2,526,018	-	-
Unreserved, designated for high school debt service	1,036,500	2,761,681	-	-
Unreserved, designated for subsequent expenditures	-	-	-	-
Committed	-	-	7,077,296	9,834,019
Assigned	-	-	63,698	29,914
Unreserved, undesignated	15,346,007	15,032,678		
Unassigned	-	-	13,528,036	10,348,950
Total general fund	$ 22,417,164	$ 20,412,281	$ 20,783,048	$ 20,214,883
All other governmental funds				
Reserved for Capital Projects	$ 67,190,334	$ 43,912,030	$ -	$ -
Nonspendable	-	-	-	-
Restricted	-	-	16,544,058	3,312,322
Committed	-	-	183,265	-
Assigned	-	-	-	-
Unassigned	-	-	-	(655,894)
Unreserved, reported in:				
Capital projects funds	-	-	-	-
Total all other governmental funds	$ 67,190,334	$ 43,912,030	$ 16,727,323	$ 2,656,428

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

Table 3

2013	2014	2015	2016	2017	2018
$ 17,775	$ -	$ 133,933	$ 100,000	$ 118,818	$ 78,606
-	-	-	-	-	-
-	-	-	59,520	59,520	59,520
-	-	-			
-	-	-			
-	-	-			
11,319,125	12,206,403	10,737,302	4,875,335	6,649,051	6,103,010
22,727	1,781	-	-	-	-
10,271,385	9,576,832	10,974,265	17,198,209	15,855,959	14,532,691
$ 21,631,012	$ 21,785,016	$ 21,845,500	$ 22,233,064	$ 22,683,348	$ 20,773,827
$ -	$ -	$ -	$ -	$ -	$ -
-	-	531,616	-	-	-
519,759	70,462	3,963,624	1,678,501	5,175,016	572,077
-	50,697	51,292	50,000	27,535	-
229,421	455,854	237,844	492,023	179,446	369,449
-	-	-	-	-	-
-	-	-	-	-	-
$ 749,180	$ 577,013	$ 4,784,376	$ 2,220,524	$ 5,381,997	$ 941,526

COUNTY OF FLUVANNA, VIRGINIA

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

	2009	2010	2011	2012
Revenues				
General property taxes	$ 21,348,203	$ 22,881,694	$ 24,333,649	$ 25,783,612
Other local taxes	3,208,966	3,246,451	3,501,207	2,806,074
Permits, privilege fees and regulatory licenses	424,842	361,142	347,774	239,463
Fines and forfeitures	36,545	27,752	60,363	26,384
Revenue from use of money and property	525,726	445,339	307,436	65,369
Charges for services	55,387	52,998	158,223	225,215
Miscellaneous	207,764	528,475	247,590	131,485
Recovered costs	215,758	252,899	218,277	239,814
Intergovernmental:				
Contribution from School Board	-	-	-	-
Commonwealth	7,004,314	6,860,079	6,761,028	7,824,876
Federal	1,263,803	1,615,320	1,152,522	1,011,036
Total revenues	$ 34,291,308	$ 36,272,149	$ 37,088,069	$ 38,353,328
Expenditures				
General government administration	$ 2,178,358	$ 1,998,758	$ 2,283,864	$ 2,948,951
Judicial administration	991,921	941,916	924,825	966,938
Public safety	4,610,938	6,132,985	5,551,650	5,111,665
Public works	1,530,900	1,435,000	1,444,944	1,527,887
Health and welfare	4,934,848	4,928,507	4,858,939	5,163,813
Education	18,395,167	37,947,333	41,174,205	28,136,631
Parks, recreation and cultural	2,088,594	689,922	629,182	716,477
Community development	623,204	531,699	453,826	517,276
Nondepartmental	380,835	509,718	383,995	435,867
Debt service				
Principal	1,394,882	1,476,141	1,436,343	2,285,259
Interest and other fiscal charges	2,867,392	4,923,406	4,748,216	4,689,001
Bond Issuance Costs	777,900	-	-	-
Total expenditures	$ 40,774,939	$ 61,515,385	$ 63,889,989	$ 52,499,765
Excess (deficiency) of revenues over (under) expenditures	$ (6,483,631)	$ (25,243,236)	$ (26,801,920)	$ (14,146,437)
Other financing sources (uses)				
Transfers in	$ 6,370,065	$ 976,518	$ 1,157,587	$ 863,523
Transfers out	(6,649,311)	(1,099,320)	(1,203,684)	(1,356,146)
Bonds issued	67,525,000	5,420,000	2,704,077	-
Early retirement of indebtedness	-	(4,830,000)	(2,670,000)	-
Payments to refunded bond escrow agent	525,066	-	-	-
Issuance of capital leases	-	(507,149)	-	-
Sale of capital assets	450,000	-	-	-
Total other financing sources (uses)	$ 68,220,820	$ (39,951)	$ (12,020)	$ (492,623)
Net change in fund balances	$ 61,737,189	$ (25,283,187)	$ (26,813,940)	$ (14,639,060)
Debt service as a percentage of noncapital expenditures	12.56%	19.32%	19.98%	18.57%

Table 4

2013	2014	2015	2016	2017	2018
$ 26,886,904	$ 28,437,543	$ 30,390,483	$ 32,381,780	$ 33,035,019	$ 34,771,214
2,971,802	2,957,767	3,052,599	3,148,805	3,436,609	3,639,617
266,139	271,315	328,492	316,674	325,604	325,260
30,225	36,762	19,127	17,071	52,335	55,563
66,792	50,189	59,654	159,491	91,055	141,043
220,199	234,970	240,937	627,328	760,809	906,672
103,010	256,909	76,133	92,600	113,059	882,532
537,891	198,556	159,452	175,019	475,312	334,311
-	-	-	-	-	-
7,421,770	8,200,504	7,768,139	8,186,120	8,491,421	8,435,417
2,146,270	1,571,831	1,432,605	1,170,114	1,150,400	1,530,782
$ 40,651,002	$ 42,216,346	$ 43,527,621	$ 46,275,002	$ 47,931,623	$ 51,022,411
$ 2,457,582	$ 2,375,839	$ 2,973,426	$ 2,504,595	$ 2,675,883	$ 2,573,114
997,142	1,043,554	1,033,414	1,116,896	1,140,751	1,160,743
7,774,015	7,046,266	6,504,341	14,031,007	9,103,245	8,904,135
1,484,008	2,302,295	2,670,609	3,340,430	3,066,682	3,598,723
4,588,355	4,961,275	4,900,555	5,494,433	6,047,790	6,094,617
16,921,134	14,735,070	17,150,935	18,825,010	21,054,016	21,808,677
687,593	1,734,527	1,055,476	830,275	841,396	1,168,673
1,027,505	609,918	1,072,057	959,759	779,505	768,397
159,496	18,742	26,199	37,462	25,699	109,625
7,272,220	3,531,444	7,303,148	4,257,098	11,387,489	6,947,151
2,858,997	3,681,338	3,433,568	3,455,086	3,501,825	3,510,465
393,927	-	137,388	-	272,142	-
$ 46,621,974	$ 42,040,268	$ 48,261,116	$ 54,852,051	$ 59,896,423	$ 56,644,320
$ (5,970,972)	$ 176,078	$ (4,733,495)	$ (8,577,049)	$ (11,964,800)	$ (5,621,909)
$ 1,913,411	$ 2,590,807	$ 2,999,934	$ 3,308,881	$ 3,398,928	$ 4,260,752
(1,994,483)	(2,785,048)	(3,193,717)	(3,502,665)	(3,699,236)	(4,988,835)
77,542,813	-	9,195,125	-	7,653,740	-
-	-	-	-	-	-
(72,784,959)	-	-	-	-	-
803,071	-	-	6,594,545	8,223,125	-
-	-	-	-	-	-
$ 5,479,853	$ (194,241)	$ 9,001,342	$ 6,400,761	$ 15,576,557	$ (728,083)
$ (491,119)	$ (18,163)	$ 4,267,847	$ (2,176,288)	$ 3,611,757	$ (6,349,992)
24.60%	18.24%	23.64%	17.30%	29.13%	20.55%

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

Fiscal Year June 30	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Public Service	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2009	$ 3,056,760,900	$ 173,090,987	$ 2,577,958	$ 234,509	$ 487,403,843	$ 3,720,068,197	6.850	$ 3,720,068,197	100.00%
2010	3,064,883,350	175,944,814	2,571,353	218,951	507,275,582	3,750,894,050	6.930	3,750,894,050	100.00%
2011	3,095,758,000	181,590,092	2,576,016	216,911	533,735,987	3,813,877,006	7.290	3,813,877,006	100.00%
2012	3,112,787,100	184,437,171	2,587,284	230,729	532,397,425	3,832,439,709	7.350	3,832,439,709	100.00%
2013	3,517,225,600	188,459,699	2,567,684	243,801	496,073,506	4,204,570,290	7.740	4,204,570,290	100.00%
2014	2,611,906,300	191,333,953	2,201,249	636,444	501,948,833	3,308,026,779	7.910	3,308,026,779	100.00%
2015	2,625,367,600	190,731,239	2,043,565	735,590	497,863,789	3,316,741,783	8.148	3,316,741,783	100.00%
2016	2,683,562,300	192,165,797	2,029,462	538,634	543,812,012	3,422,108,205	8.184	3,422,108,205	100.00%
2017	2,725,781,920	217,648,526	1,954,200	495,288	523,791,381	3,469,671,315	8.064	3,469,671,315	100.00%
2018	2,809,690,700	221,776,610	1,807,902	551,420	522,609,364	3,556,435,996	8.128	3,556,435,996	100.00%

Source: Commissioner of the Revenue

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

	Direct Rates				
Fiscal Years	**Real Estate**	**Personal Property / Business Personal Property (3)**	**Mobile Homes**	**Machinery and Tools**	**Total Direct Rates**
2009	0.50	3.85	0.50	2.00	6.85
2010	0.54	3.85	0.54	2.00	6.93
2011	0.57	4.15	0.57	2.00	7.29
2012	0.5981	4.15	0.5981	2.00	7.3462
2013	0.7950	4.15	0.7950	2.00	7.7400
2014	0.8800	4.15	0.8800	2.00	7.9100
2015	0.8990	4.35	0.8990	2.00	8.1480
2016	0.9170	4.35	0.9170	2.00	8.1840
2017	0.9070	4.35 / 2.90	0.9070	1.90	8.0640
2018	0.9390	4.35 / 2.90	0.9390	1.90	8.1280

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

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Fiscal Year 2018

Taxpayer	Type Business	2017 Assessed Valuation	% of Total Assessed Valuation
Tenaska Virginia Partners, LP	Utility/Electric	232,257,701	6.53%
Virginia Electric and Power	Utility/Electric	157,764,873	4.44%
Central Va. Electric Co-op	Utility/Electric	44,792,340	1.26%
Transcontinental Gas Pipeline	Utility/Gas	25,963,395	0.73%
Aqua Resources	Utility/Water	20,841,208	0.59%
Colonial Pipeline Co.	Utility/Gas	13,564,409	0.38%
CSX Transportation	Railroad	12,609,999	0.35%
Columbia Gas of Va.	Utility/Gas	12,027,785	0.34%
Central Telephone Co. of Virginia	Utility/Telephone	9,056,166	0.25%
East Coast transport	Utility/Gas	5,191,088	0.15%
		$ 534,068,964	15.02%

Fiscal Year 2009

Taxpayer	Type Business	2008 Assessed Valuation	% of Total Assessed Valuation
Tenaska Virginia Partners, LP	Utility/Electric	294,647,497	11.07%
Virginia Electric & Power	Utility/Electric	100,769,366	3.79%
Central Va. Electric Co-op	Utility/Electric	29,944,010	1.12%
Aqua Resources	Utility/Water	17,435,722	0.66%
Central Telephone of Virginia	Utility/Telephone	10,414,364	0.39%
Colonial Pipeline Co.	Utility/Gas	9,288,033	0.35%
Transcontinental Gas Pipeline	Utility/Gas	8,337,684	0.53%
CSX Transportation Inc.	Railroad	7,812,830	0.29%
Virginia Properties LLC	Commercial Property	5,490,300	0.21%
Carysbrook Holdings LLC	Commercial Property	5,310,800	0.20%
		$ 489,450,606	18.61%

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (1) (3)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percentage of Levy (1)		Amount (1)	Percentage of Levy
2009	$ 24,173,299	$ 19,998,028	82.73%	$ 929,071	$ 20,927,099	86.57%
2010	25,271,025	24,399,808	96.55%	967,360	25,367,168	100.38%
2011	27,322,612	22,860,700	83.67%	1,047,733	23,908,433	87.50%
2012	29,015,715	27,372,053	94.34%	1,152,684	28,524,737	98.31%
2013	29,846,109	28,261,251	94.69%	968,852	29,230,103	97.94%
2014	31,288,974	29,831,066	95.34%	956,280	30,787,346	98.40%
2015	33,381,054	31,724,032	95.04%	1,108,819	32,832,851	98.36%
2016	35,095,785	33,410,667	95.20%	1,031,696	34,442,363	98.14%
2017	36,527,462	34,182,932	93.58%	897,792	35,080,724	96.04%
2018	37,420,848	35,380,319	94.55%	-	35,380,319	94.55%

Source: Commissioner of Revenue, County Treasurer's office

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

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities				Business-Type Activities			
Fiscal Years	General Obligation Bonds (2)	Literary Fund Loans	Other Notes/ Bonds	Capital Leases	General Obligation Bonds	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2009	$ 81,455,801	$ 4,737,774	$ 7,500,000	$ 932,008	$ 1,792,254	$ 96,417,837	10.71%	$ 3,807
2010	86,057,976	4,242,423	2,670,000	769,043	1,709,406	95,448,848	10.48%	3,715
2011	85,223,117	3,746,605	2,704,077	663,377	1,620,960	93,958,136	9.27%	3,615
2012	83,530,386	3,264,254	2,704,077	553,200	1,529,890	91,581,807	8.65%	3,518
2013	101,441,566	2,788,660	-	1,092,806	1,438,771	106,761,803	9.82%	4,103
2014	97,882,452	2,478,809	-	868,897	1,344,780	102,574,938	9.16%	3,943
2015	95,742,783	2,168,958	-	638,273	1,249,965	99,799,979	9.72%	3,794
2016	91,684,511	1,859,107	-	7,082,582	1,153,551	101,779,751	9.92%	3,869
2017	98,294,056	1,549,256	-	8,223,125	1,055,463	109,121,900	9.81%	4,176
2018	93,346,459	-	-	7,126,966	9,514,094	109,987,519	8.51%	4,101

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics - Table 12.
(2) Includes Public Facility Bonds and School General Obligation Bonds.

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

Fiscal Year		Gross Bonded Debt (3)	Less Debt Service Monies Available	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2009	$	95,485,829	-	95,485,829	2.56%	3,770
2010		94,679,805	-	94,679,805	2.52%	3,685
2011		93,294,759	-	93,294,759	2.45%	3,590
2012		91,028,607	-	91,028,607	2.38%	3,462
2013		105,323,032	-	105,323,032	2.50%	4,048
2014		101,230,158	-	101,230,158	3.06%	3,891
2015		98,550,014	-	98,550,014	2.97%	3,746
2016		100,626,200	59,520	100,566,680	3.03%	3,823
2017		108,066,437	59,520	108,006,917	3.26%	4,106
2018		100,473,425	59,520	100,413,905	2.82%	3,744

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

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

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

Debt Policy Information
Last Ten Fiscal Years

	2018	2017	2016	2015
Total net debt applicable to debt limits (1)	$ 100,413,905	$ 108,066,437	$ 101,626,200	$ 98,550,014
Ratio of net debt to assessed taxable property value (2)	3.03%	3.26%	3.03%	2.97%
Debt limit per policy for property value	3.50%	3.50%	3.50%	3.50%
Total general governmental revenue (3)	51,022,411	47,931,623	46,275,002	43,527,621
Debt service to general governmental revenues (3)	17.37%	15.98%	16.67%	16.55%
Debt limit per policy for general governmental revenues	12.00%	12.00%	12.00%	12.00%

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

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

Table 11

2014	2013	2012	2011	2010	2009
$ 101,230,158	$ 105,323,032	$ 91,028,607	$ 93,294,759	$ 94,679,805	$ 95,485,829
3.06%	2.50%	2.38%	2.45%	2.52%	2.57%
3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
42,216,346	40,651,002	38,353,328	37,088,069	36,272,149	34,291,308
17.09%	14.58%	18.18%	16.68%	17.64%	12.43%
12.00%	12.00%	12.00%	12.00%	12.00%	12.00%

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population(1)	Personal Income(2)	Per Capita Personal Income (3)	School Enrollment (4)	Unemployment Rate (5)
2009	25,328	871,861,000	34,423	3,673	5.8%
2010	25,844	883,890,000	34,201	3,703	6.4%
2011	25,989	926,497,000	35,650	3,691	6.0%
2012	26,033	953,214,000	36,616	3,736	5.8%
2013	26,019	961,195,000	36,942	3,660	5.2%
2014	25,970	989,636,000	38,107	3,591	4.7%
2015	26,162	1,052,417,000	40,227	3,541	4.0%
2016	26,133	1,072,515,000	41,041	3,482	3.5%
2017	26,647	1,141,266,000	42,829	3,518	3.2%
2018	26,818	1,180,559,427	44,022	3,565	2.8%

(1) Source: Population estimates for 2009 to 2017 is from the Weldon Cooper Center for Public Service, Demographics & Workforce Group - July 1st Estimates. Estimates for 2018 was N/A. Estimates for 2018 are based on an average growth rate of 0.64% from 2009 to 2018.

(2) Source: Personal income data for 2009 to 2017 is from the Bureau of Economic Analysis. Data for 2018 was N/A. Estimates for 2018 are based on an average growth rate of 3.44% from 2009 to 2018.

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

(4) Source: Virginia Department of Education "Superintendent's Annual Report" (End-of-Year Membership), Includes K-12, special education, and post graduate, but excludes pre-kindergarten. School Enrollment data was N/A for 2018. 2018 data is provided by Fluvanna County Public Schools.

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

Principal Employers
Current Year and the Period Nine Years Prior

Fiscal Year 2018

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

Fiscal Year 2009

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

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

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

Function	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
General government	24	22	21	22.5	21.5	21.5	23.5	22.75	22.25	23.5
Judicial administration	12	12	12	12	12	12	12	13	13	13
Public safety										
Sheriffs department	53	53	39	43	40.5	43.5	47.5	48	48.5	48.5
Fire & rescue	0	0	0	0	0	0	0	0	0	0
Building inspections	4	4	3	4	4	4	4	3	3	3
Animal control	2	2	2	2	2	2	2	2	2	2
Emergency management	0	0	0	0	1	1	1	1	1	1
Public works										
General maintenance	18	18	18	16	16	16	17	17	17	17
Landfill	3	3	0	2	1.25	1.25	1.25	1.25	1.25	1.25
Engineering	1	1	0	1	1	1	1	1	1	1
Health and welfare										
Department of social services	25	25	22	25	29	29	28	30	33.5	33.5
Culture and recreation										
Parks and recreation	7	7	5	5	5	5	5	5	7.5	7.5
Museum	0	0	0	0	0	1.5	1.5	1.5	1	1
Library	6	6	3	3	3	3	3	3.75	4.25	4.25
Community development										
Planning	5	5	4	5.5	4.5	5	5	6	6	6
Economic development	0	0	0	0	1	1	1	1	1	1
Totals	160	158	129	141	141.75	146.75	152.75	156.25	162.25	163.5

Source: County Payroll Records.

Operating Indicators by Function
Last Ten Fiscal Years

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety										
Sheriffs department:										
Physical arrests	1,625	1,985	2,246	1,648	600	724	623	576	733	838
Traffic violations	n/a	n/a	n/a	n/a	775	712	460	500	948	1,255
Civil papers received	7,115	7,911	7,179	7,907	6,493	6,105	5,754	5,221	6,370	14,017
E911:										
Total calls	24,058	21,158	25,507	24,926	20,109	25,923	21,667	18,410	26,973	33,131
Emergency calls	n/a	n/a	n/a	n/a	6,568	6,144	6,106	6,256	6,590	6,586
Fire & Rescue calls:										
Number of fire calls answered	1,958	1,981	963	1,671	1,995	1,907	1,777	1,854	1,938	2,008
Number of rescue calls answered	n/a	n/a	n/a	n/a	n/a	2,697	2,628	2,644	2,591	2,680
Building inspections:										
Permits issued	439	385	415	424	386	461	469	463	547	755
Animal control:										
Number of calls answered	n/a	1,852	1,952	1,345	1,418	1,671	1,863	1,664	1,558	1,550
Public works										
Facilities Service Requests	5,280	6,000	6,950	376	555	817	776	546	500	525
Landfill:										
Refuse collected (tons/day)	9	7	7	6.56	6.67	6.67	7.14	6.44	6.5	7.6
Recycling (tons/day)	n/a	1	0	0.37	0.40	0.77	0.77	0.59	0.85	0.86
Health and welfare										
Department of Social Services:										
Adpotion Cases	91	159	154	176	214	235	234	228	219	216
Adult Services	638	665	765	850	810	863	1,071	982	629	790
Child Protective Services Cases	314	262	285	327	292	382	335	342	409	350
Family Services Cases	1,326	1,186	1,127	991	952	874	955	1,051	869	612
Foster Care Cases	376	264	296	240	157	125	59	115	169	223
VIEW Cases	153	245	229	358	365	282	306	228	98	81
Auxiliary Grant Cases	76	75	43	55	27	12	35	40	27	34
General Relief Cases	51	61	30	43	47	30	6	12	5	0
Medicaid Cases	12,618	19,122	20,930	22,646	24,206	25,697	26,499	32,235	24,885	21,360
SNAP Cases	11,512	16,463	19,341	22,163	21,906	21,845	20,655	18,888	7,890	7,949
TANF Cases	404	587	622	715	777	609	663	654	575	494
Caseload	27,559	39,089	43,822	48,564	49,753	50,954	50,818	54,775	35,775	32,109
Culture and recreation										
Parks and recreation:										
Youth sports participants	1,128	1,200	1,300	1,350	1,400	1,359	250	1,186	1,351	1,752
Total program participants	n/a	n/a	n/a	n/a	n/a	4,267	10,870	8,007	12,323	16,685
Community development										
Planning:										
Zoning permits issued	246	227	185	157	148	181	267	219	326	375
Component Unit - School Board										
Education:										
School age population enrolled	3,736	3,761	3,703	3,696	3,669	3,593	3,564	3,522	3,556	3,564
Number of teachers	311	303	286	293	264	280	271	272	271	266
Local expenditures per pupil	$ 9,967	$ 9,999	$ 9,249	9,153	$9,080	$9,498	$9,804	$10,452	$10,556	$10,891

Source: Individual county departments

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Administration buildings	31	31	31	31	31	31	32	32	32	32
Vehicles	4	4	4	4	3	2	3	3	2	3
Public safety										
Sheriffs office:										
Patrol units	43	43	43	34	35	34	28	32	32	39
Other vehicles	7	7	7	3	4	4	5	8	8	9
Building inspections:										
Vehicles	2	2	2	4	4	3	3	3	2	2
Animal control:										
Vehicles	2	2	2	2	2	3	3	2	2	2
Public works										
General maintenance:										
Trucks/vehicles	14	14	14	13	14	12	13	13	18	18
Landfill:										
Vehicles	3	3	3	2	1	1	1	1	1	1
Equipment	4	4	4	4	4	4	4	4	4	4
Sites	1	1	1	1	1	1	1	1	1	1
Health and welfare										
Department of Social Services:										
Vehicles	7	7	7	8	8	9	9	9	9	8
Culture and recreation										
Parks and recreation:										
Community centers	2	2	2	2	2	2	2	2	2	2
Vehicles	6	6	6	3	4	3	3	3	3	4
Parks	2	2	2	2	2	2	4	4	4	4
Swimming pools	0	0	0	0	0	0	0	0	0	0
Tennis courts	0	0	0	0	0	0	0	0	0	0
Community development										
Planning:										
Vehicles	2	2	2	2	2	3	2	2	3	3
Component Unit - School Board										
Education:										
Schools	9	9	9	9	6	5	5	5	5	5
School buses	90	90	90	74	80	78	82	84	84	86

Source: Individual county departments.

ROBINSON, FARMER, COX ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

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

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 30, 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 Fluvanna, Virginia

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 30, 2018

COUNTY OF FLUVANNA, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2018

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Pass-through Entity Identifying Number	Federal CFDA Number	Federal Expendi-tures
PRIMARY GOVERNMENT:			
DEPARTMENT OF AGRICULTURE:			
Pass through payments:			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	0010109/0010110/0040109/0040110	10.561	$ 299,061
DEPARTMENT OF JUSTICE			
Pass through payments:			
Department of Criminal Justice Services:			
Bulletproof Vest Partnership Program	Not Available	16.607	$ 3,058
Crime Victim Assistance	CJS86015	16.575	26,075
Edward Byrne Memorial Justice Assistance Grant Program		16.738	1,340
Total Department of Justice			$ 30,473
DEPARTMENT OF TRANSPORTATION:			
Pass through payments:			
Virginia Department of Motor Vehicles:			
Alcohol Open Container Requirements	154AL 1757323	20.607	$ 11,085
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	0950109/0950110	93.556	$ 16,695
Temporary Assistance for Needy Families	0400109/0400110	93.558	156,070
Refugee and Entrant Assistance - State Administered Programs	0500109/0500110	93.566	275
Low-Income Home Energy Assistance	0600409/0600410	93.568	19,564
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	0760109/0760110	93.596	25,611
Chafee Education and Training Voucher Program	9160108/9160109	93.599	6,769
Stephanie Tubbs Jones Child Welfare Services Program	0900109	93.645	421
Foster Care-Title IV-E	1100109/1100110	93.658	163,785
Adoption Assistance	1120109/1120110	93.659	133,991
Social Services Block Grant	1000109/1000110	93.667	129,222
Chafee Foster Care Independence Program	915108/9150109/9150110	93.674	2,568
Children's Health Insurance Program	0540109/0540110	93.767	11,152
Medical Assistance Program	1200109/1200110	93.778	306,720
Total Department of Health and Human Services			$ 972,843
NATIONAL ENDOWMENT FOR THE ARTS:			
Pass through payments:			
Virginia commission for the arts			
Promotion of the Arts - Partnership Agreements	99910-10-0440	45.025	$ 4,500
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass through payments:			
Virginia Department of Housing and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Not Available	14.228	$ 5,580
Total Primary Government			$ 1,323,542

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Units
Year Ended June 30, 2018 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program Title	Pass-through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
COMPONENT UNIT-SCHOOL BOARD:			
DEPARTMENT OF AGRICULTURE:			
Pass through payments:			
Department of Agriculture and Consumer Services:			
Food distribution (Child Nutrition Cluster)	Not Available	10.555	$ 88,652
Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	2013IN109941/2014IN109941	10.555	513,563
			602,215
School Breakfast Program (Child Nutrition Cluster)	2013IN109941/2014IN109941	10.553	$ 153,807
Total Department of Agriculture			$ 756,022
DEPARTMENT OF EDUCATION:			
Pass through payments:			
Department of Education:			
Title 1 Grants to Local Educational Agencies	S010A120046/S010A130046	84.010	$ 393,028
Career and Technical Education - Basic Grants to States	V048A130046/V048A140046	84.048	40,652
Special Education - Grants to States (Special Education Cluster)	H027A130107/H027A140107	84.027	787,057
Special Education - Preschool Grant (Special Education Cluster)	H173A140112	84.173	14,403
Total Special Education Cluster			$ 801,460
English Language Acquisition State Grants	Not Available	84.365	4,004
Supporting Effective Instruction State Grant	S367A130044/S367A140044	84.367	92,264
Student Support and Academic Enrichment	S424A170048	84.424	8,960
Total Department of Education			$ 1,340,368
Total Component Unit School Board			$ 2,096,390
Total Expenditures of Federal Awards			$ 3,419,932

See accompanying notes to schedule of expenditures of federal awards.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Fluvanna, Virginia under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the County of Fluvanna, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Fluvanna, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - De Minimis Cost Rate

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

Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - Loan Balances

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

Note 7 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:		
Primary government:		
General Fund	$	1,530,782
Total primary government	$	1,530,782
Component Unit School Board:		
School Operating Fund	$	1,340,368
School Cafeteria Fund		756,022
Total component unit school board	$	2,096,390
Total federal expenditures per basic financial statements	$	3,627,172
Federal Interest Subsidiary	$	(207,240)
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$	3,419,932

COUNTY OF FLUVANNA, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.027/84.173	Special Education Cluster

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

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings

There were no prior year findings.