

COUNTY OF PRINCE EDWARD, VIRGINIA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

COUNTY OF PRINCE EDWARD, VIRGINIA

Board of Supervisors

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James R. Wilck, Vice-Chairman

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J. David Emert
Gene A. Southhall

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Odessa H. Pride, Ed.D

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Ida Miley, Vice-Chairman

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Shirley Wallace
Dr. Theresa Clark

County School Board

Beulah M. Womack, Chairman

Cainan Townsend
General D. Jenkins
Lucy Carson

Timothy W. Corbett Sr., M.D.
Peter Y. Gur, Ph.D.
Elzora Stiff
Lawrence C. Varner, M.D.

Other Officials

Judge of Circuit Court
Clerk of Circuit Court
Judge of General District Court
Judge of the Juvenile & Domestic Relations District Court
Commonwealth's Attorney
Commissioner of the Revenue
Treasurer
Sheriff
Superintendent of Schools
Director of Social Services
County Administrator

Donald C. Blessing
D. Lynnette Coe
Robert G. Woodson, Jr.
Marvin H. Dunkum, Jr.
Megan L. Clark
Beverly M. Booth
Donna B. Nunnally
Wesley W. Reed
Dr. Barbara A. Johnson
Roma R. Morris
Wade Bartlett

COUNTY OF PRINCE EDWARD, VIRGINIA

Financial Report
For The Year Ended June 30, 2018

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

To the Honorable Members of
the Board of Supervisors
County of Prince Edward, 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 the County of Prince Edward, Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince Edward, 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*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 20 to the financial statements, in 2018, the County restated beginning balances to reflect the requirements of GASB Statement No. 75 and the reclassification of notes receivable between the County and the Component Unit Industrial Development Authority. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-13, 101, and 102-117 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

Other Matters: (Continued)

Supplementary and Other Information: (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2019, on our consideration of the County of Prince Edward, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Prince Edward, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County of Prince Edward, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates
(Charlottesville, Virginia)
February 15, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Board of Supervisors
To the Citizens of the County of Prince Edward, Virginia

The management of the County of Prince Edward, Virginia, presents this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2018. We encourage you to read this discussion and analysis in conjunction with the accompanying auditor's opinion on internal controls, the basic financial statements and the notes to the financial statements.

Financial Highlights

Government-wide Financial Statements

- The assets and deferred outflows of resources of the County's Primary Government accounts exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$6,704,920 (total net position). This was an increase of \$4,393,565 or 190% compared to the restated ending amount of \$2,311,355 on June 30, 2017. \$5,032,824 of the net position is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.
- The Governmental activities net position was \$6,410,126 of the County's total, an increase of \$3,036,929 or 90% in comparison with restated net position of \$3,373,197 at June 30, 2017. Cash and cash equivalents for the Governmental Activities increased from \$11,954,882 in FY17 to \$13,917,207 at the end of FY18. This is an increase of \$1,962,325 or 17.95%.
- The School Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$15,923,334, an increase of \$1,141,524 when compared to the restated amount on June 30, 2017. \$9,792,895 of this amount reflects the School Board's net investment in capital assets. (\$25,716,229) of net assets are in unrestricted assets available to meet ongoing obligations. This is a decrease of \$3,878,513 in the School Board's unrestricted net position for the fiscal year.
- In 2009, the County began operating its own utility system. The system consists of water and sewer lines and a sewer pump station purchased from the Town of Farmville. The County also started operating the landfill in 2018. Business-Type Activities net position was \$294,794 which was an increase of \$1,356,636. Unrestricted net position of Business-Type Activities increased \$924,643 during the year ending with a balance of (\$39,272) on June 30, 2018 as compared to (\$963,915) on June 30, 2017.
- The combining long-term governmental obligations decreased \$2,191,988 during the current fiscal year. Details of this decrease can be found under the long-term debt section of the management discussion and analysis and in Note 7 of the report.

Financial Highlights: (Continued)

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues exceeded expenditures by \$2,443,517 (Exhibit 5) before Other Financing Sources (Uses) and after making direct contributions totaling \$8,056,885 to the School Board.

- At the close of the current fiscal year, the County's Governmental funds reported ending fund balances of \$16,259,495 which is an increase of \$1,222,484 or 8% in comparison with the prior fiscal year.
- At the close of the current fiscal year, the unassigned fund balance for the General Fund was \$12,832,402 or 56% of total general fund expenditures excluding capital projects.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the County's basic financial statements. These financial statements are comprised of three (3) components:

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

This report also contains other information to supplement the basic financial statements. Local governmental accounting and financial reporting originally focused on funds which were designed to enhance and demonstrate fiscal accountability. Now to be accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide the public with both justification from the government that public monies have been used to comply with the desires of the elected officials and whether operating objectives have been met efficiently and effectively and can continue to be met in the future.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business. The statements include all assets and liabilities using the accrual basis of accounting. Both the financial overview and accrual accounting factors are used in the reporting of private-sector business. Government-wide financial reporting consists of two statements: (1) The Statement of Net position and (2) The Statement of Activities.

The Statement of Net Position (exhibit one) presents information on all of the County's assets and liabilities. The difference between assets and liabilities is reported as net position. Net position is presented in three categories: net investment in capital assets, restricted and unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities (exhibit two) presents information showing how the County's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items which result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). This statement is focused on the gross and net cost of various government functions which are supported by general tax and other revenues. The statement of activities presents expenses before revenues, emphasizing that in government revenues are generated for the express purpose of providing services to the public.

Overview of the Financial Statements: (Continued)

The Statement of Net Position and The Statement of Activities are both divided into two types of activities:

1. Governmental Activities - Most of the County's basic services are reported in this column to include: General Administration, Courts, Social Services, Economic Development, and Capital Projects. Governmental activities are supported primarily by taxes, state and federal grants.
2. Business-Type Activities - The County has three business-type activities: Water, Sewer, and Landfill. It is the intent of the County to recover all or a significant portion of the costs associated with providing these services through user fees and charges to customers receiving these services.
3. Component Unit - The County has two component units, the Prince Edward County Public Schools and the Industrial Development Authority. While the Component Units are legally separate entities, the County of Prince Edward is financially accountable for them. A primary government is accountable for an organization if the primary government appoints the majority of the organization's governing body. Financial information for the component units is reported separately from the financial information presented for the primary government.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of these funds can be placed in either of three (3) categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - A *governmental fund* is used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. However, government-wide financial statements are prepared on the accrual basis of accounting while governmental fund financial statements are prepared on the modified accrual basis of accounting. Thus, governmental fund financial statements focus on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Such information is useful in evaluating the County's ability to satisfy near-term financing requirements. Since the focus of governmental funds is narrower than that of government-wide financial statements, reconciliation between the two methods is provided in exhibits 4 and 6, respectively. By comparing the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements readers may better understand the long-term impact of the County's near-term financing decisions.

The County has three funds considered major governmental funds - the *General Fund*, *Landfill Construction Fund*, and *School Debt Service Fund*. In addition, the County has one fund considered non-major - the *Recreation Fund*. Information on these funds is contained in exhibits eleven and fourteen through seventeen. This data is then displayed in the governmental fund balance sheet (exhibit 3) and the governmental fund statement of revenues, expenditures, and changes in fund balance (exhibit 5).

Proprietary funds - *Proprietary funds* consist of enterprise funds which are established to account for the delivery of goods and services to the public. These funds use the accrual basis of accounting, similar to private businesses. The County has two proprietary funds (Water and Sewer) at this time.

Enterprise funds are used to report the same functions as the business-type activities in the government-wide financial statements. Water and Sewer Funds are presented on the statements as major funds (Exhibits 7 - 9). Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business. The intent of the governing body is to finance these services primarily through user charges and fees.

Overview of the Financial Statements: (Continued)

Fiduciary funds - *Fiduciary funds* account for assets held by the government as a trustee or agent for another organization. The County is responsible for ensuring the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide statements since the funds are not available to support County activities. Information on these funds is contained in exhibits eighteen and nineteen.

Notes to the financial statements - 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 presents certain required information supplements including 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 Financial Analysis

As stated earlier in this discussion, net position may serve as a useful indicator of a County’s financial position over time. For the County in FY2018, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$6,410,126 at the close of the fiscal year as presented in the Table below. This was an increase of \$3,036,929 or 90% over the FY2017 restated ending amount of \$3,373,197.

County of Prince Edward, Virginia

Schedule of Assets Liabilities and Net Position
For the Years Ended June 30, 2018 and 2017

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 31,549,914	\$ 31,041,034	\$ 42,849	\$ -	\$ 31,592,763	\$ 31,041,034
Capital assets	<u>10,076,787</u>	<u>10,301,099</u>	<u>3,923,826</u>	<u>3,727,191</u>	<u>14,000,613</u>	<u>14,028,290</u>
Total assets	<u>\$ 41,626,701</u>	<u>\$ 41,342,133</u>	<u>\$ 3,966,675</u>	<u>\$ 3,727,191</u>	<u>\$ 45,593,376</u>	<u>\$ 45,069,324</u>
Deferred outflows of resources	\$ 988,475	\$ 949,028	\$ -	\$ -	\$ 988,475	\$ 949,028
Current liabilities	\$ 142,507	\$ 384,768	\$ 82,121	\$ 963,915	\$ 224,628	\$ 1,348,683
Long-term liabilities outstanding	<u>21,754,420</u>	<u>23,067,508</u>	<u>3,589,760</u>	<u>3,825,118</u>	<u>25,344,180</u>	<u>26,892,626</u>
Total liabilities	<u>\$ 21,896,927</u>	<u>\$ 23,452,276</u>	<u>\$ 3,671,881</u>	<u>\$ 4,789,033</u>	<u>\$ 25,568,808</u>	<u>\$ 28,241,309</u>
Deferred inflows of resources	\$ 14,308,123	\$ 14,000,595	\$ -	\$ -	\$ 14,308,123	\$ 14,000,595
Net position:						
Net investment in capital assets	\$ 1,288,819	\$ 228,916	\$ 334,066	\$ (97,927)	\$ 1,622,885	\$ 130,989
Restricted	88,483	87,685	-	-	88,483	87,685
Unrestricted	<u>5,032,824</u>	<u>4,521,689</u>	<u>(39,272)</u>	<u>(963,915)</u>	<u>4,993,552</u>	<u>3,557,774</u>
Total net position	<u>\$ 6,410,126</u>	<u>\$ 4,838,290</u>	<u>\$ 294,794</u>	<u>\$ (1,061,842)</u>	<u>\$ 6,704,920</u>	<u>\$ 3,776,448</u>

At the end of FY2018, the County’s net investment in capital assets is \$1,288,819. These capital assets are used to deliver services to County residents and business; and accordingly, these assets are not available for future spending. Although the important and needed investment in capital assets is reported net of related debt, it should be noted that resources needed to repay such debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis: (Continued)

Restricted net position represents resources subject to external restrictions on how they may be used. The County had no restricted net position at the end of the fiscal year. \$88,483 of the County's net position is restricted for the use of Community Development Authority. The remaining balance of net position in the amount of \$5,032,824 may be used to meet the government's ongoing obligations. While the unrestricted net position amount is \$5,032,824, Prince Edward County has more than \$12 million in cash and cash equivalents that are unrestricted and are available to meet current obligations. The difference between the two amounts is due to the inclusion of capital assets and long-term liabilities in the net position amount.

Governmental Activities - Governmental activities increased Prince Edward County's net position by \$3,036,929. The key elements of this increase are found in exhibit 2 and 6 and the table below. Revenues increased from the previous year by \$1,412,485 and expenses decreased \$1,076,773. The net effect was an increase in net position of \$3,036,929.

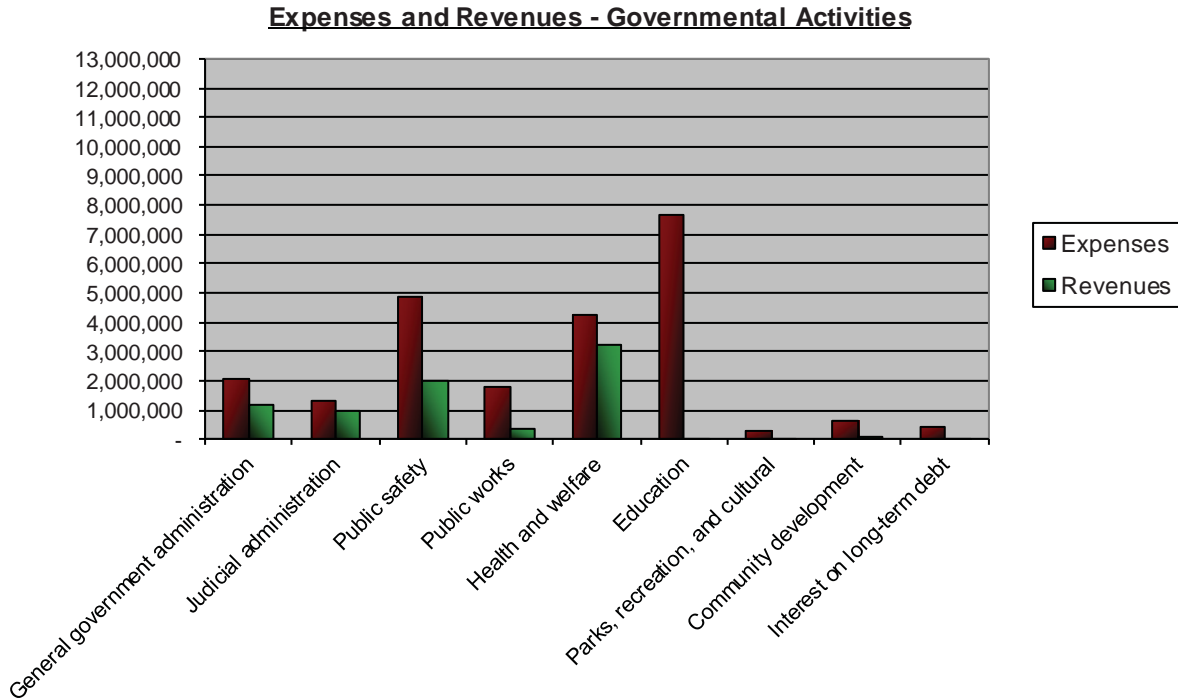
County of Prince Edward, Virginia
Changes in Net Position
For the Years Ended June 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 1,726,616	\$ 1,208,813	\$ 648,806	\$ 2,602	\$ 2,375,422	\$ 1,211,415
Operating grants and contributions	5,923,691	5,991,324	-	-	5,923,691	5,991,324
General revenues:						
General property taxes	13,232,616	12,934,371	-	-	13,232,616	12,934,371
Other local taxes	3,931,069	3,877,765	-	-	3,931,069	3,877,765
Commonwealth non-categorical aid	1,728,039	1,756,921	-	-	1,728,039	1,756,921
Other general revenues	1,019,299	379,651	-	-	1,019,299	379,651
Total revenues	\$ 27,561,330	\$ 26,148,845	\$ 648,806	\$ 2,602	\$ 28,210,136	\$ 26,151,447
Expenses:						
General government administration	\$ 2,042,261	\$ 1,879,121	\$ -	\$ -	\$ 2,042,261	\$ 1,879,121
Judicial administration	1,315,062	1,230,677	-	-	1,315,062	1,230,677
Public safety	4,886,784	4,676,477	-	-	4,886,784	4,676,477
Public works	1,798,146	1,900,935	-	-	1,798,146	1,900,935
Health and welfare	4,261,484	4,488,190	-	-	4,261,484	4,488,190
Education	7,669,358	9,217,509	-	-	7,669,358	9,217,509
Parks, recreation, and cultural	282,598	278,804	-	-	282,598	278,804
Community development	638,456	450,083	-	-	638,456	450,083
Interest on long-term debt	387,718	236,844	-	-	387,718	236,844
Water fund	-	-	121,832	167,039	121,832	167,039
Sewer fund	-	-	46,855	63,639	46,855	63,639
Landfill fund	-	-	366,017	-	366,017	-
Total expenses	\$ 23,281,867	\$ 24,358,640	\$ 534,704	\$ 230,678	\$ 23,816,571	\$ 24,589,318
Transfers	\$ (1,242,534)	\$ -	\$ 1,242,534	\$ -	\$ -	\$ -
Increase (decrease) in net position	\$ 3,036,929	\$ 1,790,205	\$ 1,356,636	\$ (228,076)	\$ 4,393,565	\$ 1,562,129
Net position - beginning, as restated	3,373,197	3,048,085	(1,061,842)	(833,766)	2,311,355	2,214,319
Net position - ending	\$ 6,410,126	\$ 4,838,290	\$ 294,794	\$ (1,061,842)	\$ 6,704,920	\$ 3,776,448

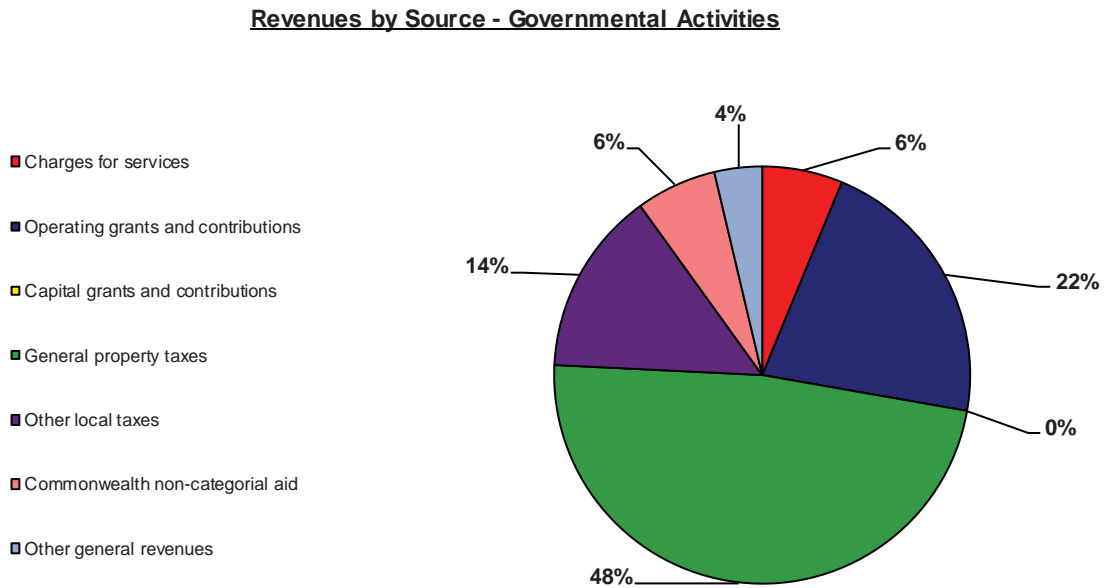
Revenues from governmental activities totaled \$27,561,330 with general property taxes (48%), operating grants and contributions (21%), and other local taxes (14%) comprising 83% of the County's revenues. Expenses for education (33%), health and welfare (18%), and public safety (21%) account for 72% of total governmental expenses of \$23,281,867.

Government-wide Financial Analysis: (Continued)

The chart below compares the revenues and expenses by program for governmental activities. In every category expenses outpace the revenues generated. This is common throughout the Commonwealth because most of the programs are not able to generate revenue. For those programs that can generate revenue (Recreation, Building Inspections etc.) the County has traditionally followed a policy of maintaining associated charges at a minimal level and funding the expenses from other revenue sources.



The Chart below portrays the Sources of Revenue for the Governmental Activities of the County.



Financial Analysis of the County's Funds

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

Governmental Funds - The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balances at the end of the fiscal year can be used to measure net resources available for expenditure. Governmental Funds reported a combined ending fund balance of \$15,037,011, an increase of \$1,222,484 when compared to the prior year. Approximately 79 percent (\$12,832,402) of the combined governmental fund balance is unassigned. The remaining 21% (\$3,427,093) of the combined fund balance is restricted or assigned to show it is not available for spending because it has been committed for future capital projects or debt service. Cash and cash equivalents in the amount of \$12,366,872 comprise 76% of the fund balance of the Governmental Funds. For the fiscal year cash and cash equivalents increased \$833,755 or 7%.

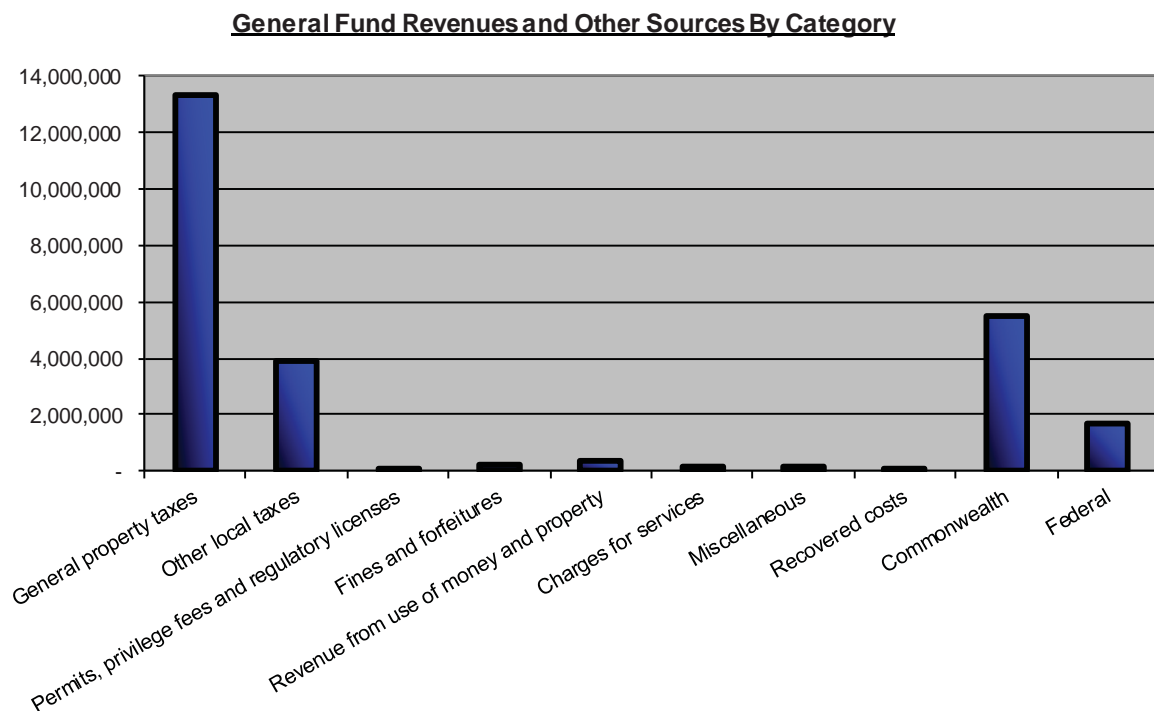
The General Fund is the primary operating fund of the County. The General Fund reports a fund balance at June 30, 2018 of \$12,920,885. This is an increase from the prior year of \$721,141. The major component of the current year increase was an increase of general property taxes of \$651,948.

The Landfill Construction Fund is used to pay expenses associated with the opening and closing of landfill cells. On June 30, 2018 the Landfill Construction Fund had a fund balance of \$1,536,362, an increase of \$332,968. This increase was the result of a decrease of capital project expenditures in the fund.

As a measure of the General Fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 61% of General Fund expenditures excluding capital projects. Total fund balance represents approximately the same percentage due to the minimal amount of reserved fund balance reported.

General Fund Revenues and Other Sources by Category

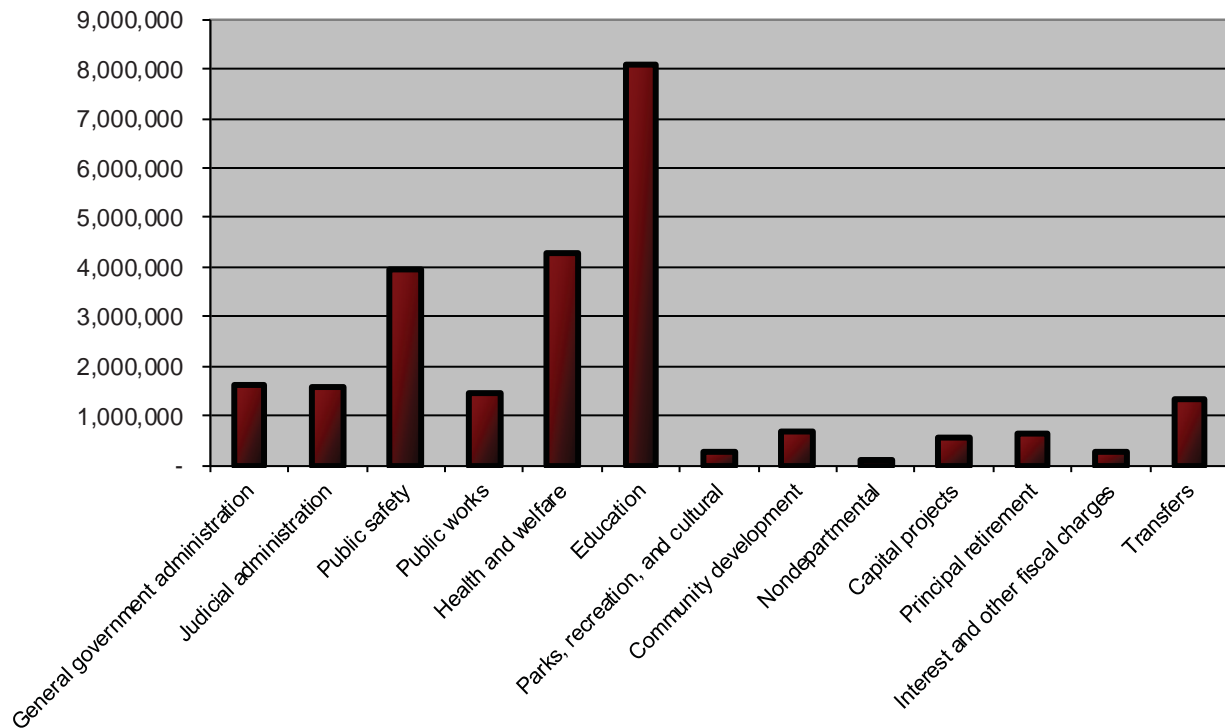
The following graph depicts General Fund revenues and other sources by categories. Total revenues and other sources are \$25,514,963.



General Fund Revenues and Other Sources by Category

The graph below displays General Fund expenditures and other uses by category. Total expenditures and uses are \$23,462,636 including transfers out of the fund of \$1,352,687.

General Fund Expenditures and Other Sources By Category



General Fund Budgetary Highlights

The final amended General Fund budget saw revenues decreased by \$146,047 over the original budgeted amount. The final expenditure budget reflected a decrease of \$532,930 when compared to the original budget. The revenue increases (decreases) were as follows:

- \$14,000 in Fine and forfeitures
- (\$289,800) in Charges for services
- \$58,328 in Miscellaneous
- \$39,537 in intergovernmental revenues from the Commonwealth of Virginia
- \$31,888 in intergovernmental revenues from the Federal government

General Fund Budgetary Highlights: (Continued)

The Expenditure amendments were as follows:

- \$10,145 increase in General government administration
- \$35,475 increase in Judicial administration
- \$417,453 increase in Public safety
- (\$1,203,207) decrease in Public works
- \$1,700 increase in Community development
- (32,047) decrease in Nondepartmental
- \$237,551 increase in Capital projects

As can be seen the increase in Public Safety and decrease in Public Works accounted for the majority of the decrease in the budgeted expenditures.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental and enterprise operations as of June 30, 2018, is \$14,000,613 (net of accumulated depreciation) as listed below. This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

County of Prince Edward, Virginia
Capital Assets
June 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 1,501,360	\$ 1,501,360	-	-	\$ 1,501,360	\$ 1,501,360
Buildings	6,482,951	6,942,978	-	-	6,482,951	6,942,978
Improvements other than buildings	1,316,169	1,405,399	-	-	1,316,169	1,405,399
Equipment	530,386	451,362	283,600	-	813,986	451,362
Utility plant in service	-	-	3,640,226	3,727,191	3,640,226	3,727,191
Construction in progress	245,921	-	-	-	245,921	-
Net capital assets	<u>\$ 10,076,787</u>	<u>\$ 10,301,099</u>	<u>\$ 3,923,826</u>	<u>\$ 3,727,191</u>	<u>\$ 14,000,613</u>	<u>\$ 14,028,290</u>

Additional information on Prince Edward County's capital assets can be found in Note 4 of this report.

Long-term debt - At the close of FY2018, Prince Edward County had total outstanding obligations of \$25,344,180. Of this amount \$4,423,939 comprises note payable and bonds payable (other than revenue bonds) of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources, i.e., revenue bonds, landfill closure and post-closure liability, retirement note obligation, compensated absences, net pension liability and net OPEB obligation.

During the fiscal year the County's long-term obligations decreased by \$2,191,988.

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

Economic Factors Influencing FY2019 Budgets and Tax Rates

The completion of construction of several large commercial projects in 2018 and the corresponding increase in employment from these projects coupled with the expanding economy resulted in an increase in local revenues of approximately \$450,000 for FY19. This increased revenue coupled with the decrease in debt service of \$190,000 created an additional \$640,000 in funds available without having to increase taxes. The County's new self-insurance program for health care held those costs in check with an increase of only 5% as compared to the double digit increases of the last several years. With no major capital expenditures, the County was able to avoid imposing any tax or fee increases and budget an increase in the fund balance of \$235,407.

Several large capital projects that will be completed or at least started in FY2019 were not contained in the budget as they have not been scoped or bid. It is anticipated these projects will cost the County several million dollars. It was anticipated these projects will be funded from reserves which have grown over the last several years.

For FY19 the Board of Supervisors directed the County Administrator to present a budget that was not only balanced but also did not contain any tax increases. This was accomplished.

The end result was a balanced budget which required no draws from fund balances.

Requests for Information

This financial report is designed to provide a general overview of the County of Prince Edward's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administration Office, 111 South Street, Farmville, Virginia 23901.

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position

June 30, 2018

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority
ASSETS					
Cash and cash equivalents	\$ 12,455,216	\$ 42,849	\$ 12,498,065	\$ 1,533,527	\$ 694,054
Receivables (net of allowance for uncollectibles):					
Taxes receivable	15,051,742	-	15,051,742	-	-
Accounts receivable	147,852	-	147,852	57,153	-
Loan receivable	-	-	-	-	918,759
Note receivable	259,766	-	259,766	-	-
Due from primary government	-	-	-	-	21,556
Due from component unit	1,046,906	-	1,046,906	-	-
Due from other governmental units	1,126,441	-	1,126,441	880,940	-
Prepaid items	-	-	-	235,493	-
Industrial assets	-	-	-	-	991,175
Restricted assets:					
Cash and cash equivalents	1,461,991	-	1,461,991	-	-
Capital assets (net of accumulated depreciation):					
Land	1,501,360	-	1,501,360	99,952	-
Buildings and improvements	6,482,951	-	6,482,951	8,882,319	-
Improvements other than buildings	1,316,169	-	1,316,169	238,458	-
Equipment	530,386	283,600	813,986	572,166	-
Utility plant in service	-	3,640,226	3,640,226	-	-
Construction in progress	245,921	-	245,921	-	-
Total assets	\$ 41,626,701	\$ 3,966,675	\$ 45,593,376	\$ 12,500,008	\$ 2,625,544
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 480,197	\$ -	\$ 480,197	\$ 2,201,244	\$ -
OPEB related items	27,288	-	27,288	212,334	-
Deferred amount on bond refunding	480,990	-	480,990	-	-
Total deferred outflows of resources	\$ 988,475	\$ -	\$ 988,475	\$ 2,413,578	\$ -
LIABILITIES					
Accounts payable	\$ 40,322	\$ 36,441	\$ 76,763	\$ 22,081	\$ -
Accrued liabilities	32,207	-	32,207	1,207,655	-
Accrued interest payable	69,978	36,125	106,103	-	-
Due to other governmental units	-	9,555	9,555	-	-
Due to primary government	-	-	-	1,068,462	-
Long-term liabilities:					
Due within one year	951,312	230,915	1,182,227	-	-
Due in more than one year	20,803,108	3,358,845	24,161,953	23,727,735	-
Total liabilities	\$ 21,896,927	\$ 3,671,881	\$ 25,568,808	\$ 26,025,933	\$ -
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 894,564	\$ -	\$ 894,564	\$ 4,548,987	\$ -
OPEB related items	55,000	-	55,000	264,000	-
Deferred revenue - property taxes	13,358,559	-	13,358,559	-	-
Total deferred inflows of resources	\$ 14,308,123	\$ -	\$ 14,308,123	\$ 4,812,987	\$ -
NET POSITION					
Net investment in capital assets	\$ 1,288,819	\$ 334,066	\$ 1,622,885	\$ 9,792,895	\$ -
Restricted:					
Community Development Authority	88,483	-	88,483	-	-
Unrestricted	5,032,824	(39,272)	4,993,552	(25,718,229)	2,625,544
Total net position	\$ 6,410,126	\$ 294,794	\$ 6,704,920	\$ (15,925,334)	\$ 2,625,544

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,042,261	\$ 922,028	\$ 223,030	\$ -
Judicial administration	1,315,062	230,047	746,160	-
Public safety	4,886,784	223,106	1,738,735	-
Public works	1,798,146	339,844	-	-
Health and welfare	4,261,484	-	3,213,766	-
Education	7,669,358	-	-	-
Parks, recreation, and cultural	282,598	-	2,000	-
Community development	638,456	11,591	-	-
Interest on long-term debt	387,718	-	-	-
Total governmental activities	\$ 23,281,867	\$ 1,726,616	\$ 5,923,691	\$ -
Business-type activities:				
Water	\$ 121,832	\$ 778	\$ -	\$ -
Sewer	46,855	1,516	-	-
Landfill	366,017	646,512	-	-
Total business-type activities	\$ 534,704	\$ 648,806	\$ -	\$ -
Total primary government	\$ 23,816,571	\$ 2,375,422	\$ 5,923,691	\$ -
COMPONENT UNITS:				
School Board	\$ 24,195,002	\$ 372,321	\$ 17,259,935	\$ -
Industrial Development Authority	77,851	-	-	-
Total component units	\$ 24,272,853	\$ 372,321	\$ 17,259,935	\$ -
General revenues:				
General property taxes				
Other local taxes:				
Local sales and use taxes				
Consumers' utility taxes				
Motor vehicle licenses				
Taxes on recordation and wills				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Contributions from the County of Prince Edward, Virginia				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Unit		
Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority	
\$ (897,203)	\$ -	\$ (897,203)	\$ -	\$ -	
(338,855)	-	(338,855)	-	-	
(2,924,943)	-	(2,924,943)	-	-	
(1,458,302)	-	(1,458,302)	-	-	
(1,047,718)	-	(1,047,718)	-	-	
(7,669,358)	-	(7,669,358)	-	-	
(280,598)	-	(280,598)	-	-	
(626,865)	-	(626,865)	-	-	
(387,718)	-	(387,718)	-	-	
<u>\$ (15,631,560)</u>	<u>\$ -</u>	<u>\$ (15,631,560)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (121,054)	\$ (121,054)	\$ -	\$ -	
-	(45,339)	(45,339)	-	-	
-	280,495	280,495	-	-	
<u>\$ -</u>	<u>\$ 114,102</u>	<u>\$ 114,102</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (15,631,560)</u>	<u>\$ 114,102</u>	<u>\$ (15,517,458)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (6,562,746)	\$ -	
-	-	-	-	(77,851)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,562,746)</u>	<u>\$ (77,851)</u>	
\$ 13,232,616	\$ -	\$ 13,232,616	\$ -	\$ -	
2,864,176	-	2,864,176	-	-	
313,830	-	313,830	-	-	
483,347	-	483,347	-	-	
205,308	-	205,308	-	-	
64,408	-	64,408	-	-	
832,179	-	832,179	33,021	12,120	
187,120	-	187,120	11,641	3,000	
-	-	-	7,657,608	-	
1,728,039	-	1,728,039	-	-	
(1,242,534)	1,242,534	-	-	-	
<u>\$ 18,668,489</u>	<u>\$ 1,242,534</u>	<u>\$ 19,911,023</u>	<u>\$ 7,702,270</u>	<u>\$ 15,120</u>	
\$ 3,036,929	\$ 1,356,636	\$ 4,393,565	\$ 1,139,524	\$ (62,731)	
3,373,197	(1,061,842)	2,311,355	(17,064,858)	2,688,275	
<u>\$ 6,410,126</u>	<u>\$ 294,794</u>	<u>\$ 6,704,920</u>	<u>\$ (15,925,334)</u>	<u>\$ 2,625,544</u>	

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Fund Financial Statements

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Balance Sheet
Governmental Funds
June 30, 2018

	General	School Debt Service	Landfill Construction	Other Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 10,513,129	\$ -	\$ 1,508,046	\$ 345,697	\$ 12,366,872
Receivables (net of allowance for uncollectibles):					
Taxes receivable	15,051,742	-	-	-	15,051,742
Accounts receivable	119,536	-	28,316	-	147,852
Notes receivable	51,266	-	-	-	51,266
Due from component unit	1,068,462	-	-	-	1,068,462
Due from other governmental units	1,126,441	-	-	-	1,126,441
Restricted assets:					
Cash and cash equivalents	-	1,461,991	-	-	1,461,991
Total assets	\$ 27,930,576	\$ 1,461,991	\$ 1,536,362	\$ 345,697	\$ 31,274,626
LIABILITIES					
Accounts payable	\$ 34,882	\$ -	\$ -	\$ 5,440	\$ 40,322
Accrued liabilities	32,207	-	-	-	32,207
Due to component unit	21,556	-	-	-	21,556
Total liabilities	\$ 88,645	\$ -	\$ -	\$ 5,440	\$ 94,085
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	\$ 14,921,046	\$ -	\$ -	\$ -	\$ 14,921,046
FUND BALANCES					
Restricted:					
Community Development Authority	\$ 88,483	\$ -	\$ -	\$ -	\$ 88,483
Debt service	-	1,461,991	-	-	1,461,991
Assigned:					
Landfill construction	-	-	1,536,362	-	1,536,362
Recreation capital projects	-	-	-	8,146	8,146
Special revenue	-	-	-	332,111	332,111
Unassigned	12,832,402	-	-	-	12,832,402
Total fund balances	\$ 12,920,885	\$ 1,461,991	\$ 1,536,362	\$ 340,257	\$ 16,259,495
Total liabilities, deferred inflows of resources and fund balances	\$ 27,930,576	\$ 1,461,991	\$ 1,536,362	\$ 345,697	\$ 31,274,626

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 16,259,495

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

Capital assets, cost	\$ 21,666,580	
Accumulated depreciation	<u>(11,589,793)</u>	10,076,787

Internal services funds are used by the County to charge the cost of health and dental insurance benefits to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position. The internal service fund net position is:

88,343

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

Unavailable property taxes	\$ 1,562,487	
Notes receivable	<u>208,501</u>	1,770,988

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 480,197	
OPEB related items	27,288	
Deferred amount on bond refunding	<u>480,990</u>	988,475

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and loans payable, including premium on bonds	\$ (12,987,897)	
Accrued interest payable	(69,978)	
Compensated absences	(666,908)	
Net OPEB liabilities	(1,056,100)	
Net pension liability	(1,795,152)	
Landfill closure, postclosure and corrective action cost liability	<u>(5,248,363)</u>	(21,824,398)

Deferred inflows of resources are not due in the current period and, therefore, are not reported in the funds.

Pension related items	\$ (894,564)	
OPEB related items	<u>(55,000)</u>	<u>(949,564)</u>

Net position of governmental activities \$ 6,410,126

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

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

	General	School Debt Service	Landfill Construction Fund	Other Governmental Funds	Total
REVENUES					
General property taxes	\$ 13,311,281	\$ -	\$ -	\$ -	\$ 13,311,281
Other local taxes	3,930,605	-	-	-	3,930,605
Permits, privilege fees, and regulatory licenses	84,435	-	-	-	84,435
Fines and forfeitures	201,017	-	-	-	201,017
Revenue from the use of money and property	369,443	32,662	13,016	1,170	416,291
Charges for services	134,837	-	319,952	64,809	519,598
Miscellaneous	170,891	-	-	399	171,290
Recovered costs	98,397	-	-	-	98,397
Intergovernmental:					
Commonwealth	5,517,010	-	-	461,825	5,978,835
Federal	1,697,047	-	-	-	1,697,047
Total revenues	\$ 25,514,963	\$ 32,662	\$ 332,968	\$ 528,203	\$ 26,408,796
EXPENDITURES					
Current:					
General government administration	\$ 1,612,576	\$ -	\$ -	\$ -	\$ 1,612,576
Judicial administration	1,624,483	-	-	-	1,624,483
Public safety	3,924,029	-	-	502,643	4,426,672
Public works	1,462,747	-	-	-	1,462,747
Health and welfare	4,274,895	-	-	-	4,274,895
Education	8,068,635	-	-	-	8,068,635
Parks, recreation, and cultural	280,598	-	-	-	280,598
Community development	661,489	-	-	-	661,489
Nondepartmental	104,186	-	-	-	104,186
Capital projects	535,553	-	-	-	535,553
Debt service:					
Principal retirement	648,407	-	-	-	648,407
Interest and other fiscal charges	265,038	-	-	-	265,038
Total expenditures	\$ 23,462,636	\$ -	\$ -	\$ 502,643	\$ 23,965,279
Excess (deficiency) of revenues over (under) expenditures	\$ 2,052,327	\$ 32,662	\$ 332,968	\$ 25,560	\$ 2,443,517
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 110,153	\$ -	\$ -	\$ 110,153
Transfers out	(1,352,687)	-	-	-	(1,352,687)
Issuance of lease revenue refunding bonds	2,391,777	-	-	-	2,391,777
Premium on refunding bonds	390,793	-	-	-	390,793
Payments to refunded bond escrow agent	(2,761,069)	-	-	-	(2,761,069)
Total other financing sources (uses)	\$ (1,331,186)	\$ 110,153	\$ -	\$ -	\$ (1,221,033)
Net change in fund balances	\$ 721,141	\$ 142,815	\$ 332,968	\$ 25,560	\$ 1,222,484
Fund balances - beginning	12,199,744	1,319,176	1,203,394	314,697	15,037,011
Fund balances - ending	\$ 12,920,885	\$ 1,461,991	\$ 1,536,362	\$ 340,257	\$ 16,259,495

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

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

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

Net change in fund balances - total governmental funds	\$	1,222,484	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>			
Capital asset additions	\$	605,040	
Net transfer of joint tenancy assets		(199,461)	
Depreciation expense		<u>(629,891)</u>	(224,312)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>			
Unavailable property tax revenue			(78,665)
<p>The issuance of long-term notes receivable consumes the current financial resources of governmental funds, while the receipt of repayment of the principal of long-term notes receivable provides current financial resources to governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term notes receivable.</p>			
			(61,500)
<p>Internal service funds are used by the County to charge the costs of health and dental insurance benefits to individual funds. The change in net position of the internal service fund is reported with governmental activities.</p>			
			10,987
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>			
(Increase) decrease in landfill closure, postclosure and corrective action cost liability	\$	(92,800)	
Issuance of long-term debt including premiums		(2,782,570)	
Payment to refunding bond escrow agent		2,761,069	
Principal payments and premium amortization		<u>1,102,381</u>	988,080
<p>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.</p>			
(Increase) decrease in accrued interest payable	\$	18,483	
(Increase) decrease in compensated absences		41,501	
Deferred amount on refunding		480,990	
Pension expense		641,045	
OPEB expense		<u>(2,164)</u>	<u>1,179,855</u>
Change in net position of governmental activities	\$		<u><u>3,036,929</u></u>

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

Statement of Net Position
 Proprietary Funds
 June 30, 2018

	Business-type Activities - Enterprise Funds				Governmental
	Water	Sewer	Landfill	Total	Activities Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	\$ -	\$ -	\$ 42,849	\$ 42,849	\$ 88,343
Total current assets	\$ -	\$ -	\$ 42,849	\$ 42,849	\$ 88,343
Noncurrent assets:					
Capital assets:					
Utility plant in service	\$ 3,107,261	\$ 1,241,000	\$ -	\$ 4,348,261	\$ -
Machinery and equipment	-	-	283,600	283,600	-
Accumulated depreciation	(484,655)	(223,380)	-	(708,035)	-
Total capital assets	\$ 2,622,606	\$ 1,017,620	\$ 283,600	\$ 3,923,826	\$ -
Total noncurrent assets	\$ 2,622,606	\$ 1,017,620	\$ 283,600	\$ 3,923,826	\$ -
Total assets	\$ 2,622,606	\$ 1,017,620	\$ 326,449	\$ 3,966,675	\$ 88,343
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 42	\$ -	\$ 36,399	\$ 36,441	\$ -
Accrued interest payable	26,309	9,816	-	36,125	-
Due to other funds	-	-	9,555	9,555	-
Bonds payable - current portion	168,320	62,595	-	230,915	-
Total current liabilities	\$ 194,671	\$ 72,411	\$ 45,954	\$ 313,036	\$ -
Noncurrent liabilities:					
Bonds payable - net of current portion	\$ 2,447,441	\$ 911,404	\$ -	\$ 3,358,845	\$ -
Total noncurrent liabilities	\$ 2,447,441	\$ 911,404	\$ -	\$ 3,358,845	\$ -
Total liabilities	\$ 2,642,112	\$ 983,815	\$ 45,954	\$ 3,671,881	\$ -
NET POSITION					
Net investment in capital assets	\$ 6,845	\$ 43,621	\$ 283,600	\$ 334,066	\$ -
Unrestricted	(26,351)	(9,816)	(3,105)	(39,272)	88,343
Total net position	\$ (19,506)	\$ 33,805	\$ 280,495	\$ 294,794	\$ 88,343

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

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

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Landfill	Total	Internal Service Fund
OPERATING REVENUES					
Charges for services:					
Water revenues	\$ 778	\$ -	\$ -	\$ 778	\$ -
Sewer revenues	-	1,516	-	1,516	-
Landfill revenues	-	-	646,512	646,512	-
Insurance premiums	-	-	-	-	922,028
Total operating revenues	\$ 778	\$ 1,516	\$ 646,512	\$ 648,806	\$ 922,028
OPERATING EXPENSES					
Supplies	\$ 402	\$ -	\$ -	\$ 402	\$ -
Utilities	-	520	-	520	-
Insurance	403	404	-	807	911,041
Landfill operations	-	-	366,017	366,017	-
Depreciation	62,145	24,820	-	86,965	-
Total operating expenses	\$ 62,950	\$ 25,744	\$ 366,017	\$ 454,711	\$ 911,041
Operating income (loss)	\$ (62,172)	\$ (24,228)	\$ 280,495	\$ 194,095	\$ 10,987
Interest expense	\$ (58,882)	\$ (21,111)	\$ -	\$ (79,993)	\$ -
Total nonoperating revenues (expenses)	\$ (58,882)	\$ (21,111)	\$ -	\$ (79,993)	\$ -
Income before transfers	\$ (121,054)	\$ (45,339)	\$ 280,495	\$ 114,102	\$ 10,987
Transfers in	\$ 626,330	\$ 616,204	\$ -	\$ 1,242,534	\$ -
Change in net position	\$ 505,276	\$ 570,865	\$ 280,495	\$ 1,356,636	\$ 10,987
Total net position - beginning	(524,782)	(537,060)	-	(1,061,842)	77,356
Total net position - ending	\$ (19,506)	\$ 33,805	\$ 280,495	\$ 294,794	\$ 88,343

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

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

	Business-type Activities - Enterprise Funds				Governmental
	Water	Sewer	Landfill	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 778	\$ 1,516	\$ 646,512	\$ 648,806	\$ 974,862
Payments to suppliers	(1,451)	(924)	(329,618)	(331,993)	(911,041)
Net cash provided by (used for) operating activities	<u>\$ (673)</u>	<u>\$ 592</u>	<u>\$ 316,894</u>	<u>\$ 316,813</u>	<u>\$ 63,821</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advances from other funds	\$ 234,103	\$ 86,498	\$ 9,555	\$ 330,156	\$ -
Net cash provided by (used for) noncapital financing activities	<u>\$ 234,103</u>	<u>\$ 86,498</u>	<u>\$ 9,555</u>	<u>\$ 330,156</u>	<u>\$ -</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Additions to capital assets	\$ -	\$ -	\$ (283,600)	\$ (283,600)	\$ -
Principal payments on bonds	(149,122)	(55,635)	-	(204,757)	-
Redemption of bonds	(1,845,786)	(687,782)	-	(2,533,568)	-
Issuance of refunding bonds	1,786,645	666,579	-	2,453,224	-
Premium on issuance of bonds	272,290	115,704	-	387,994	-
Interest payments	(297,457)	(125,956)	-	(423,413)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (233,430)</u>	<u>\$ (87,090)</u>	<u>\$ (283,600)</u>	<u>\$ (604,120)</u>	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ -	\$ -	\$ 42,849	\$ 42,849	\$ 63,821
Cash and cash equivalents - beginning	-	-	-	-	24,522
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,849</u>	<u>\$ 42,849</u>	<u>\$ 88,343</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ (62,172)	\$ (24,228)	\$ 280,495	\$ 194,095	\$ 10,987
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	\$ 62,145	\$ 24,820	\$ -	\$ 86,965	\$ -
(Increase) decrease in due from other funds	-	-	-	-	52,834
Increase (decrease) in accounts payable	(646)	-	36,399	35,753	-
Total adjustments	<u>\$ 61,499</u>	<u>\$ 24,820</u>	<u>\$ 36,399</u>	<u>\$ 122,718</u>	<u>\$ 52,834</u>
Net cash provided by (used for) operating activities	<u>\$ (673)</u>	<u>\$ 592</u>	<u>\$ 316,894</u>	<u>\$ 316,813</u>	<u>\$ 63,821</u>

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2018

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>282,340</u>
Total assets	\$ <u><u>282,340</u></u>
LIABILITIES	
Reconciled overdraft	\$ 648
Amounts held for social services clients	(648)
Amounts held as sales tax to other towns	30
Amounts held for Piedmont Alcohol Safety Action Program	<u>282,310</u>
Total liabilities	\$ <u><u>282,340</u></u>

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018

Note 1—Summary of Significant Accounting Policies:

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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

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

Separate financial statements are provided for governmental funds, 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.

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

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 original budget, final budget, and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for general purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organizations governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Prince Edward, 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 - The component unit columns in the combined financial statements include the financial data of the County's component units. They are reported in a separate column to emphasize that they are legally separate from the County.

The Prince Edward County School Board operates the elementary and secondary public schools in the County. School Board members are appointed by the Board of Supervisors. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School board and provides significant funding to operate the public schools, since the School Board does not have separate taxing powers. The Prince Edward County School Board does not issue separate financial statements.

The Prince Edward County Industrial Development Authority was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Board of Supervisors of Prince Edward County on October 21, 1971 pursuant to the provisions of the Industrial Development and Revenue Bond Act (Chapter 33, Section 15.2-4900), et. seq., of the Code of Virginia (1950), as amended. The Authority is authorized to issue revenue bonds; acquire, own, lease and dispose of properties to the end that such activities may promote industry and develop trade inducing enterprise to locate and remain in Virginia. The Authority is governed by seven directors appointed by the Board of Supervisors of Prince Edward County. The Authority is fiscally dependent on the County. Complete financial statements of the Authority may be obtained at the Authority's administrative office.

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

C. Jointly Governed Organizations

The County, in conjunction with other localities, has created the Central Virginia Regional Library, the Piedmont Regional Jail, the Piedmont Regional Juvenile Detention Center, and Crossroads Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$210,808 to the regional library, \$63,314 to the juvenile detention center, and \$60,000 to the Crossroads Community Services Board.

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

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

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

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

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

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

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

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

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following 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 resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues are used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for reporting purposes.

b. Special Revenue Fund

The Piedmont Court Services Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditures for the Piedmont Court. The Piedmont Court Services Fund is considered a nonmajor fund.

c. Capital Projects Fund

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

d. Debt Service Fund

The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service. The School Debt Service Fund is considered a major fund.

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

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

2. 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 described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

3. Proprietary Funds

Proprietary Funds account for activities similar to those found in the private business sector. The measurement focus is upon determination of net income. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the County is that the cost of providing services to the general public be financed or recovered through user charges. Currently the County's Water and Sewer and Landfill Funds are accounted for as enterprise funds.

Proprietary 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. The enterprise funds also recognize as operating revenue the portion of tap fees and facility fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. 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)

E. Budgets and Budgetary Accounting: (Continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The total appropriation can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments and between County departments (excluding the Constitutional Officers); however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Recreation Fund, Landfill Construction Fund, Piedmont Court Service Fund and the Water Sewer and Landfill Funds of the primary government and the School Operating Fund, School Cafeteria Fund and School Capital Projects Fund of the School Board.
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. Budgetary data presented in the accompanying financial statements includes the original and legally amended budgets at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
9. There were two departments reporting expenditures in excess of appropriations. Public works reported expenditures of \$1,462,747 with a final budget of \$694,357, and Parks, recreation, and cultural reported expenditures of \$280,598 with a final budget of \$276,808.

F. Cash and Cash Equivalents

For purposes of reporting cash flows for proprietary-type funds, cash and cash equivalents include cash on hand, money market funds, certificates of deposit and investments with maturities of three months or less from the date of acquisition.

The County maintains a pool of cash and investments in which each fund participates on a dollar equivalent and daily transaction basis. Interest is distributed monthly based on average monthly balances. The majority of funds in the County's accounts are invested at all times.

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 balance between funds are reported as "advance to/from other funds" (i.e. the noncurrent portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,006,005 at June 30, 2018 and is comprised solely of property taxes.

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable December 5th. The County bills and collects its own property taxes.

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

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental 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 two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Structures, lines & accessories	50
Utility plant in service	50
Buildings	40
Building improvements	20-40
Equipment	5

I. 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. It 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. It is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on this item, reference the related notes.

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

I. Deferred Outflows/Inflows of Resources: (Continued)

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

J. Compensated Absences

Vested or accumulated vacation leave 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. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

K. Long-term Obligations

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

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

L. Fund Equity

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

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

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

L. Fund Equity: (Continued)

- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

M. 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.

N. Restricted Assets

The County reports restricted assets of \$1,461,991, which is to be used for debt service on QZAB bonds.

O. 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 the component of net position.

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 and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Q. Pensions

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

R. Other Postemployment Benefits (OPEB)

Group Life Insurance

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

Teacher Employee Health Insurance Credit Program

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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 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).

The County has no formal investment policy addressing the various risks related to investments.

Note 3—Due From Other Governmental Units:

Amounts due from other governments are detailed as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia		
School funds	\$ -	\$ 15,138
State sales taxes	-	346,454
Local sales tax	555,430	-
Communication tax	45,712	-
Shared expenses	185,005	-
Social services funds	88,227	-
Comprehensive services	84,539	-
Other	2,736	-
Federal Government:		
School funds	-	519,348
Social services funds	130,019	-
Other	34,773	-
	<u>\$ 1,126,441</u>	<u>\$ 880,940</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 4—Capital Assets:

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

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Primary Government:				
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,501,360	\$ -	\$ -	\$ 1,501,360
Construction in progress	-	245,921	-	245,921
Total capital assets not being depreciated	<u>\$ 1,501,360</u>	<u>\$ 245,921</u>	<u>\$ -</u>	<u>\$ 1,747,281</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 12,055,837	\$ -	\$ 379,928	\$ 11,675,909
Improvements other than buildings	5,112,516	-	-	5,112,516
Equipment	<u>2,771,755</u>	<u>359,119</u>	<u>-</u>	<u>3,130,874</u>
Total capital assets being depreciated	<u>\$ 19,940,108</u>	<u>\$ 359,119</u>	<u>\$ 379,928</u>	<u>\$ 19,919,299</u>
Accumulated depreciation:				
Buildings and improvements	\$ 5,112,859	\$ 260,566	\$ 180,467	\$ 5,192,958
Improvements other than buildings	3,707,117	89,230	-	3,796,347
Equipment	<u>2,320,393</u>	<u>280,095</u>	<u>-</u>	<u>2,600,488</u>
Total accumulated depreciation	<u>\$ 11,140,369</u>	<u>\$ 629,891</u>	<u>\$ 180,467</u>	<u>\$ 11,589,793</u>
Total capital assets being depreciated, net	<u>\$ 8,799,739</u>	<u>\$ (270,772)</u>	<u>\$ 199,461</u>	<u>\$ 8,329,506</u>
Governmental activities capital assets, net	<u><u>\$ 10,301,099</u></u>	<u><u>\$ (24,851)</u></u>	<u><u>\$ 199,461</u></u>	<u><u>\$ 10,076,787</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 4—Capital Assets: (Continued)

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Primary Government: (Continued)				
Business-type Activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ -	\$ 283,600	\$ -	\$ 283,600
Utility plant in service	<u>4,348,261</u>	<u>-</u>	<u>-</u>	<u>4,348,261</u>
Total capital assets being depreciated	<u>\$ 4,348,261</u>	<u>\$ 283,600</u>	<u>\$ -</u>	<u>\$ 4,631,861</u>
Accumulated depreciation:				
Utility plant in service	<u>\$ 621,070</u>	<u>\$ 86,965</u>	<u>\$ -</u>	<u>\$ 708,035</u>
Total capital assets being depreciated, net	<u>\$ 3,727,191</u>	<u>\$ 196,635</u>	<u>\$ -</u>	<u>\$ 3,923,826</u>
Business-type activities capital assets, net	<u><u>\$ 3,727,191</u></u>	<u><u>\$ 196,635</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,923,826</u></u>
	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Component Unit-School Board:				
Governmental Activities:				
Capital assets, not being depreciated:				
Land	<u>\$ 99,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,952</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 23,435,738	\$ 379,928	\$ -	\$ 23,815,666
Improvements other than buildings	720,057	-	-	720,057
Equipment	<u>5,700,810</u>	<u>208,081</u>	<u>-</u>	<u>5,908,891</u>
Total capital assets being depreciated	<u>\$ 29,856,605</u>	<u>\$ 588,009</u>	<u>\$ -</u>	<u>\$ 30,444,614</u>
Accumulated depreciation:				
Buildings and improvements	\$ 14,194,045	\$ 739,302	\$ -	\$ 14,933,347
Improvements other than buildings	469,274	12,325	-	481,599
Equipment	<u>5,189,679</u>	<u>147,046</u>	<u>-</u>	<u>5,336,725</u>
Total accumulated depreciation	<u>\$ 19,852,998</u>	<u>\$ 898,673</u>	<u>\$ -</u>	<u>\$ 20,751,671</u>
Total capital assets being depreciated, net	<u>\$ 10,003,607</u>	<u>\$ (310,664)</u>	<u>\$ -</u>	<u>\$ 9,692,943</u>
Governmental activities capital assets, net	<u><u>\$ 10,103,559</u></u>	<u><u>\$ (310,664)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,792,895</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 4—Capital Assets: (Continued)

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

Primary Government		
Governmental activities:		
General government administration	\$	327,357
Public safety		130,912
Public works		140,301
Health and Welfare		4,360
Community development		<u>26,961</u>
Total Governmental Activities	\$	<u>629,891</u>
Business type activities	\$	<u>86,965</u>
Total Primary Government	\$	<u>716,856</u>
Component Unit-School Board	\$	<u>898,673</u>

Note 5—Pension Plan:

Plan Description

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

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

Note 5—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • 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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

Note 5—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.</p>	<p>Retirement Contributions A member’s retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee’s creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member’s total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member’s total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Creditable Service (Cont.)	Creditable Service (Cont.)	Creditable Service (Cont.) <u>Defined Contribution Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contribution Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.) <u>Defined Contribution Component: (Cont.)</u> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1.</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Average Final Compensation A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. 	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u></p> <ul style="list-style-type: none"> • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—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.
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> Hybrid Retirement Plan members are ineligible for ported service. <p><u>Defined Contribution Component:</u> Not applicable.</p>

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—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	81	37
Inactive members:		
Vested inactive members	18	3
Non-vested inactive members	20	5
Inactive members active elsewhere in VRS	55	16
Total inactive members	93	24
Active members	117	29
Total covered employees	291	90

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2018 was 8.91% 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 \$475,366 and \$448,244 for the years ended June 30, 2018 and June 30, 2017, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2018 was 9.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—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 \$56,736 and \$55,128 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net Pension Liability

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

Actuarial Assumptions - General Employees

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—Pension Plan: (Continued)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates: (Continued)

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.

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%

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—Pension Plan: (Continued)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates: (Continued)

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%

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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—Pension Plan: (Continued)

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

Mortality rates: (Continued)

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.

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%

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—Pension Plan: (Continued)

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

Mortality rates: (Continued)

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%

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
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	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

* 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%.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—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	\$ 22,183,281	\$ 19,273,622	\$ 2,909,659
Changes for the year:			
Service cost	\$ 608,923	\$ -	\$ 608,923
Interest	1,517,955	-	1,517,955
Changes of assumptions	7,334	-	7,334
Differences between expected and actual experience	(219,828)	-	(219,828)
Contributions - employer	-	437,632	(437,632)
Contributions - employee	-	265,479	(265,479)
Net investment income	-	2,341,406	(2,341,406)
Benefit payments, including refunds of employee contributions	(996,413)	(996,413)	-
Administrative expenses	-	(13,544)	13,544
Other changes	-	(2,082)	2,082
Net changes	\$ 917,971	\$ 2,032,478	\$ (1,114,507)
Balances at June 30, 2017	\$ 23,101,252	\$ 21,306,100	\$ 1,795,152

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—Pension Plan: (Continued)

Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	\$ 4,097,491	\$ 3,540,097	\$ 557,394
Changes for the year:			
Service cost	\$ 54,550	\$ -	\$ 54,550
Interest	279,919	-	279,919
Changes of assumptions	(14,912)	-	(14,912)
Differences between expected and actual experience	(251,147)	-	(251,147)
Contributions - employer	-	52,589	(52,589)
Contributions - employee	-	27,717	(27,717)
Net investment income	-	425,863	(425,863)
Benefit payments, including refunds of employee contributions	(197,298)	(197,298)	-
Administrative expenses	-	(2,524)	2,524
Other changes	-	(376)	376
Net changes	\$ (128,888)	\$ 305,971	\$ (434,859)
Balances at June 30, 2017	\$ 3,968,603	\$ 3,846,068	\$ 122,535

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
County's			
Net Pension Liability (Asset)	\$ 4,688,090	\$ 1,795,152	\$ (620,295)
Component Unit School Board's (nonprofessional)			
Net Pension Liability (Asset)	\$ 559,860	\$ 122,535	\$ (247,967)

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—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 (\$176,291) and (\$72,563), 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	\$ -	\$ 585,338	\$ 2,515	\$ 121,690
Change in assumptions	4,831	-	-	7,225
Net difference between projected and actual earnings on pension plan investments	-	309,226	-	54,072
Employer contributions subsequent to the measurement date	475,366	-	56,736	-
Total	\$ 480,197	\$ 894,564	\$ 59,251	\$ 182,987

\$475,366 and \$56,736 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	\$ (633,119)	\$ (163,201)
2020	(54,661)	18,093
2021	(1,341)	1,088
2022	(200,612)	(36,452)
Thereafter	-	-

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—Pension Plan: (Continued)

Component Unit School Board (professional)

Plan Description

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

Contributions

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

Each School Division's contractually 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 2010-12 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,879,993 and \$1,625,869 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of \$17,958,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was .14% as compared to .16% at June 30, 2016.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—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 \$546,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,272,000
Net difference between projected and actual earnings on pension plan investments	-	652,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,442,000
Changes in assumptions	262,000	-
Employer contributions subsequent to the measurement date	<u>1,879,993</u>	<u>-</u>
Total	<u>\$ 2,141,993</u>	<u>\$ 4,366,000</u>

\$1,879,993 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:

<u>Year ended June 30</u>	
2019	\$ (1,485,000)
2020	(784,000)
2021	(756,000)
2022	(889,000)
2023	(190,000)

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—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-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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—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 Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

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

Discount Rate

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 26,817,000	\$ 17,958,000	\$ 10,629,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.retire.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 6—Compensated Absences:

In accordance with GASB statement 16 Accounting for Compensated Absences, the County has accrued the liability arising from compensated absences.

County employees earn vacation and sick leave at various rates. The County had outstanding compensated absences as follows:

Primary Government	\$ <u>666,908</u>
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COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 7—Long-Term Obligations:

Primary Government:

Governmental Activities:

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

	Restated Balance at July 1, 2017	Issuances/ Additions	Retirements/ Deletions	Balance at June 30, 2018	Payable Due Within One Year
Governmental Activities:					
Revenue bond	\$ 1,946,217	\$ -	\$ 1,537,492	\$ 408,725	\$ 96,275
General obligation bonds (VPSA)	712,290	-	297,290	415,000	50,000
General obligation bonds	2,908,737	-	1,440,655	1,468,082	243,563
General lease purchase	5,103,197	2,391,777	87,529	7,407,445	312,425
Premium on bond issuance	745,479	390,793	388,484	747,788	70,358
Qualified zone academy bonds	2,116,857	-	-	2,116,857	-
Notes payable	536,000	-	112,000	424,000	112,000
Landfill closure and postclosure care liability	4,789,728	86,215	-	4,875,943	-
Landfill corrective action plan	365,835	6,585	-	372,420	-
Net pension liability	2,909,659	2,048,192	3,162,699	1,795,152	-
Net OPEB liabilities	1,104,000	47,600	95,500	1,056,100	-
Compensated absences	708,409	-	41,501	666,908	66,691
Total Governmental Activities	<u>\$ 23,946,408</u>	<u>\$ 4,971,162</u>	<u>\$ 7,163,150</u>	<u>\$ 21,754,420</u>	<u>\$ 951,312</u>

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

Year	Bonds & Notes Payable (1)	
	Principal	Interest
2019	\$ 814,263	\$ 356,104
2020	840,829	326,229
2021	857,238	293,973
2022	890,146	260,856
2023	826,948	228,683
2024-2028	3,685,413	722,544
2029-2032	2,208,415	125,319
	<u>\$ 10,123,252</u>	<u>\$ 2,313,708</u>

(1) Excludes annual payment to debt service sinking fund for the Qualified Zone Academy Bonds.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Details of long-term obligations:

General obligation bonds:

\$1,000,000 Virginia Public School Authority Bonds issued May 11, 2006, maturing annually through July 15, 2026 with interest payable semi-annually at rates from 4.1% to 5.1%.	\$ 415,000
\$5,123,382 Series 2015 Lease purchase issued June 17, 2015, maturing annually through June 17, 2030 with interest payable annually at a rate of 2.35%	5,060,097
Plus: Premium on issuance	7,425
\$2,080,820 general obligation bond issued June 13, 2012, maturing annually through June 30, 2024 with interest payable semi-annually at varying interest rates of 2.125 to 5.125%.	1,178,082
Plus: Premium on issuance	229,930
\$540,000 general obligation refunded bond issued August 15, 2017, maturing annually through November 1, 2021 with interest payable semi-annually at a variable rate.	<u>290,000</u>
Total general obligation bonds	<u>\$ 7,180,534</u>
Revenue bond (payable from General Fund property rentals):	
\$499,538 lease revenue bond dated August 15, 2017, maturing annually through November 1, 2021 with interest payable semi-annually at a variable rate.	\$ 408,713
\$2,391,777 lease revenue bond dated August 2, 2017, maturing annually through November 1, 2031 with interest payable semi-annually at a variable rate.	2,347,348
Plus: Premium on issuance	<u>510,445</u>
Total revenue bond (payable from General Fund property rentals)	<u>\$ 3,266,506</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Details of long-term obligations: (Continued)

Qualified zone academy bonds:

\$1,116,857 Qualified Zone Academy Bond, issued December 29, 2005, maturing December 29, 2020. Annual payments of \$60,425 are required to be placed in a sinking fund that will be used to pay the debt in 2020. \$ 1,116,857

\$1,000,000 Qualified Zone Academy Bonds, issued December 13, 2006, maturing December 13, 2022. Annual payments of \$49,728 are required to be placed in a sinking fund that will be used to pay the debt in 2022. 1,000,000

Total qualified zone academy bonds \$ 2,116,857

Notes Payable:

\$1,500,000 note payable issued May 29, 2007, due in annual principal installments of \$100,000 and semi-annual interest payments at 4.61%, maturing July 31, 2021 \$ 400,000

\$120,000 note payable issued March 2010, due in annual principal installments of \$12,000 bearing no interest, maturing March 2020. 24,000

Total notes payable \$ 424,000

Other long-term obligations:

Landfill closure and postclosure care liability \$ 4,875,943

Landfill corrective action plan liability 372,420

Compensated absences 666,908

Net pension liability 1,795,152

Net OPEB liabilities 1,056,100

Total other long-term obligations \$ 8,766,523

Total Governmental Activities long-term obligations \$ 21,754,420

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities:

The following is a summary of long-term obligations transactions of the Business-type Activities for the year ended June 30, 2018:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due Within</u> <u>One Year</u>
Business-type Activities:					
Lease revenue bonds	\$ 3,409,031	\$ 2,453,224	\$ 2,738,315	\$ 3,123,940	\$ 181,385
Premium on bond issuance	416,087	387,994	338,261	465,820	49,530
Total Business-type Activities	<u>\$ 3,825,118</u>	<u>\$ 2,841,218</u>	<u>\$ 3,076,576</u>	<u>\$ 3,589,760</u>	<u>\$ 230,915</u>

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

<u>Year</u>	<u>Lease Revenue Bond</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 181,384	\$ 123,428
2020	187,751	116,059
2021	194,118	107,786
2022	206,200	98,330
2023	215,195	89,018
2024-2028	1,232,941	306,102
2029-2032	<u>906,351</u>	<u>51,637</u>
	<u>\$ 3,123,940</u>	<u>\$ 892,360</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities: (Continued)

Revenue bond (payable from Enterprise Fund):

\$2,342,978 lease revenue bond dated November 16, 2011, maturing annually through June 30, 2032 with interest payable semi-annually at a rate of 3.67%. \$ 716,288

\$2,407,652 lease revenue bond dated August 2, 2017, maturing annually through November 1, 2031 with interest payable semi-annually at a variable rate. 2,407,652

Plus: Premium on issuance 465,820

Total business-type activities long-term obligations \$ 3,589,760

Component Unit - School Board:

The following is a summary of long-term obligations transactions of the Component Unit- School Board for the year ended June 30, 2018:

	Restated Balance July 1, 2017	Addition	Deletions	Balance June 30, 2018	Payable Due Within One Year
Net OPEB liabilities	\$ 5,866,600	\$ 364,500	\$ 583,900	\$ 5,647,200	\$ -
Net pension liability	22,226,394	3,742,960	7,888,819	18,080,535	-
Total	<u>\$ 28,092,994</u>	<u>\$ 4,107,460</u>	<u>\$ 8,472,719</u>	<u>\$ 23,727,735</u>	<u>\$ -</u>

Note 8—Litigation:

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 9—Contingent Liabilities:

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

Note 10—Surety Bonds:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Machelle J. Eppes, Clerk of the Circuit Court	\$ 360,000
Donna B. Nunnally, Treasurer	400,000
Beverly M. Booth, Commissioner of the Revenue	3,000
Wesley W. Reed, Sheriff	30,000
United State Fidelity and Guaranty Company - Surety	
Clerk and Deputy Clerk of the School Board	50,000
Aetna Casualty and Surety Company - Surety	
Roma R. Morris, Director of Social Services	100,000
Fidelity and Deposit Company of Maryland - Surety	
County Administrator	2,000

Note 11—Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County records a portion of this closure and postclosure care liability in each period based on landfill capacity as of each balance sheet date. The County opened a new cell in 2008. The amounts reported as closure and postclosure care liabilities at June 30, 2018 were \$2,580,031 and \$2,295,912, respectively. Furthermore, the County reports \$372,420 as corrective action liability. These amounts are based on what it would cost to perform all closure and postclosure care in 2018. Actual cost may be higher due to inflation, changes in technology or changes in regulation. During fiscal year 2017 the County started construction on a new cell.

The County has demonstrated financial assurance requirements for closure, postclosure 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 intends to fund these costs from accumulated funds held in the general fund.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 12—Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and natural disasters. The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

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

The County continues to carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage.

Note 13—Interfund Transfers:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 3,012,162
VPA Fund	1,659,475	
School Debt Service Fund	110,153	-
Water Fund	626,330	-
Sewer Fund	616,204	-
	<u> </u>	<u> </u>
Total	\$ <u>3,012,162</u>	\$ <u>3,012,162</u>

Transfers were made for operational expenditures.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 14—Notes Receivable:

The County provided an equipment loan to Prospect Volunteer Fire Department in March 2016 in the amount of \$187,500. The loan bears simple interest at 3% and is payable over 5 years. At June 30, 2018, this note had an outstanding balance of \$112,500.

The County provided an equipment loan to Prince Edward County Rescue Squad in March 2017 in the amount of \$120,000. The loan bears simple interest at 3% and is payable over 5 years. At June 30, 2018, this note had an outstanding balance of \$96,000.

The County received an energy conservation block grant from the Department of Mines, Minerals and Energy on behalf of STEPS, Inc. in the amount of \$668,002. The grant was paid to STEPS, Inc. to fund an energy efficiency contract in the amount of \$719,268. The difference between the grant award and the contract was loaned to STEPS, Inc. in the amount of \$51,266. Payment is expected during 2019. The loan bears no interest. The outstanding balance on the note receivable at June 30, 2018 was \$51,266.

Note 15—Unavailable/Deferred Revenue:

Unavailable/deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred.

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$14,834,458 (including 2nd half billings of \$13,271,971 not due until December 5) at June 30, 2018.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2018 but paid in advance by the taxpayers totaled \$86,588 at June 30, 2018.

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

Plan Description

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

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

Plan Description: (Continued)

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

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>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.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
<p>Benefit Amounts</p> <p>The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • <u>At Retirement</u> - 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. • <u>Disability Retirement</u> - 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: <ul style="list-style-type: none"> ○ \$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.
<p>Health Insurance Credit Program Notes:</p> <ul style="list-style-type: none"> • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 1.23% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Program were \$146,208 and \$128,756 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of \$1,865,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was .14698% as compared to .15461% 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 \$139,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	\$ -	\$ 3,000
Change in assumptions	-	20,000
Change in proportion	-	84,000
Employer contributions subsequent to the measurement date	<u>146,208</u>	<u>-</u>
Total	<u>\$ 146,208</u>	<u>\$ 107,000</u>

\$146,208 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:

<u>Year Ended June 30</u>	
2019	\$ (17,000)
2020	(17,000)
2021	(17,000)
2022	(17,000)
2023	(16,000)
Thereafter	(23,000)

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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

Actuarial Assumptions

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

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

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

		Teacher Employee HIC OPEB Plan
		<u> </u>
Total Teacher Employee HIC OPEB Liability	\$	1,364,702
Plan Fiduciary Net Position		96,091
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u><u>1,268,611</u></u>
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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 2,081,000	\$ 1,865,000	\$ 1,681,000

Teacher Employee HIC OPEB Fiduciary Net Position

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

Note 17—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 17—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
<p>Eligible Employees</p> <p>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:</p> <ul style="list-style-type: none"> • City of Richmond • City of Roanoke • Roanoke City School Board • City of Portsmouth • City of Norfolk <p>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.</p>
<p>Benefit Amounts</p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> • <u>Natural Death Benefit</u> - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • <u>Accidental Death Benefit</u> - The accidental death benefit is double the natural death benefit. • <u>Other Benefit Provisions</u> - In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> ○ Accidental dismemberment benefit ○ Safety belt benefit ○ Repatriation benefit ○ Felonious assault benefit ○ Accelerated death benefit option
<p>Reduction in Benefit Amounts</p> <p>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.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</p> <p>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.</p>

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$27,288 and \$26,266 for the years ended June 30, 2018 and June 30, 2017, respectively, for the County; \$3,112 and \$3,027 for the years ended June 30, 2018 and June 30, 2017, respectively, for the School Board (nonprofessional); \$63,014 and \$60,541 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 \$412,000 for the County; \$48,000 for the School Board (nonprofessional); and \$950,000 for the School Board (professional) for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the participating employer's proportion was .02738% as compared to .02803% at June 30, 2016 for the County. At June 30, 2017, the participating employer's proportion was .00316% as compared to .00338% at June 30, 2016 for the School Board (nonprofessional). At June 30, 2017, the participating employer's proportion was .06312% as compared to .06602% at June 30, 2016 for the School Board (professional).

For the year ended June 30, 2018, the participating employer recognized GLI OPEB expense of \$3,000 (County), \$0 (School Board - nonprofessional), and \$3,000 (School Board - professional). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 17—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)

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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Primary Government		
Differences between expected and actual experience	\$ -	\$ 9,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	16,000
Change in assumptions	-	21,000
Changes in proportion	-	9,000
Employer contributions subsequent to the measurement date	27,288	-
Total	<u>\$ 27,288</u>	<u>\$ 55,000</u>
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	\$ -	\$ 1,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	2,000
Change in assumptions	-	2,000
Changes in proportion	-	3,000
Employer contributions subsequent to the measurement date	3,112	-
Total	<u>\$ 3,112</u>	<u>\$ 8,000</u>
Component Unit School Board (professional)		
Differences between expected and actual experience	\$ -	\$ 21,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	36,000
Change in assumptions	-	49,000
Changes in proportion	-	43,000
Employer contributions subsequent to the measurement date	63,014	-
Total	<u>\$ 63,014</u>	<u>\$ 149,000</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 17—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)

\$27,288 (County); \$3,112 (School Board nonprofessional), and \$63,014 (School Board professional) were reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2019	\$ (11,000)	\$ (2,000)	\$ (30,000)
2020	(11,000)	(2,000)	(30,000)
2021	(11,000)	(2,000)	(30,000)
2022	(11,000)	(1,000)	(30,000)
2023	(7,000)	(1,000)	(21,000)
Thereafter	(4,000)	-	(8,000)

Actuarial Assumptions

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

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 17—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%

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 17—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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 17—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%

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 17—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%

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 17—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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 17—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%

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 17—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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 17—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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 17—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)	<u>\$ 1,504,840</u>
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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 17—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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 533,000	\$ 412,000	\$ 314,000
School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 62,000	\$ 48,000	\$ 37,000
School Board (professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 1,229,000	\$ 950,000	\$ 724,000

Group Life Insurance Program Fiduciary Net Position

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 18—Medical, Dental, and Vision Insurance - Pay-as-you-Go (OPEB Plan):

County

Plan Description

In addition to the pension benefits described in Note 5, the County administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

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

Plan Membership

At July 1, 2016 (valuation date), the following employees were covered by the benefit terms:

Total active employees with coverage	106
Total retirees with coverage	<u>1</u>
Total	<u><u>107</u></u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County Board. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2018 was \$14,500.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 18—Medical, Dental, and Vision Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County: (Continued)

Total OPEB Liability

The County's total OPEB liability was measured as of July 1, 2017. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Inflation	2.50% per year as of July 1, 2017
Salary Increases	2.50% per year for general salary inflations as of July 1, 2017
Discount Rate	3.56% for accounting and funding disclosures as of June 30, 2017
Healthcare Cost Trend Rates	7.0% for fiscal year ending June 30, 2018

Mortality rates for Active employees and healthy retirees were based on a RP-2014 Mortality Table fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2017.

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

Discount Rate

The discount rate has been set equal to 3.56% and represents GO AA 20-year yield curve rate as of June 30, 2017.

Changes in Total OPEB Liability

		<u>Primary Government Total OPEB Liability</u>
Balances at June 30, 2017	\$	614,000
Changes for the year:		
Service cost		22,200
Interest		22,400
Contributions - employer		(14,500)
Net changes		<u>30,100</u>
Balances at June 30, 2018	\$	<u><u>644,100</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 18—Medical, Dental, and Vision Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County: (Continued)

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56%) or one percentage point higher (4.56%) than the current discount rate:

Rate		
1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
\$ 713,700	\$ 644,100	\$ 581,000

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

The following presents the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.00% decreasing by 0.25% annually to an ultimate rate of 4.00%) or one percentage point higher (8.00% decreasing by 0.25% annually to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

Rates		
Healthcare Cost		
1% Decrease (6.00% decreasing to 4.00%)	Trend (7.00% decreasing to 5.00%)	1% Increase (8.00% decreasing to 6.00%)
\$ 560,500	\$ 644,100	\$ 744,200

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

For the year ended June 30, 2018, the County recognized OPEB expense in the amount of \$44,600.

At June 30, 2018 the County did not have any deferred outflows of resources or deferred inflows of resources related to the OPEB plan.

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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 18—Medical, Dental, and Vision Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board

Plan Description

In addition to the pension benefits described in Note 5, the School Board administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

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

Plan Membership

At July 1, 2016 (valuation date), the following employees were covered by the benefit terms:

Total active employees with coverage	243
Total retirees with coverage	<u>32</u>
Total	<u><u>275</u></u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2018 was \$129,900.

Total OPEB Liability

The School Board's total OPEB liability was measured as of July 1, 2017. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 18—Medical, Dental, and Vision Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

Actuarial Assumptions

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

Inflation	2.50% per year as of July 1, 2017
Salary Increases	2.50% per year for general salary inflations as of July 1, 2017
Discount Rate	3.56% for accounting and funding disclosures as of June 30, 2017
Healthcare Cost Trend Rates	25.0% for fiscal year ending June 30, 2018

Mortality rates for Active employees and healthy retirees were based on a RP-2014 Mortality Table fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2017.

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

Discount Rate

The discount rate has been set equal to 3.56% and represents the Municipal GO-AA 20-year yield curve rate as of June 30, 2017.

Changes in Total OPEB Liability

	<u>School Board</u> <u>Total OPEB Liability</u>
Balances at June 30, 2017	\$ 2,691,600
Changes for the year:	
Service cost	124,500
Interest	98,000
Contributions - employer	(129,900)
Net changes	<u>92,600</u>
Balances at June 30, 2018	<u>\$ 2,784,200</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 18—Medical, Dental, and Vision Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56%) or one percentage point higher (4.56%) than the current discount rate:

Rate		
1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
\$ 2,987,200	\$ 2,784,200	\$ 2,596,400

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (24.00% decreasing by 0.25% annually to an ultimate rate of 4.00%) or one percentage point higher (26.00% decreasing by 0.25% annually to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

Rates		
Healthcare Cost		
1% Decrease (24.00% decreasing to 4.00%)	Trend (25.00% decreasing to 5.00%)	1% Increase (26.00% decreasing to 6.00%)
\$ 2,520,500	\$ 2,784,200	\$ 3,090,700

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

For the year ended June 30, 2018, the School Board recognized OPEB expense in the amount of \$222,500. At June 30, 2018, the School Board did not have any deferred outflows of resources or deferred inflows of resources related to the OPEB plan.

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 19—Upcoming Pronouncements:

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

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

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

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 20—Adoption of Accounting Principles and Net Position Restatement:

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, along with the reclassification of certain notes receivable, resulted in the following restatement of net position:

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>School Board</u>	<u>Industrial Development Authority</u>
Net Position, as reported at July 1, 2017	\$ 4,838,290	\$ (11,734,158)	\$ 2,076,082
Note receivable reclassified to Component Unit	(612,193)	-	612,193
Implementation of GASB Statement No. 75:			
Health Insurance OPEB	(388,900)	(2,345,700)	-
Group Life Insurance OPEB	(464,000)	(1,152,000)	-
VRS Teacher Health Insurance OPEB	-	(1,833,000)	-
Net Position, as restated at July 1, 2017	<u>\$ 3,373,197</u>	<u>\$ (17,064,858)</u>	<u>\$ 2,688,275</u>

Required Supplementary Information

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 12,726,869	\$ 12,726,869	\$ 13,311,281	\$ 584,412
Other local taxes	3,727,000	3,727,000	3,930,605	203,605
Permits, privilege fees, and regulatory licenses	69,980	69,980	84,435	14,455
Fines and forfeitures	162,750	176,750	201,017	24,267
Revenue from the use of money and property	375,708	375,708	369,443	(6,265)
Charges for services	421,557	131,757	134,837	3,080
Miscellaneous	51,658	109,986	170,891	60,905
Recovered costs	95,500	95,500	98,397	2,897
Intergovernmental:				
Commonwealth	5,690,768	5,730,305	5,517,010	(213,295)
Federal	1,512,834	1,544,722	1,697,047	152,325
Total revenues	\$ 24,834,624	\$ 24,688,577	\$ 25,514,963	\$ 826,386
EXPENDITURES				
Current:				
General government administration	\$ 1,629,782	\$ 1,639,927	\$ 1,612,576	\$ 27,351
Judicial administration	1,627,221	1,662,696	1,624,483	38,213
Public safety	4,152,654	4,570,107	3,924,029	646,078
Public works	1,897,564	694,357	1,462,747	(768,390)
Health and welfare	4,437,896	4,437,896	4,274,895	163,001
Education	8,452,734	8,452,734	8,068,635	384,099
Parks, recreation, and cultural	276,808	276,808	280,598	(3,790)
Community development	715,066	716,766	661,489	55,277
Nondepartmental	180,670	148,623	104,186	44,437
Capital projects	310,350	547,901	535,553	12,348
Debt service:				
Principal retirement	597,668	597,668	648,407	(50,739)
Interest and other fiscal charges	265,038	265,038	265,038	-
Total expenditures	\$ 24,543,451	\$ 24,010,521	\$ 23,462,636	\$ 547,885
Excess (deficiency) of revenues over (under) expenditures	\$ 291,173	\$ 678,056	\$ 2,052,327	\$ 1,374,271
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 43,108	\$ 43,108	\$ -	\$ (43,108)
Transfers out	(334,281)	(1,221,488)	(1,352,687)	(131,199)
Issuance of lease revenue refunding bonds	-	-	2,391,777	2,391,777
Premium on refunding bonds	-	-	390,793	390,793
Payment to refunded bond escrow agent	-	-	(2,761,069)	(2,761,069)
Total other financing sources (uses)	\$ (291,173)	\$ (1,178,380)	\$ (1,331,186)	\$ (152,806)
Net change in fund balances	\$ -	\$ (500,324)	\$ 721,141	\$ 1,221,465
Fund balances - beginning	-	500,324	12,199,744	11,699,420
Fund balances - ending	\$ -	\$ -	\$ 12,920,885	\$ 12,920,885

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

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 608,923	\$ 583,283	\$ 545,827	\$ 555,966
Interest	1,517,955	1,509,879	1,462,131	1,383,489
Differences between expected and actual experience	(219,828)	(1,025,111)	(446,242)	-
Changes in assumptions	7,334	-	-	-
Benefit payments, including refunds of employee contributions	(996,413)	(908,946)	(850,241)	(781,769)
Net change in total pension liability	\$ 917,971	\$ 159,105	\$ 711,475	\$ 1,157,686
Total pension liability - beginning	22,183,281	22,024,176	21,312,701	20,155,015
Total pension liability - ending (a)	\$ 23,101,252	\$ 22,183,281	\$ 22,024,176	\$ 21,312,701
Plan fiduciary net position				
Contributions - employer	\$ 437,632	\$ 555,222	\$ 567,774	\$ 604,584
Contributions - employee	265,479	241,585	248,130	246,898
Net investment income	2,341,406	333,781	841,567	2,496,224
Benefit payments, including refunds of employee contributions	(996,413)	(908,946)	(850,241)	(781,769)
Administrative expense	(13,544)	(11,833)	(11,394)	(13,259)
Other	(2,082)	(141)	(176)	132
Net change in plan fiduciary net position	\$ 2,032,478	\$ 209,668	\$ 795,660	\$ 2,552,810
Plan fiduciary net position - beginning	19,273,622	19,063,954	18,268,294	15,715,484
Plan fiduciary net position - ending (b)	\$ 21,306,100	\$ 19,273,622	\$ 19,063,954	\$ 18,268,294
County's net pension liability (asset) - ending (a) - (b)	\$ 1,795,152	\$ 2,909,659	\$ 2,960,222	\$ 3,044,407
Plan fiduciary net position as a percentage of the total pension liability	92.23%	86.88%	86.56%	85.72%
Covered payroll	\$ 5,030,792	\$ 5,034,064	\$ 4,994,453	\$ 4,941,586
County's net pension liability (asset) as a percentage of covered payroll	35.68%	57.80%	59.27%	61.61%

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service cost	\$ 54,550	\$ 53,998	\$ 50,122	\$ 74,756
Interest	279,919	266,348	266,930	257,300
Differences between expected and actual experience	(251,147)	74,389	(119,719)	-
Changes in assumptions	(14,912)	-	-	-
Benefit payments, including refunds of employee contributions	(197,298)	(204,429)	(206,875)	(182,074)
Net change in total pension liability	<u>\$ (128,888)</u>	<u>\$ 190,306</u>	<u>\$ (9,542)</u>	<u>\$ 149,982</u>
Total pension liability - beginning	<u>4,097,491</u>	<u>3,907,185</u>	<u>3,916,727</u>	<u>3,766,745</u>
Total pension liability - ending (a)	<u><u>\$ 3,968,603</u></u>	<u><u>\$ 4,097,491</u></u>	<u><u>\$ 3,907,185</u></u>	<u><u>\$ 3,916,727</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 52,589	\$ 55,387	\$ 56,512	\$ 50,281
Contributions - employee	27,717	30,165	30,842	29,439
Net investment income	425,863	60,144	160,116	493,037
Benefit payments, including refunds of employee contributions	(197,298)	(204,429)	(206,875)	(182,074)
Administrative expense	(2,524)	(2,277)	(2,280)	(2,719)
Other	(376)	(26)	(33)	26
Net change in plan fiduciary net position	<u>\$ 305,971</u>	<u>\$ (61,036)</u>	<u>\$ 38,282</u>	<u>\$ 387,990</u>
Plan fiduciary net position - beginning	<u>3,540,097</u>	<u>3,601,133</u>	<u>3,562,851</u>	<u>3,174,861</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 3,846,068</u></u>	<u><u>\$ 3,540,097</u></u>	<u><u>\$ 3,601,133</u></u>	<u><u>\$ 3,562,851</u></u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ 122,535	\$ 557,394	\$ 306,052	\$ 353,876
Plan fiduciary net position as a percentage of the total pension liability	96.91%	86.40%	92.17%	90.97%
Covered payroll	\$ 582,130	\$ 607,723	\$ 602,654	\$ 599,266
School Division's net pension liability (asset) as a percentage of covered payroll	21.05%	91.72%	50.78%	59.05%

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 (Asset) VRS Teacher Retirement Plan
 For the Years Ended June 30, 2015 through June 30, 2018

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.14%	0.15%	0.16%	0.17%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,958,000	\$ 21,669,000	\$ 20,311,000	\$ 20,970,000
Employer's Covered Payroll	11,604,550	11,760,526	11,745,639	12,499,030
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	154.75%	184.25%	172.92%	167.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.92%	68.28%	70.68%	70.88%

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

Schedule of Employer Contributions - Pension
 For the Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2018	\$ 475,366	\$ 475,366	\$ -	\$ 5,191,889	9.16%
2017	448,244	448,244	-	5,030,792	8.91%
2016	573,883	573,883	-	5,034,064	11.40%
2015	569,368	569,368	-	4,994,453	11.40%
2014	605,344	605,344	-	4,941,586	12.25%
2013	603,669	603,669	-	4,927,907	12.25%
2012	459,960	459,960	-	4,549,559	10.11%
2011	465,177	465,177	-	4,601,161	10.11%
2010	430,761	430,761	-	4,651,842	9.26%
2009	427,997	427,997	-	4,622,000	9.26%
Component Unit School Board (nonprofessional)					
2018	\$ 56,736	\$ 56,736	\$ -	\$ 590,719	9.60%
2017	55,128	55,128	-	582,130	9.47%
2016	55,607	55,607	-	607,723	9.15%
2015	55,143	55,143	-	602,654	9.15%
2014	51,178	51,178	-	599,266	8.54%
2013	68,018	68,018	-	796,467	8.54%
2012	49,452	49,452	-	831,125	5.95%
2011	49,421	49,421	-	830,612	5.95%
2010	50,279	50,279	-	805,757	6.24%
2009	52,248	52,248	-	837,304	6.24%
Component Unit School Board (professional)					
2018	\$ 1,879,993	\$ 1,879,993	\$ -	\$ 11,995,057	15.67%
2017	1,657,572	1,657,572	-	11,604,550	14.28%
2016	1,728,178	1,728,178	-	11,760,526	14.69%
2015	1,660,376	1,660,376	-	11,745,639	14.14%
2014	1,444,425	1,444,425	-	12,499,030	11.56%
2013	1,498,019	1,498,019	-	12,847,504	11.66%
2012	1,488,380	1,488,380	-	13,136,626	11.33%
2011	1,167,485	1,167,485	-	13,073,738	8.93%
2010	1,562,792	1,562,792	-	13,452,785	11.62%
2009	1,932,103	1,932,103	-	13,990,607	13.81%

Notes to Required Supplementary Information - Pension
 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. 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 was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

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

Largest 10 - Non-Hazardous Duty:

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

Largest 10 - Hazardous Duty:

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2017	0.14698% \$	1,865,000 \$	11,599,639	16.08%	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, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2018	\$ 146,208	\$ 146,208	\$ -	\$ 11,992,549	1.22%
2017	128,756	128,756	-	11,599,639	1.11%
2016	124,966	124,966	-	11,789,274	1.06%
2015	127,172	127,172	-	11,997,401	1.06%
2014	140,852	140,852	-	12,689,326	1.11%
2013	148,825	148,825	-	13,407,623	1.11%
2012	78,820	78,820	-	13,136,626	0.60%
2011	78,442	78,442	-	13,073,738	0.60%
2010	105,080	105,080	-	10,103,888	1.04%
2009	151,099	151,099	-	13,990,607	1.08%

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	0.02738%	\$ 412,000	\$ 5,051,155	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2017	0.00316%	\$ 48,000	\$ 582,130	8.25%	48.86%
Component Unit School Board (professional)					
2017	0.06312%	\$ 950,000	\$ 11,642,450	8.16%	48.86%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2018	\$ 27,288	\$ 27,288	\$ -	\$ 5,207,704	0.52%
2017	26,266	26,266	-	5,051,155	0.52%
2016	24,175	24,175	-	5,036,405	0.48%
2015	23,986	23,986	-	4,997,028	0.48%
2014	23,720	23,720	-	4,941,586	0.48%
2013	23,701	23,701	-	4,937,736	0.48%
2012	12,833	12,833	-	4,583,194	0.28%
2011	12,883	12,883	-	4,601,161	0.28%
2010	9,418	9,418	-	3,488,095	0.27%
2009	12,479	12,479	-	4,622,000	0.27%
Component Unit School Board (nonprofessional)					
2018	\$ 3,112	\$ 3,112	\$ -	\$ 598,180	0.52%
2017	3,027	3,027	-	582,130	0.52%
2016	2,917	2,917	-	607,723	0.48%
2015	2,893	2,893	-	602,654	0.48%
2014	2,882	2,882	-	600,508	0.48%
2013	3,940	3,940	-	799,900	0.49%
2012	2,327	2,327	-	831,125	0.28%
2011	2,326	2,326	-	830,612	0.28%
2010	1,633	1,633	-	604,792	0.27%
2009	2,261	2,261	-	837,304	0.27%
Component Unit School Board (professional)					
2018	\$ 63,014	\$ 63,014	\$ -	\$ 12,063,055	0.52%
2017	60,541	60,541	-	11,642,450	0.52%
2016	56,945	56,945	-	11,863,594	0.48%
2015	57,789	57,789	-	12,039,575	0.48%
2014	60,969	60,969	-	12,701,952	0.48%
2013	61,127	61,127	-	12,734,854	0.48%
2012	37,116	37,116	-	13,255,553	0.28%
2011	36,518	36,518	-	13,042,020	0.28%
2010	27,233	27,233	-	10,086,326	0.27%
2009	37,760	37,760	-	13,985,019	0.27%

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

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

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

General State Employees

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

Teachers

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

SPORS Employees

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

ValORS Employees

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

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

JRS Employees

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 22,200
Interest	22,400
Benefit payments	(14,500)
Net change in total OPEB liability	<u>\$ 30,100</u>
Total OPEB liability - beginning	<u>614,000</u>
Total OPEB liability - ending	<u><u>\$ 644,100</u></u>
Covered payroll	\$ 4,870,600
County's total OPEB liability (asset) as a percentage of covered payroll	13.22%

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

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

Valuation Date: 1/1/2016
 Measurement Date: 7/1/2017

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.56% as of July 1, 2017
Salary Scale	2.50% as of July 1, 2017
Healthcare Trend Rate	14.0% for fiscal year 2017, 7.0% for fiscal year 2018, and 7.25% for fiscal year 2019, decreasing .25% per year to an ultimate rate of 5.00%
Retirement Age	At least age 60 with at least 30 years of service
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2017

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

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 124,500
Interest	98,000
Benefit payments	(129,900)
Net change in total OPEB liability	<u>\$ 92,600</u>
Total OPEB liability - beginning	<u>2,691,600</u>
Total OPEB liability - ending	<u><u>2,784,200</u></u>
Covered payroll	\$ 10,339,900
School Board's total OPEB liability (asset) as a percentage of covered payroll	26.93%

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

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

Valuation Date: 7/1/2016
 Measurement Date: 7/1/2017

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.56% as of July 1, 2017
Salary Scale	2.50% as of July 1, 2017
Healthcare Trend Rate	14.0% for fiscal year 2017, 25.0% for fiscal year 2018, and 7.25% for fiscal year 2019, decreasing .25% per year to an ultimate rate of 5.00%
Retirement Age	At least age 60 with at least 30 years of service
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2017

Other Supplementary Information

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Combining and Individual Fund Financial Statements and Schedules

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 4,000	\$ 4,000	\$ 13,016	\$ 9,016
Charges for services	250,000	250,000	319,952	69,952
Total revenues	<u>\$ 254,000</u>	<u>\$ 254,000</u>	<u>\$ 332,968</u>	<u>\$ 78,968</u>
EXPENDITURES				
Current:				
Capital projects	<u>\$ 254,000</u>	<u>\$ 254,000</u>	<u>\$ -</u>	<u>\$ 254,000</u>
Total expenditures	<u>\$ 254,000</u>	<u>\$ 254,000</u>	<u>\$ -</u>	<u>\$ 254,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332,968</u>	<u>\$ 332,968</u>
Net change in fund balances	\$ -	\$ -	\$ 332,968	\$ 332,968
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>1,203,394</u>	<u>1,203,394</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,536,362</u></u>	<u><u>\$ 1,536,362</u></u>

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2018

	<u>Special Revenue Funds</u>	<u>Capital Projects</u>	<u>Total</u>
	Piedmont Court Services	Recreation Fund	Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 337,551	\$ 8,146	\$ 345,697
Total assets	<u>\$ 337,551</u>	<u>\$ 8,146</u>	<u>\$ 345,697</u>
LIABILITIES			
Accounts payable	\$ 5,440	\$ -	\$ 5,440
Total liabilities	<u>\$ 5,440</u>	<u>\$ -</u>	<u>\$ 5,440</u>
FUND BALANCES			
Assigned:			
Recreation capital projects	\$ -	\$ 8,146	\$ 8,146
Special revenue	<u>332,111</u>	<u>-</u>	<u>332,111</u>
Total fund balances	<u>\$ 332,111</u>	<u>\$ 8,146</u>	<u>\$ 340,257</u>
Total liabilities and fund balances	<u>\$ 337,551</u>	<u>\$ 8,146</u>	<u>\$ 345,697</u>

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

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
	<u>Piedmont Court Services</u>	<u>Recreation Fund</u>	<u>Nonmajor Governmental Funds</u>
REVENUES			
Revenue from the use of money and property	\$ 1,109	\$ 61	\$ 1,170
Charges for services	64,809	-	64,809
Miscellaneous	399	-	399
Intergovernmental:			
Commonwealth	461,825	-	461,825
Total revenues	<u>\$ 528,142</u>	<u>\$ 61</u>	<u>\$ 528,203</u>
EXPENDITURES			
Public Safety	\$ 502,643	\$ -	\$ 502,643
Parks and Recreation	-	-	-
Total expenditures	<u>\$ 502,643</u>	<u>\$ -</u>	<u>\$ 502,643</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 25,499</u>	<u>\$ 61</u>	<u>\$ 25,560</u>
Net change in fund balances	\$ 25,499	\$ 61	\$ 25,560
Fund balances - beginning	<u>306,612</u>	<u>8,085</u>	<u>314,697</u>
Fund balances - ending	<u><u>\$ 332,111</u></u>	<u><u>\$ 8,146</u></u>	<u><u>\$ 340,257</u></u>

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

	Capital Projects Funds				Special Revenue Funds			
	Recreation Fund			Variance with Final Budget Positive (Negative)	Piedmont Court Services			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual		Budgeted Amounts		Actual	
	Original	Final		Original	Final			
REVENUES								
Revenue from the use of money and property	\$ -	\$ -	\$ 61	\$ 61	\$ 800	\$ 800	\$ 1,109	\$ 309
Charges for services	-	-	-	-	64,644	64,644	64,809	165
Miscellaneous	-	-	-	-	-	-	399	399
Intergovernmental: Commonwealth	-	-	-	-	455,163	455,163	461,825	6,662
Total revenues	\$ -	\$ -	\$ 61	\$ 61	\$ 520,607	\$ 520,607	\$ 528,142	\$ 7,535
EXPENDITURES								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 569,111	\$ 569,111	\$ 502,643	\$ 66,468
Parks and recreation	-	-	-	-	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -	\$ 569,111	\$ 569,111	\$ 502,643	\$ 66,468
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 61	\$ 61	\$ (48,504)	\$ (48,504)	\$ 25,499	\$ 74,003
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 48,504	\$ 48,504	\$ -	\$ (48,504)
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -	\$ 48,504	\$ 48,504	\$ -	\$ (48,504)
Net change in fund balances	\$ -	\$ -	\$ 61	\$ 61	\$ -	\$ -	\$ 25,499	\$ 25,499
Fund balances - beginning	-	-	8,085	8,085	-	-	306,612	306,612
Fund balances - ending	\$ -	\$ -	\$ 8,146	\$ 8,146	\$ -	\$ -	\$ 332,111	\$ 332,111

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

	Special Welfare	Piedmont Alcohol Safety Action Program	Sales Tax Fund	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 282,310	\$ 30	\$ 282,340
Total assets	<u>\$ -</u>	<u>\$ 282,310</u>	<u>\$ 30</u>	<u>\$ 282,340</u>
LIABILITIES				
Reconciled overdraft	\$ 648	\$ -	\$ -	\$ 648
Amounts held for social services clients	(648)	-	-	(648)
Amounts held as sales tax to towns	-	-	30	30
Amounts held for Piedmont Alcohol Safety Action Program	-	282,310	-	282,310
Total liabilities	<u>\$ -</u>	<u>\$ 282,310</u>	<u>\$ 30</u>	<u>\$ 282,340</u>

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare:				
Assets:				
Cash and cash equivalents	\$ 825	\$ 3,904	\$ 4,729	\$ -
Liabilities:				
Reconciled overdraft	-	648	-	648
Amounts held for social service clients	\$ 825	\$ 3,256	\$ 4,729	\$ (648)
Total liabilities	825	3,904	4,729	-
Sales Tax:				
Assets:				
Cash and cash equivalents	\$ 30	\$ 363,208	\$ 363,208	\$ 30
Liabilities:				
Sales tax payable to towns	\$ 30	\$ 363,208	\$ 363,208	\$ 30
Piedmont Alcohol Safety Action Program:				
Assets:				
Cash and cash equivalents	\$ 324,782	\$ 317,053	\$ 359,525	\$ 282,310
Liabilities:				
Amounts held for Piedmont ASAP	\$ 324,782	\$ 317,053	\$ 359,525	\$ 282,310
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 325,637	\$ 684,165	\$ 727,462	\$ 282,340
Total assets	\$ 325,637	\$ 684,165	\$ 727,462	\$ 282,340
Liabilities:				
Reconciled overdraft	\$ -	\$ 648	\$ -	\$ 648
Amounts held for social service clients	825	3,256	4,729	(648)
Amounts held as sales tax payable to towns	30	363,208	363,208	30
Amounts held for Piedmont ASAP	324,782	317,053	359,525	282,310
Total liabilities	\$ 325,637	\$ 684,165	\$ 727,462	\$ 282,340

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

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Underground Storage Tank Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,106,180	\$ 458,247	\$ -	\$ 20,000	\$ 1,584,427
Receivables (net of allowance for uncollectibles):					
Accounts receivable	57,153	-	-	-	57,153
Due from other governmental units	863,343	17,597	-	-	880,940
Prepaid items	235,493	-	-	-	235,493
Total assets	<u>\$ 2,262,169</u>	<u>\$ 475,844</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 2,758,013</u>
LIABILITIES					
Accounts payable	\$ 22,081	\$ -	\$ -	\$ -	\$ 22,081
Accrued liabilities	1,171,626	36,029	-	-	1,207,655
Reconciled overdraft	-	-	50,900	-	50,900
Due to primary government	1,068,462	-	-	-	1,068,462
Total liabilities	<u>\$ 2,262,169</u>	<u>\$ 36,029</u>	<u>\$ 50,900</u>	<u>\$ -</u>	<u>\$ 2,349,098</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	\$ 235,493	\$ -	\$ -	\$ -	\$ 235,493
Assigned:					
Cafeteria	-	439,815	-	-	439,815
Underground storage	-	-	-	20,000	20,000
Unassigned	(235,493)	-	(50,900)	-	(286,393)
Total fund balances	<u>\$ -</u>	<u>\$ 439,815</u>	<u>\$ (50,900)</u>	<u>\$ 20,000</u>	<u>\$ 408,915</u>
Total liabilities and fund balances	<u>\$ 2,262,169</u>	<u>\$ 475,844</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 2,758,013</u>

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

Total fund balances per above	\$ 408,915
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets	\$ 30,544,566
Accumulated depreciation	<u>(20,751,671)</u>
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	\$ 2,201,244
OPEB related items	<u>212,334</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Net pension liability	\$ (18,080,535)
Net OPEB liability	<u>(5,647,200)</u>
Deferred inflows of resources are not due and payable in the current-period and, therefore, are not reported in the funds.	
Pension related items	\$ (4,548,987)
OPEB related items	<u>(264,000)</u>
Net position of governmental activities	<u>\$ (15,925,334)</u>

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

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Underground Storage Tank Fund	Total Governmental Funds
REVENUES					
Revenue from the use of money and property	\$ 31,868	\$ 1,154	\$ -	\$ -	\$ 33,022
Charges for services	235,585	136,736	-	-	372,321
Miscellaneous	11,641	-	-	-	11,641
Recovered costs	78,176	-	-	-	78,176
Intergovernmental:					
Local government	8,056,885	-	-	-	8,056,885
Commonwealth	14,170,036	17,357	-	-	14,187,393
Federal	1,987,167	1,085,377	-	-	3,072,544
Total revenues	\$ 24,571,358	\$ 1,240,624	\$ -	\$ -	\$ 25,811,982
EXPENDITURES					
Current:					
Education	\$ 24,082,773	\$ 1,252,196	\$ -	\$ -	\$ 25,334,969
Debt service:					
Principal retirement	269,776	-	-	-	269,776
Interest and other fiscal charges	218,809	-	-	-	218,809
Total expenditures	\$ 24,571,358	\$ 1,252,196	\$ -	\$ -	\$ 25,823,554
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (11,572)	\$ -	\$ -	\$ (11,572)
Net change in fund balances	\$ -	\$ (11,572)	\$ -	\$ -	\$ (11,572)
Fund balances - beginning	-	451,387	(50,900)	20,000	420,487
Fund balances - ending	\$ -	\$ 439,815	\$ (50,900)	\$ 20,000	\$ 408,915

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

Net change in fund balances - total governmental funds - per above	\$ (11,572)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.

Capital asset additions	\$ 208,081	
Net transfer of joint tenancy assets	199,461	
Depreciation expense	(718,206)	(310,664)

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

Pension expense	\$ 1,484,026	
OPEB expense	(22,266)	1,461,760
Change in net position of governmental activities		\$ 1,139,524

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 20,000	\$ 20,000	\$ 31,868	\$ 11,868
Charges for services	72,919	72,919	235,585	162,666
Miscellaneous	118,000	118,000	11,641	(106,359)
Recovered costs	204,371	204,371	78,176	(126,195)
Intergovernmental:				
Local government	8,440,984	8,440,984	8,056,885	(384,099)
Commonwealth	14,762,949	14,807,444	14,170,036	(637,408)
Federal	2,074,751	2,074,751	1,987,167	(87,584)
Total revenues	<u>\$ 25,693,974</u>	<u>\$ 25,738,469</u>	<u>\$ 24,571,358</u>	<u>\$ (1,167,111)</u>
EXPENDITURES				
Current:				
Education	\$ 25,092,287	\$ 25,136,782	\$ 24,082,773	\$ 1,054,009
Debt service:				
Principal retirement	382,878	382,878	269,776	113,102
Interest and other fiscal charges	218,809	218,809	218,809	-
Total expenditures	<u>\$ 25,693,974</u>	<u>\$ 25,738,469</u>	<u>\$ 24,571,358</u>	<u>\$ 1,167,111</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

School Cafeteria Fund				School Capital Projects Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ 1,154	\$ 1,154	\$ -	\$ -	\$ -	\$ -
182,956	182,956	136,736	(46,220)	-	-	-	-
-	-	-	-	-	-	-	-
10,000	10,000	-	(10,000)	-	-	-	-
-	-	-	-	-	-	-	-
18,903	18,903	17,357	(1,546)	-	-	-	-
863,053	863,053	1,085,377	222,324	-	-	-	-
<u>\$ 1,074,912</u>	<u>\$ 1,074,912</u>	<u>\$ 1,240,624</u>	<u>\$ 165,712</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,094,912	\$ 1,173,724	\$ 1,252,196	\$ (78,472)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,094,912</u>	<u>\$ 1,173,724</u>	<u>\$ 1,252,196</u>	<u>\$ (78,472)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ (20,000)	\$ (98,812)	\$ (11,572)	\$ 87,240	\$ -	\$ -	\$ -	\$ -
\$ (20,000)	\$ (98,812)	\$ (11,572)	\$ 87,240	\$ -	\$ -	\$ -	\$ -
20,000	98,812	451,387	352,575	-	-	(50,900)	(50,900)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 439,815</u>	<u>\$ 439,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50,900)</u>	<u>\$ (50,900)</u>

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Supporting Schedules

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 7,714,776	\$ 7,714,776	\$ 7,760,791	\$ 46,015
Real and personal public service corporation taxes	540,000	540,000	529,479	(10,521)
Personal property taxes	3,707,093	3,707,093	4,125,556	418,463
Mobile home taxes	30,000	30,000	36,471	6,471
Machinery and tools taxes	40,000	40,000	71,203	31,203
Merchants' capital taxes	408,000	408,000	465,583	57,583
Penalties	162,000	162,000	170,655	8,655
Interest	125,000	125,000	151,543	26,543
Total general property taxes	<u>\$ 12,726,869</u>	<u>\$ 12,726,869</u>	<u>\$ 13,311,281</u>	<u>\$ 584,412</u>
Other local taxes:				
Local sales and use taxes	\$ 2,750,000	\$ 2,750,000	\$ 2,864,176	\$ 114,176
Consumers' utility taxes	305,000	305,000	313,830	8,830
Gross receipts tax	65,000	65,000	63,944	(1,056)
Motor vehicle licenses	475,000	475,000	483,347	8,347
Taxes on recordation and wills	132,000	132,000	205,308	73,308
Total other local taxes	<u>\$ 3,727,000</u>	<u>\$ 3,727,000</u>	<u>\$ 3,930,605</u>	<u>\$ 203,605</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,000	\$ 10,000	\$ 9,781	\$ (219)
Permits and other licenses	59,980	59,980	74,654	14,674
Total permits, privilege fees, and regulatory licenses	<u>\$ 69,980</u>	<u>\$ 69,980</u>	<u>\$ 84,435</u>	<u>\$ 14,455</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 162,750	\$ 176,750	\$ 201,017	\$ 24,267
Revenue from use of money and property:				
Revenue from use of money	\$ 109,860	\$ 109,860	\$ 103,794	\$ (6,066)
Revenue from use of property	265,848	265,848	265,649	(199)
Total revenue from use of money and property	<u>\$ 375,708</u>	<u>\$ 375,708</u>	<u>\$ 369,443</u>	<u>\$ (6,265)</u>
Charges for services:				
Court costs	\$ 1,921	\$ 38,121	\$ 23,531	\$ (14,590)
Charges for law library	6,500	6,500	7,510	1,010
Charges for courthouse maintenance	9,300	9,300	11,318	2,018
Charges for Commonwealth's Attorney	1,650	1,650	-	(1,650)
Miscellaneous fees	4,400	4,400	7,013	2,613
Charges for cannery	12,000	12,000	15,567	3,567
Charges for other protection	59,786	59,786	69,898	10,112
Charges for sanitation and waste removal	326,000	-	-	-
Total charges for services	<u>\$ 421,557</u>	<u>\$ 131,757</u>	<u>\$ 134,837</u>	<u>\$ 3,080</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Expenditure refunds	\$ 22,408	\$ 22,408	\$ 11,477	\$ (10,931)
Insurance recoveries	-	-	47,515	47,515
Miscellaneous	29,250	87,578	111,899	24,321
Total miscellaneous	<u>\$ 51,658</u>	<u>\$ 109,986</u>	<u>\$ 170,891</u>	<u>\$ 60,905</u>
Recovered costs:				
Other recovered costs	\$ 75,500	\$ 75,500	\$ 98,397	\$ 22,897
Circuit court judge	20,000	20,000	-	(20,000)
Total recovered costs	<u>\$ 95,500</u>	<u>\$ 95,500</u>	<u>\$ 98,397</u>	<u>\$ 2,897</u>
Total revenue from local sources	<u>\$ 17,631,022</u>	<u>\$ 17,413,550</u>	<u>\$ 18,300,906</u>	<u>\$ 887,356</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 70,000	\$ 70,000	\$ 818	\$ (69,182)
Mobile home titling tax	30,000	30,000	29,292	(708)
Motor vehicle rental tax	500	500	2,463	1,963
State recordation tax	40,000	40,000	54,067	14,067
Communications tax	290,000	290,000	284,657	(5,343)
Personal property tax relief funds	1,305,350	1,305,350	1,305,350	-
Total noncategorical aid	<u>\$ 1,735,850</u>	<u>\$ 1,735,850</u>	<u>\$ 1,676,647</u>	<u>\$ (59,203)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 424,220	\$ 424,220	\$ 422,004	\$ (2,216)
Sheriff	1,054,031	1,083,031	1,083,043	12
Commissioner of revenue	94,626	94,626	94,185	(441)
Treasurer	91,397	91,397	91,446	49
Registrar/electoral board	36,231	36,231	37,398	1,167
Clerk of the Circuit Court	304,955	312,955	306,657	(6,298)
Total shared expenses	<u>\$ 2,005,460</u>	<u>\$ 2,042,460</u>	<u>\$ 2,034,733</u>	<u>\$ (7,727)</u>
Other categorical aid:				
Emergency medical services	\$ 28,436	\$ 28,436	\$ -	\$ (28,436)
Welfare administration and assistance	887,105	887,105	965,082	77,977
Litter control grant	7,528	7,528	7,008	(520)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other Categorical aid: (Continued)				
Sheriff - jails	\$ 39,149	\$ 41,686	\$ 57,729	\$ 16,043
Comprehensive services act	915,240	915,240	701,515	(213,725)
Victim-witness grant	70,000	70,000	17,500	(52,500)
Fire program funds	-	-	50,655	50,655
Other categorical	2,000	2,000	6,141	4,141
Total other categorical aid	<u>\$ 1,949,458</u>	<u>\$ 1,951,995</u>	<u>\$ 1,805,630</u>	<u>\$ (146,365)</u>
Total categorical aid	<u>\$ 3,954,918</u>	<u>\$ 3,994,455</u>	<u>\$ 3,840,363</u>	<u>\$ (154,092)</u>
Total revenue from the Commonwealth	<u>\$ 5,690,768</u>	<u>\$ 5,730,305</u>	<u>\$ 5,517,010</u>	<u>\$ (213,295)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 75,500</u>	<u>\$ 75,500</u>	<u>\$ 75,544</u>	<u>\$ 44</u>
Categorical aid:				
Welfare administration and assistance	\$ 1,437,334	\$ 1,437,334	\$ 1,547,169	\$ 109,835
Emergency management performance grant	-	-	9,436	9,436
Bulletproof vest partnership program	-	9,117	4,559	(4,558)
Other federal revenue	-	22,771	60,339	37,568
Total categorical aid	<u>\$ 1,437,334</u>	<u>\$ 1,469,222</u>	<u>\$ 1,621,503</u>	<u>\$ 152,281</u>
Total revenue from the federal government	<u>\$ 1,512,834</u>	<u>\$ 1,544,722</u>	<u>\$ 1,697,047</u>	<u>\$ 152,325</u>
Total General Fund	<u><u>\$ 24,834,624</u></u>	<u><u>\$ 24,688,577</u></u>	<u><u>\$ 25,514,963</u></u>	<u><u>\$ 826,386</u></u>
Capital Projects Funds:				
Landfill Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 13,016</u>	<u>\$ 9,016</u>
Charges for services:				
Tipping fees - non-county users	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 319,952</u>	<u>\$ 69,952</u>
Total revenue from local sources	<u>\$ 254,000</u>	<u>\$ 254,000</u>	<u>\$ 332,968</u>	<u>\$ 78,968</u>
Total Landfill Construction Fund	<u><u>\$ 254,000</u></u>	<u><u>\$ 254,000</u></u>	<u><u>\$ 332,968</u></u>	<u><u>\$ 78,968</u></u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (Continued)				
Recreation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 61	\$ 61
Total revenue from local sources	\$ -	\$ -	\$ 61	\$ 61
Total Recreation Fund	\$ -	\$ -	\$ 61	\$ 61
Special Revenue Funds:				
Piedmont Court Services Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 800	\$ 800	\$ 1,109	\$ 309
Total revenue from use of money and property	\$ 800	\$ 800	\$ 1,109	\$ 309
Charges for services:				
Other charges for services	\$ 64,644	\$ 64,644	\$ 64,809	\$ 165
Total charges for services	\$ 64,644	\$ 64,644	\$ 64,809	\$ 165
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 399	\$ 399
Total miscellaneous	\$ -	\$ -	\$ 399	\$ 399
Total revenue from local sources	\$ 65,444	\$ 65,444	\$ 66,317	\$ 873
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid				
DCJS - community corrections	\$ 455,163	\$ 455,163	\$ 461,825	\$ 6,662
Total categorical aid	\$ 455,163	\$ 455,163	\$ 461,825	\$ 6,662
Total revenue from the Commonwealth	\$ 455,163	\$ 455,163	\$ 461,825	\$ 6,662
Total Piedmont Court Services Fund	\$ 520,607	\$ 520,607	\$ 528,142	\$ 7,535
Debt Service Fund:				
School Debt Service				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 32,662	\$ 32,662
Total revenue from local sources	\$ -	\$ -	\$ 32,662	\$ 32,662
Total School Debt Service Fund	\$ -	\$ -	\$ 32,662	\$ 32,662
Total Primary Government	\$ 25,609,231	\$ 25,463,184	\$ 26,408,796	\$ 945,612

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 20,000	\$ 20,000	\$ 31,868	\$ 11,868
Total revenue from use of money and property	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 31,868</u>	<u>\$ 11,868</u>
Charges for services:				
Charges for education	\$ 72,919	\$ 72,919	\$ 235,585	\$ 162,666
Miscellaneous:				
Other miscellaneous	\$ 118,000	\$ 118,000	\$ 11,641	\$ (106,359)
Recovered costs:				
Other recovered costs	\$ 204,371	\$ 204,371	\$ 78,176	\$ (126,195)
Total revenue from local sources	<u>\$ 415,290</u>	<u>\$ 415,290</u>	<u>\$ 357,270</u>	<u>\$ (58,020)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Prince Edward, Virginia	\$ 8,440,984	\$ 8,440,984	\$ 8,056,885	\$ (384,099)
Total revenues from local governments	<u>\$ 8,440,984</u>	<u>\$ 8,440,984</u>	<u>\$ 8,056,885</u>	<u>\$ (384,099)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,946,914	\$ 2,946,914	\$ 2,776,324	\$ (170,590)
Basic school aid	6,268,303	6,268,303	5,940,220	(328,083)
Other state funds	5,547,732	5,592,227	5,453,492	(138,735)
Total categorical aid	<u>\$ 14,762,949</u>	<u>\$ 14,807,444</u>	<u>\$ 14,170,036</u>	<u>\$ (637,408)</u>
Total revenue from the Commonwealth	<u>\$ 14,762,949</u>	<u>\$ 14,807,444</u>	<u>\$ 14,170,036</u>	<u>\$ (637,408)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 979,967	\$ 979,967	\$ 861,328	\$ (118,639)
Title II	171,293	171,293	166,692	(4,601)
Title VI-B, special education flow-through	620,894	620,894	764,407	143,513
Title VI-B, pre-school	19,410	19,410	19,410	-
Title V-A	47,940	47,940	20,589	(27,351)
21st Century	174,891	174,891	131,234	(43,657)
Vocational education	57,521	57,521	23,507	(34,014)
Other federal funds	2,835	2,835	-	(2,835)
Total categorical aid	<u>\$ 2,074,751</u>	<u>\$ 2,074,751</u>	<u>\$ 1,987,167</u>	<u>\$ (87,584)</u>
Total School Operating Fund	<u>\$ 25,693,974</u>	<u>\$ 25,738,469</u>	<u>\$ 24,571,358</u>	<u>\$ (1,167,111)</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,154	\$ 1,154
Charges for services:				
Cafeteria sales	\$ 182,956	\$ 182,956	\$ 136,736	\$ (46,220)
Recovered costs:				
Other recovered costs	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Total revenue from local sources	<u>\$ 192,956</u>	<u>\$ 192,956</u>	<u>\$ 137,890</u>	<u>\$ (55,066)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 18,903	\$ 18,903	\$ 17,357	\$ (1,546)
Total categorical aid	<u>\$ 18,903</u>	<u>\$ 18,903</u>	<u>\$ 17,357</u>	<u>\$ (1,546)</u>
Total revenue from the Commonwealth	<u>\$ 18,903</u>	<u>\$ 18,903</u>	<u>\$ 17,357</u>	<u>\$ (1,546)</u>
Revenue from the federal government:				
Categorical aid:				
School nutrition program	\$ 863,053	\$ 863,053	\$ 1,085,377	\$ 222,324
Total categorical aid	<u>\$ 863,053</u>	<u>\$ 863,053</u>	<u>\$ 1,085,377</u>	<u>\$ 222,324</u>
Total School Cafeteria Fund	<u>\$ 1,074,912</u>	<u>\$ 1,074,912</u>	<u>\$ 1,240,624</u>	<u>\$ 165,712</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 26,768,886</u>	<u>\$ 26,813,381</u>	<u>\$ 25,811,982</u>	<u>\$ (1,001,399)</u>

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

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 125,665	\$ 125,665	\$ 126,423	\$ (758)
General and financial administration:				
County administrator	\$ 517,755	\$ 523,655	\$ 517,113	\$ 6,542
Legal services	88,323	88,323	72,976	15,347
Commissioner of revenue	290,905	290,905	296,735	(5,830)
Treasurer	334,577	334,577	315,556	19,021
Independent Auditor	43,847	43,847	46,490	(2,643)
Assessor	14,000	14,000	7,168	6,832
Other general and financial administration	88,400	88,400	87,495	905
Total general and financial administration	\$ 1,377,807	\$ 1,383,707	\$ 1,343,533	\$ 40,174
Board of elections:				
Electoral board and officials	\$ 34,550	\$ 34,550	\$ 44,980	\$ (10,430)
Registrar	91,760	96,005	97,640	(1,635)
Total board of elections	\$ 126,310	\$ 130,555	\$ 142,620	\$ (12,065)
Total general government administration	\$ 1,629,782	\$ 1,639,927	\$ 1,612,576	\$ 27,351
Judicial administration:				
Courts:				
Circuit court	\$ 55,272	\$ 55,272	\$ 50,885	\$ 4,387
General district court	11,400	11,400	9,949	1,451
Office of the magistrates	3,525	3,525	1,845	1,680
Clerk of the circuit court	511,751	519,751	488,511	31,240
Law library	6,000	6,000	7,156	(1,156)
Sheriff - courts	388,466	401,795	404,326	(2,531)
Victim and witness assistance	70,115	71,055	71,052	3
Total courts	\$ 1,046,529	\$ 1,068,798	\$ 1,033,724	\$ 35,074
Commonwealth's attorney:				
Commonwealth's attorney	\$ 580,692	\$ 593,898	\$ 590,759	\$ 3,139
Total judicial administration	\$ 1,627,221	\$ 1,662,696	\$ 1,624,483	\$ 38,213
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,999,319	\$ 2,162,591	\$ 2,145,407	\$ 17,184
Emergency services	17,996	17,996	16,641	1,355
Line of Duty Act payments	21,000	21,000	16,482	4,518
Total law enforcement and traffic control	\$ 2,038,315	\$ 2,201,587	\$ 2,178,530	\$ 23,057
Fire and rescue services:				
Fire department	\$ 536,600	\$ 783,921	\$ 611,816	\$ 172,105
Ambulance and rescue services	92,800	92,800	92,800	-
Forestry service	12,000	12,000	11,687	313
Total fire and rescue services	\$ 641,400	\$ 888,721	\$ 716,303	\$ 172,418

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2018 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Regional jail and juvenile detention	\$ 1,285,000	\$ 1,285,000	\$ 830,246	\$ 454,754
Inspections:				
Building	\$ 55,866	\$ 56,366	\$ 56,334	\$ 32
Other protection:				
Animal control	\$ 124,273	\$ 130,633	\$ 134,816	\$ (4,183)
Other protection	7,300	7,300	7,500	(200)
Medical examiner (coroner)	500	500	300	200
Total other protection	\$ 132,073	\$ 138,433	\$ 142,616	\$ (4,183)
Total public safety	\$ 4,152,654	\$ 4,570,107	\$ 3,924,029	\$ 646,078
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,213,207	\$ -	\$ 775,621	\$ (775,621)
Litter control	7,452	7,452	-	7,452
Total sanitation and waste removal	\$ 1,220,659	\$ 7,452	\$ 775,621	\$ (768,169)
Maintenance of general buildings and grounds:				
General properties	\$ 676,905	\$ 686,905	\$ 687,126	\$ (221)
Total public works	\$ 1,897,564	\$ 694,357	\$ 1,462,747	\$ (768,390)
Health and welfare:				
Health:				
Supplement of local health department	\$ 169,846	\$ 169,846	\$ 163,542	\$ 6,304
Mental health and mental retardation:				
Chapter X board	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Welfare:				
Welfare administration and assistance	\$ 2,928,439	\$ 2,928,439	\$ 3,055,301	\$ (126,862)
Comprehensive services act	1,201,000	1,201,000	922,441	278,559
Other welfare programs	78,611	78,611	73,611	5,000
Total welfare	\$ 4,208,050	\$ 4,208,050	\$ 4,051,353	\$ 156,697
Total health and welfare	\$ 4,437,896	\$ 4,437,896	\$ 4,274,895	\$ 163,001
Education:				
Other instructional costs:				
Contributions to community college	\$ 11,750	\$ 11,750	\$ 11,750	\$ -
Contribution to County School Board	8,440,984	8,440,984	8,056,885	384,099
Total education	\$ 8,452,734	\$ 8,452,734	\$ 8,068,635	\$ 384,099

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2018 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 57,000	\$ 57,000	\$ 57,000	\$ -
Cultural enrichment:				
Museums	\$ 9,000	\$ 9,000	\$ 12,790	\$ (3,790)
Contribution to regional library	\$ 210,808	\$ 210,808	\$ 210,808	\$ -
Total parks, recreation, and cultural	\$ 276,808	\$ 276,808	\$ 280,598	\$ (3,790)
Community development:				
Planning and community development:				
Planning	\$ 194,074	\$ 194,074	\$ 126,671	\$ 67,403
Community development	48,850	48,850	48,850	-
Economic development	177,966	177,966	193,646	(15,680)
Tourism	81,459	83,159	83,133	26
Other community development	43,368	43,368	43,368	-
Total planning and community development	\$ 545,717	\$ 547,417	\$ 495,668	\$ 51,749
Environmental management:				
Soil and water conservation	\$ 17,840	\$ 17,840	\$ 17,250	\$ 590
Cooperative extension program:				
Cooperative extension program	\$ 70,014	\$ 70,014	\$ 67,960	\$ 2,054
Cannery	81,495	81,495	80,611	884
Total cooperative extension program	\$ 151,509	\$ 151,509	\$ 148,571	\$ 2,938
Total community development	\$ 715,066	\$ 716,766	\$ 661,489	\$ 55,277
Nondepartmental:				
Other nondepartmental	\$ 180,670	\$ 148,623	\$ 104,186	\$ 44,437
Total nondepartmental	\$ 180,670	\$ 148,623	\$ 104,186	\$ 44,437
Capital projects:				
Sandy River reservoir project	\$ 8,000	\$ 8,000	\$ 2,563	\$ 5,437
Industrial site development	-	-	8,370	(8,370)
Other capital projects	302,350	539,901	524,620	15,281
Total capital projects	\$ 310,350	\$ 547,901	\$ 535,553	\$ 12,348
Debt service:				
Principal retirement	\$ 597,668	\$ 597,668	\$ 648,407	\$ (50,739)
Interest and other fiscal charges	265,038	265,038	265,038	-
Total debt service	\$ 862,706	\$ 862,706	\$ 913,445	\$ (50,739)
Total General Fund	\$ 24,543,451	\$ 24,010,521	\$ 23,462,636	\$ 547,885
Special Revenue Fund:				
Piedmont Court Services Fund:				
Public safety:				
Correction and detention:				
Piedmont Court Services	\$ 569,111	\$ 569,111	\$ 502,643	\$ 66,468
Total other protection	\$ 569,111	\$ 569,111	\$ 502,643	\$ 66,468
Total public safety	\$ 569,111	\$ 569,111	\$ 502,643	\$ 66,468
Total Piedmont Court Services Fund	\$ 569,111	\$ 569,111	\$ 502,643	\$ 66,468

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2018 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Fund:				
Landfill Construction Fund				
Capital projects expenditures:				
Landfill construction	\$ 254,000	\$ 254,000	\$ -	\$ 254,000
Total Landfill Construction Fund	\$ 254,000	\$ 254,000	\$ -	\$ 254,000
Total Capital Projects Fund	\$ 254,000	\$ 254,000	\$ -	\$ 254,000
Total Primary Government	\$ 25,366,562	\$ 24,833,632	\$ 23,965,279	\$ 868,353
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Instruction	\$ 18,703,993	\$ 18,643,993	\$ 17,897,555	\$ 746,438
Administration, attendance, and health	1,572,492	1,572,492	1,480,989	91,503
Pupil transportation services	1,892,860	1,892,860	1,795,274	97,586
Operation and maintenance services	1,675,318	1,675,318	1,557,052	118,266
Technology	1,097,624	1,097,624	1,097,619	5
Facilities	150,000	254,495	254,284	211
Total education	\$ 25,092,287	\$ 25,136,782	\$ 24,082,773	\$ 1,054,009
Debt service:				
Principal retirement	\$ 382,878	\$ 382,878	\$ 269,776	\$ 113,102
Interest and other fiscal charges	218,809	218,809	218,809	-
Total debt service	\$ 601,687	\$ 601,687	\$ 488,585	\$ 113,102
Total School Operating Fund	\$ 25,693,974	\$ 25,738,469	\$ 24,571,358	\$ 1,167,111
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,094,912	\$ 1,173,724	\$ 1,252,196	\$ (78,472)
Total School Cafeteria Fund	\$ 1,094,912	\$ 1,173,724	\$ 1,252,196	\$ (78,472)
Total Discretely Presented Component Unit - School Board	\$ 26,788,886	\$ 26,912,193	\$ 25,823,554	\$ 1,088,639

Statistical Section

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.

1 - 6

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

7 - 10

Debt Capacity

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.

11 - 12

Demographic and Economic Information

This table offers demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

13

Operating Information

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

14-15

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

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities					
Net investment in capital assets	\$ 2,459,199	\$ 2,534,819	\$ 2,584,694	\$ 1,520,646	\$ 2,079,106
Restricted	-	-	-	-	-
Unrestricted	<u>1,428,178</u>	<u>1,538,199</u>	<u>4,090,425</u>	<u>6,750,994</u>	<u>9,844,776</u>
Total governmental activities net position	<u>\$ 3,887,377</u>	<u>\$ 4,073,018</u>	<u>\$ 6,675,119</u>	<u>\$ 8,271,640</u>	<u>\$ 11,923,882</u>
Business-type activities					
Net investment in capital assets	\$ (31,482)	\$ 851,144	\$ 480,268	\$ (499,787)	\$ (428,489)
Unrestricted	<u>821</u>	<u>(149,653)</u>	<u>52,852</u>	<u>755,314</u>	<u>319,991</u>
Total business-type activities net position	<u>\$ (30,661)</u>	<u>\$ 701,491</u>	<u>\$ 533,120</u>	<u>\$ 255,527</u>	<u>\$ (108,498)</u>
Primary government					
Net investment in capital assets	\$ 2,427,717	\$ 3,385,963	\$ 3,064,962	\$ 1,020,859	\$ 1,650,617
Restricted	-	-	-	-	-
Unrestricted	<u>1,428,999</u>	<u>1,388,546</u>	<u>4,143,277</u>	<u>7,506,308</u>	<u>10,164,767</u>
Total primary government net position	<u>\$ 3,856,716</u>	<u>\$ 4,774,509</u>	<u>\$ 7,208,239</u>	<u>\$ 8,527,167</u>	<u>\$ 11,815,384</u>

Table 1

	2014	2015	2016	2017	2018
\$	2,080,125	\$ 2,289,146	\$ 1,858,573	\$ 228,916	\$ 1,288,819
	-	95,258	95,258	87,685	88,483
	6,126,366	(476,746)	(105,149)	4,521,689	5,032,824
	<u>8,206,491</u>	<u>1,907,658</u>	<u>1,848,682</u>	<u>4,838,290</u>	<u>6,410,126</u>
\$	(353,000)	\$ (275,337)	\$ (191,305)	\$ (97,927)	\$ 334,066
	(4,056)	(324,456)	(642,461)	(963,915)	(39,272)
	<u>(357,056)</u>	<u>(599,793)</u>	<u>(833,766)</u>	<u>(1,061,842)</u>	<u>294,794</u>
\$	1,727,125	\$ 2,013,809	\$ 1,667,268	\$ 130,989	\$ 1,622,885
	-	95,258	95,258	87,685	88,483
	6,122,310	(801,202)	(747,610)	3,557,774	4,993,552
	<u>7,849,435</u>	<u>1,307,865</u>	<u>1,014,916</u>	<u>3,776,448</u>	<u>6,704,920</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	2009	2010	2011	2012
Expenses				
Governmental activities:				
General government administration	\$ 1,878,951	\$ 1,795,153	\$ 1,869,443	\$ 1,960,555
Judicial administration	1,557,012	1,175,955	1,147,492	1,137,299
Public safety	2,718,405	2,910,454	3,118,622	3,270,479
Public works	2,641,623	2,105,782	2,228,299	2,058,022
Health and welfare	3,948,690	3,894,723	4,382,927	4,094,036
Education	7,039,437	7,082,604	7,695,814	7,440,879
Parks, recreation and cultural	3,274,724	293,485	94,271	290,155
Community development	1,618,525	721,676	658,469	647,868
Interest on long-term debt	701,954	676,992	514,419	500,719
Total governmental activities expenses	<u>\$ 25,379,321</u>	<u>\$ 20,656,824</u>	<u>\$ 21,709,756</u>	<u>\$ 21,400,012</u>
Business-type activities:				
Water	\$ 31,512	\$ 69,875	\$ 127,189	\$ 200,571
Sewer	29,800	83,078	62,885	78,869
Landfill	-	-	-	-
Total business-type activities expenses	<u>\$ 61,312</u>	<u>\$ 152,953</u>	<u>\$ 190,074</u>	<u>\$ 279,440</u>
Total primary government expenses	<u>\$ 25,440,633</u>	<u>\$ 20,809,777</u>	<u>\$ 21,899,830</u>	<u>\$ 21,679,452</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government administration	\$ 100	\$ 100	\$ -	\$ -
Judicial administration	79,865	77,250	64,241	63,456
Public safety	161,311	135,014	122,036	112,457
Public works	758,965	749,031	717,441	747,804
Community development	19,396	12,456	12,518	14,311
Operating grants and contributions	5,662,902	5,272,050	5,217,595	4,781,772
Capital grants and contributions	-	-	668,002	390,000
Total governmental activities program revenues	<u>\$ 6,682,539</u>	<u>\$ 6,245,901</u>	<u>\$ 6,801,833</u>	<u>\$ 6,109,800</u>
Business-type activities:				
Charges for services:				
Water	\$ -	\$ 1,289	\$ 1,386	\$ 628
Sewer	-	7,713	2,317	1,219
Landfill	-	-	-	-
Capital grants and contributions	6,000	21,750	18,000	-
Total business-type activities program revenues	<u>\$ 6,000</u>	<u>\$ 30,752</u>	<u>\$ 21,703</u>	<u>\$ 1,847</u>
Total primary government program revenues	<u>\$ 6,688,539</u>	<u>\$ 6,276,653</u>	<u>\$ 6,823,536</u>	<u>\$ 6,111,647</u>
Net (expense) / revenue				
Governmental activities				
Total primary government net expense	<u>\$ (18,752,094)</u>	<u>\$ (14,533,124)</u>	<u>\$ (15,076,294)</u>	<u>\$ (15,567,805)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 10,338,674	\$ 9,925,117	\$ 10,796,720	\$ 10,919,152
Local sales and use taxes	2,683,336	2,526,302	2,558,209	2,614,512
Taxes on recordation and wills	159,537	121,912	109,777	95,354
Motor vehicle licenses taxes	276,176	313,778	475,995	445,920
Consumer utility taxes	371,824	387,557	375,945	289,770
Other local taxes	324,603	12	-	57,122
Unrestricted grants and contributions	1,325,103	1,619,326	1,664,644	1,564,362
Unrestricted revenues from use of money and property	450,348	329,506	374,912	379,221
Miscellaneous	451,992	126,880	169,346	125,734
Gain (loss) on disposal of capital assets	99,113	100,277	-	-
Transfers	(24,651)	(854,103)	-	-
Total governmental activities	<u>\$ 16,456,055</u>	<u>\$ 14,596,564</u>	<u>\$ 16,525,548</u>	<u>\$ 16,491,147</u>
Business-type activities:				
Miscellaneous	\$ -	\$ 250	\$ -	\$ -
Transfers	24,651	854,103	-	-
Total business-type activities	<u>\$ 24,651</u>	<u>\$ 854,353</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 16,480,706</u>	<u>\$ 15,450,917</u>	<u>\$ 16,525,548</u>	<u>\$ 16,491,147</u>
Change in Net Position				
Governmental activities				
Business-type activities	\$ (2,240,727)	\$ 185,641	\$ 1,617,625	\$ 1,200,935
Total primary government	<u>\$ (30,661)</u>	<u>\$ 732,152</u>	<u>\$ (168,371)</u>	<u>\$ (277,593)</u>
Total primary government	<u>\$ (2,271,388)</u>	<u>\$ 917,793</u>	<u>\$ 1,449,254</u>	<u>\$ 923,342</u>

Table 2

	2013	2014	2015	2016	2017	2018
\$	1,940,807	\$ 4,967,094	\$ 1,836,885	\$ 1,978,261	\$ 1,879,121	\$ 2,042,261
	1,215,821	1,320,809	1,228,338	2,183,197	1,230,677	1,315,062
	4,159,935	5,243,483	4,988,167	4,988,608	4,676,477	4,886,784
	2,065,013	2,032,088	1,991,833	1,783,830	1,900,935	1,798,146
	3,741,349	3,810,158	3,873,482	4,200,104	4,488,190	4,261,484
	7,728,685	8,126,108	11,968,460	8,197,715	9,217,509	7,669,358
	302,000	365,365	284,325	315,351	278,804	282,598
	722,579	906,637	572,714	660,282	450,083	638,456
	385,095	344,386	315,615	380,944	236,844	387,718
\$	<u>22,261,284</u>	<u>\$ 27,116,128</u>	<u>\$ 27,059,819</u>	<u>\$ 24,688,292</u>	<u>\$ 24,358,640</u>	<u>\$ 23,281,867</u>
\$	188,411	\$ 181,343	\$ 178,144	\$ 170,631	\$ 167,039	\$ 121,832
	70,901	69,773	67,707	65,993	63,639	46,855
	-	-	-	-	-	366,017
\$	<u>259,312</u>	<u>\$ 251,116</u>	<u>\$ 245,851</u>	<u>\$ 236,624</u>	<u>\$ 230,678</u>	<u>\$ 534,704</u>
\$	<u>22,520,596</u>	<u>\$ 27,367,244</u>	<u>\$ 27,305,670</u>	<u>\$ 24,924,916</u>	<u>\$ 24,589,318</u>	<u>\$ 23,816,571</u>
\$	-	\$ -	\$ -	\$ -	\$ 77,574	\$ 922,028
	127,690	182,240	200,947	148,791	220,831	230,047
	186,172	202,472	194,988	187,308	179,619	223,106
	792,492	603,518	575,946	583,490	717,693	339,844
	10,660	11,600	14,308	13,985	13,096	11,591
	5,416,084	5,616,484	5,595,435	5,813,572	5,991,324	5,923,691
	2,093,667	2,337	-	-	-	-
\$	<u>8,626,765</u>	<u>\$ 6,618,651</u>	<u>\$ 6,581,624</u>	<u>\$ 6,747,146</u>	<u>\$ 7,200,137</u>	<u>\$ 7,650,307</u>
\$	4,332	\$ 778	\$ 1,134	\$ 1,063	\$ 862	\$ 778
	1,790	1,780	1,980	1,588	1,740	1,516
	-	-	-	-	-	646,512
	-	-	-	-	-	-
\$	<u>6,122</u>	<u>\$ 2,558</u>	<u>\$ 3,114</u>	<u>\$ 2,651</u>	<u>\$ 2,602</u>	<u>\$ 648,806</u>
\$	<u>8,632,887</u>	<u>\$ 6,621,209</u>	<u>\$ 6,584,738</u>	<u>\$ 6,749,797</u>	<u>\$ 7,202,739</u>	<u>\$ 8,299,113</u>
\$	<u>(13,634,519)</u>	<u>\$ (20,497,477)</u>	<u>\$ (20,478,195)</u>	<u>\$ (17,941,146)</u>	<u>\$ (17,158,503)</u>	<u>\$ (15,631,560)</u>
\$	<u>(13,887,709)</u>	<u>\$ (20,746,035)</u>	<u>\$ (20,720,932)</u>	<u>\$ (18,175,119)</u>	<u>\$ (17,386,579)</u>	<u>\$ (15,517,458)</u>
\$	11,103,740	\$ 11,076,090	\$ 11,877,989	\$ 11,867,596	\$ 12,934,371	\$ 13,232,616
	2,691,630	2,585,962	2,722,713	2,714,379	2,807,361	2,864,176
	165,224	140,040	157,890	205,362	203,446	205,308
	464,581	460,643	548,133	417,138	492,489	483,347
	324,910	306,197	307,372	307,536	309,779	313,830
	69,784	71,768	60,260	65,589	64,690	64,408
	1,707,699	1,693,827	1,850,727	1,774,380	1,756,921	1,728,039
	356,455	341,618	360,957	331,892	336,954	832,179
	165,620	103,941	128,268	198,298	42,697	187,120
	-	-	-	-	-	-
	-	-	-	-	-	(1,242,534)
\$	<u>17,049,643</u>	<u>\$ 16,780,086</u>	<u>\$ 18,014,309</u>	<u>\$ 17,882,170</u>	<u>\$ 18,948,708</u>	<u>\$ 18,668,489</u>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	1,242,534
\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,242,534</u>
\$	<u>17,049,643</u>	<u>\$ 16,780,086</u>	<u>\$ 18,014,309</u>	<u>\$ 17,882,170</u>	<u>\$ 18,948,708</u>	<u>\$ 19,911,023</u>
\$	3,415,124	\$ (3,717,391)	\$ (2,463,886)	\$ (58,976)	\$ 1,790,205	\$ 3,036,929
	(253,190)	(248,558)	(242,737)	(233,973)	(228,076)	1,356,636
\$	<u>3,161,934</u>	<u>\$ (3,965,949)</u>	<u>\$ (2,706,623)</u>	<u>\$ (292,949)</u>	<u>\$ 1,562,129</u>	<u>\$ 4,393,565</u>

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Recordation and Wills Tax	Total
2018	\$ 13,311,281	\$ 2,864,176	\$ 313,830	\$ 483,347	\$ 205,308	\$ 17,177,942
2017	12,934,371	2,807,361	309,779	492,489	203,446	16,747,446
2016	11,867,596	2,714,379	307,536	417,138	205,362	15,512,011
2015	11,877,989	2,722,713	307,372	548,133	157,890	15,614,097
2014	11,076,090	2,585,962	306,197	460,643	140,040	14,568,932
2013	11,103,740	2,691,630	324,910	464,581	165,224	14,750,085
2012	10,919,152	2,614,512	289,770	445,920	95,354	14,364,708
2011	10,796,720	2,558,209	375,945	475,995	109,777	14,316,646
2010	9,925,117	2,526,302	387,557	313,778	121,912	13,274,666
2009	10,338,674	2,683,336	371,824	276,176	159,537	13,829,547

COUNTY OF PRINCE EDWARD, VIRGINIA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2009	2010	2011 (1)	2012	2013
General fund					
Nonspendable:					
Prepaid items	\$ -	\$ -	\$ 13,899	\$ -	\$ -
Restricted for:					
Retiree benefits	-	-	399	5,479	1,974
Community Development Authority	-	-	-	-	-
Unassigned	-	-	9,603,023	9,998,619	10,720,302
Reserved	12,078	1,106	-	-	-
Unreserved	9,207,233	8,774,360	-	-	-
Total general fund	<u>\$ 9,219,311</u>	<u>\$ 8,775,466</u>	<u>\$ 9,617,321</u>	<u>\$ 10,004,098</u>	<u>\$ 10,722,276</u>
All other governmental funds					
Restricted:					
Debt service	\$ -	\$ -	\$ 529,233	\$ 653,285	\$ 780,277
Assigned:					
Landfill construction	-	-	898,059	1,225,075	1,482,743
Recreation capital projects	-	-	27,002	27,116	28,414
Special revenue	-	-	-	-	330,858
Reserved	289,712	408,069	-	-	-
Unreserved, reported in:					
Capital projects funds	377,012	639,629	-	-	-
Total all other governmental funds	<u>\$ 666,724</u>	<u>\$ 1,047,698</u>	<u>\$ 1,454,294</u>	<u>\$ 1,905,476</u>	<u>\$ 2,622,292</u>

(1) The County implemented GASB 54 in fiscal year 2011.

Table 4

	2014	2015	2016	2017	2018
\$	-	-	-	-	-
	-	-	-	-	-
	-	95,258	95,258	87,685	88,483
	9,038,328	-	-	-	-
	-	-	-	-	-
	-	9,811,281	9,672,556	12,112,059	12,832,402
\$	<u>9,038,328</u>	<u>9,906,539</u>	<u>9,767,814</u>	<u>12,199,744</u>	<u>12,920,885</u>
\$	910,353	1,043,470	1,179,675	1,319,176	1,461,991
	1,784,386	2,092,086	1,278,266	1,203,394	1,536,362
	20,468	20,492	14,038	8,085	8,146
	337,125	301,945	290,950	306,612	332,111
	-	-	-	-	-
	-	-	-	-	-
\$	<u>3,052,332</u>	<u>3,457,993</u>	<u>2,762,929</u>	<u>2,837,267</u>	<u>3,338,610</u>

COUNTY OF PRINCE EDWARD, 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	\$ 10,097,051	\$ 9,911,626	\$ 10,548,439	\$ 10,561,257
Other local taxes	3,815,476	3,349,561	3,519,926	3,502,678
Permits, privilege fees and regulatory licenses	106,200	86,207	67,681	62,437
Fines and forfeitures	44,006	47,822	38,770	41,216
Revenue from use of money and property	450,348	329,506	374,912	379,217
Charges for services	869,431	839,822	809,785	834,375
Miscellaneous	1,041,105	231,167	216,177	200,465
Recovered costs	99,018	45,111	266,220	130,380
Intergovernmental:				
Commonwealth	5,674,148	5,432,928	5,594,185	5,019,333
Federal	1,313,858	1,458,448	1,956,056	1,716,801
Total revenues	\$ 23,510,641	\$ 21,732,198	\$ 23,392,151	\$ 22,448,159
Expenditures				
General government administration	\$ 1,620,699	\$ 1,453,038	\$ 1,443,953	\$ 1,525,092
Judicial administration	1,382,779	1,482,540	1,494,170	1,480,002
Public safety	2,846,153	2,516,411	2,672,181	2,914,040
Public works	1,864,186	1,786,034	1,776,525	1,665,056
Health and welfare	3,915,282	3,890,975	4,398,020	4,103,322
Education	7,446,574	7,451,833	7,955,280	7,696,610
Parks, recreation and cultural	307,159	293,159	274,659	295,383
Community development	1,409,598	478,134	526,537	754,145
Capital projects	3,911,158	592,857	533,202	1,925,793
Nondepartmental	-	136,046	126,189	155,200
Debt service				
Principal	438,613	589,253	552,298	296,615
Interest and other fiscal charges	309,311	390,686	390,686	456,027
Total expenditures	\$ 25,451,512	\$ 21,060,966	\$ 22,143,700	\$ 23,267,285
Excess (deficiency) of revenues over (under) expenditures	\$ (1,940,871)	\$ 671,232	\$ 1,248,451	\$ (819,126)
Other financing sources (uses)				
Transfers in	\$ 332,153	\$ 110,153	\$ 110,153	\$ 110,153
Transfers out	(356,804)	(964,256)	(110,153)	(110,153)
Refunding bonds issued	-	-	-	7,203,798
Premium on bonds issued	-	-	-	983,512
Payments to refunded bond escrow agent	-	-	-	(6,530,225)
Issuance of debt	2,800,000	120,000	-	-
Total other financing sources (uses)	\$ 2,775,349	\$ (734,103)	\$ -	\$ 1,657,085
Net change in fund balances	\$ 834,478	\$ (62,871)	\$ 1,248,451	\$ 837,959
Debt service as a percentage of noncapital expenditures	3.06%	4.89%	4.47%	3.53%

Note: Does not include discretely presented component unit.

Table 5

	2013	2014	2015	2016	2017	2018
\$	10,949,252	\$ 10,868,709	\$ 12,164,324	\$ 11,988,352	\$ 12,659,333	\$ 13,311,281
	3,716,129	3,564,610	3,796,368	3,710,005	3,877,548	3,930,605
	70,344	69,529	79,339	98,002	73,445	84,435
	106,409	156,204	171,827	120,200	192,680	201,017
	356,455	341,618	360,957	331,891	374,453	416,291
	940,261	774,097	735,023	715,374	865,332	519,598
	268,908	236,145	283,391	198,298	143,516	171,290
	122,337	119,153	101,411	124,292	79,193	98,397
	7,917,815	5,899,638	6,027,849	6,087,230	6,131,076	5,978,835
	1,299,635	1,413,010	1,418,313	1,500,721	1,617,169	1,697,047
\$	<u>25,747,545</u>	<u>\$ 23,442,713</u>	<u>\$ 25,138,802</u>	<u>\$ 24,874,365</u>	<u>\$ 26,013,745</u>	<u>\$ 26,408,796</u>
\$	1,577,327	\$ 1,788,018	\$ 1,556,430	\$ 1,564,514	\$ 1,626,463	\$ 1,612,576
	1,581,018	1,712,847	1,640,931	1,645,993	1,607,932	1,580,707
	3,675,254	4,720,230	4,680,697	4,780,666	4,470,112	4,470,448
	1,909,601	1,926,912	2,074,408	1,875,840	1,763,373	1,462,747
	3,732,134	3,806,903	3,970,706	4,304,800	4,487,585	4,274,895
	7,899,254	8,301,411	8,031,503	8,303,927	7,393,077	8,068,635
	299,506	362,013	288,890	319,851	282,804	280,598
	687,859	844,138	579,448	650,874	478,395	661,489
	2,288,200	247,877	80,702	1,308,827	486,154	535,553
	73,454	74,015	65,554	67,188	32,560	104,186
	571,714	565,424	573,861	587,247	607,248	648,407
	356,331	346,833	321,800	298,427	271,774	265,038
\$	<u>24,651,652</u>	<u>\$ 24,696,621</u>	<u>\$ 23,864,930</u>	<u>\$ 25,708,154</u>	<u>\$ 23,507,477</u>	<u>\$ 23,965,279</u>
\$	<u>1,095,893</u>	<u>\$ (1,253,908)</u>	<u>\$ 1,273,872</u>	<u>\$ (833,789)</u>	<u>\$ 2,506,268</u>	<u>\$ 2,443,517</u>
\$	110,153	\$ 110,153	\$ 110,153	\$ 110,153	\$ 110,153	\$ 110,153
	(110,153)	(110,153)	(110,153)	(110,153)	(110,153)	(1,352,687)
	-	-	-	-	-	2,391,777
	-	-	-	-	-	390,793
	-	-	-	-	-	(2,761,069)
	-	-	-	-	-	-
\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,221,033)</u>
\$	<u>1,095,893</u>	<u>\$ (1,253,908)</u>	<u>\$ 1,273,872</u>	<u>\$ (833,789)</u>	<u>\$ 2,506,268</u>	<u>\$ 1,222,484</u>
	4.15%	3.73%	3.77%	3.63%	3.82%	3.98%

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

Fiscal Year	Property Tax	Local sales and use Tax	Communication Taxes (1)(2)	Consumer Utility Tax (1)	Motor Vehicle License Tax	Recordation and Wills Tax	E911 Tax (1)	Gross Receipts Tax	Total
2018	\$ 13,311,281	\$ 2,864,176	-	\$ 313,830	\$ 483,347	\$ 205,308	-	\$ 63,944	\$ 17,241,886
2017	12,659,333	2,807,361	-	309,779	492,489	203,446	-	64,473	16,536,881
2016	11,988,352	2,714,379	-	307,536	417,138	205,362	-	65,590	15,698,357
2015	12,164,324	2,722,713	-	307,372	541,664	157,890	-	66,729	15,960,692
2014	10,868,709	2,585,962	-	306,197	460,643	140,040	-	71,768	14,433,319
2013	10,949,252	2,691,630	-	324,910	464,581	165,224	-	69,784	14,665,381
2012	10,561,257	2,614,512	-	289,770	445,920	95,354	-	57,122	14,063,935
2011	10,548,439	2,558,209	-	300,823	475,995	109,777	-	75,122	14,068,365
2010	9,911,626	2,526,302	-	297,025	313,778	121,912	12	90,532	13,261,187
2009	10,097,051	2,683,336	324,603	306,766	276,176	159,537	-	65,058	13,912,527

(1) Commencing in 2007 all consumer utility taxes including E-911 taxes, as they relates to communication companies were remitted to the Commonwealth. The County receives a payment from the Commnowealth representing the respective share of the communication taxes.

(2) Effective for the FY 2010 audit report, communications tax is reported as non-categorical state aid.

COUNTY OF PRINCE EDWARD, VIRGINIA

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

Fiscal Year	Real Estate (1)	Personal Property (1)	Mobile Homes	Machinery and Tools
2018	\$ 1,518,645,315	\$ 122,819,551	7,578,860	\$ 1,047,631
2017	1,501,993,440	119,922,383	7,460,730	1,067,695
2016	1,476,787,676	109,881,928	7,201,680	909,060
2015	1,593,856,675	105,257,875	9,292,235	737,600
2014	1,584,918,225	105,312,817	9,283,568	910,900
2013	1,576,717,255	104,873,820	9,574,543	623,875
2012	1,566,410,640	101,614,604	9,646,985	706,975
2011	1,554,835,140	99,133,100	9,618,210	791,825
2010	1,528,365,240	94,930,963	10,293,720	770,925
2009	1,042,385,745	104,258,239	12,209,314	879,950

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

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

Source: Commissioner of Revenue

Table 7

Merchants' Capital	Public Service (2)	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$ 66,188,415	\$ 98,806,317	\$ 1,815,086,089	\$ 1,815,086,089	100.00%
58,950,650	103,798,120	1,793,193,018	1,793,193,018	100.00%
55,491,150	94,692,680	1,744,964,174	1,744,964,174	100.00%
57,499,650	94,140,180	1,860,784,215	1,860,784,215	100.00%
56,631,950	89,731,651	1,846,789,111	1,846,789,111	100.00%
54,574,800	83,433,739	1,829,798,032	1,829,798,032	100.00%
59,275,350	66,704,405	1,804,358,959	1,804,358,959	100.00%
60,034,150	67,442,018	1,791,854,443	1,791,854,443	100.00%
65,748,650	67,095,810	1,767,205,308	1,767,205,308	100.00%
50,551,200	43,708,760	1,253,993,208	1,253,993,208	100.00%

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

Fiscal Years	Direct Rates				
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital
2018	\$ 0.51	\$ 4.50	\$ 0.51	\$ 4.20	\$ 0.70
2017	0.51	4.50	0.51	4.20	0.70
2016	0.49	4.50	0.49	4.20	0.70
2015	0.47	4.50	0.47	4.20	0.70
2014	0.42	4.50	0.42	4.20	0.70
2013	0.42	4.50	0.42	4.20	0.70
2012	0.42	4.50	0.42	4.20	0.70
2011	0.42	4.50	0.42	4.20	0.70
2010	0.40	4.50	0.40	4.20	0.70
2009	0.57	4.50	0.57	4.20	0.70

(1) Per \$100 of assessed value

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2018	\$ 14,313,148	\$ 12,408,274	86.69%	\$ 903,007	\$ 13,311,281	93.00%	\$ 1,779,771	12.43%
2017	14,091,430	12,061,789	85.60%	597,544	12,659,333	89.84%	2,610,641	18.53%
2016	13,088,275	12,372,851	94.53%	612,200	12,985,051	99.21%	2,333,711	17.83%
2015	13,263,062	12,351,793	93.13%	797,023	13,148,816	99.14%	2,283,998	17.22%
2014	12,959,216	11,764,506	90.78%	409,553	12,174,059	93.94%	2,361,048	18.22%
2013	12,257,922	11,704,121	95.48%	550,481	12,254,602	99.97%	2,094,321	17.09%
2012	12,039,405	11,166,716	92.75%	422,421	11,589,137	96.26%	1,895,311	15.74%
2011	11,893,196	11,192,840	94.11%	725,383	11,918,223	100.21%	1,605,344	13.50%
2010	11,443,731	10,682,795	93.35%	379,748	11,062,543	96.67%	1,364,269	11.92%
2009	11,332,401	10,896,001	96.15%	279,186	11,175,187	98.61%	1,208,244	10.66%

(1) Exclusive of penalties and interest. Includes personal property tax relief funds.

(2) Includes twenty years real estate and four years personal property taxes.

Principal Property Taxpayers
 Current Year and the Period Nine Years Prior

Taxpayer	Fiscal Year 2018		Fiscal Year 2010	
	2017 Assessed Valuation	% of Total Assessed Valuation	2009 Assessed Valuation	% of Total Assessed Valuation
Southside Community Nursing	\$ 21,580,900	1.18%	\$ 12,739,500	0.99%
Shoppes of College Park, LLC	8,047,400	0.44%	-	0.00%
Longwood Village Shopping Center	7,892,200	0.43%	6,832,300	0.84%
Southside Holding	4,926,800	0.27%	3,118,900	0.25%
Wright, Patricia W.	3,610,600	0.20%	2,001,200	0.17%
Davis Real Properties LLC	2,867,700	0.16%	4,152,200	0.36%
Southgate Associates II	2,222,500	0.12%	4,733,200	0.39%
Andrews, Larget & Whidden, Inc.	1,447,000	0.08%	-	0.00%
Statewide Realty Co.	1,156,400	0.06%	960,300	0.08%
Garnett, James	978,900	0.05%	1,493,400	0.17%
Landon G. Atkins Revocable Trust	-	0.00%	793,700	0.09%
Farmville Partners, LLC	-	0.00%	4,778,400	0.61%
	<u>\$ 54,730,400</u>	<u>2.99%</u>	<u>\$ 41,603,100</u>	<u>3.95%</u>

Source: Commissioner of Revenue

Ratios of Outstanding Debt by Types
Last Ten Fiscal Years

Fiscal Years	Governmental Activities			Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Other Notes/Bonds	Capital Leases	Other Notes/Bonds			
2018	\$ 2,630,870	\$ 2,949,582	\$ 7,407,445	\$ 3,589,760	\$ 16,577,657	2.38%	730
2017	4,366,506	4,599,074	5,103,197	3,825,118	17,893,895	2.56%	773
2016	5,117,798	4,798,254	5,123,382	4,005,461	19,044,895	2.73%	815
2015	5,852,125	4,991,985	5,123,382	4,176,457	20,143,949	2.99%	873
2014	6,569,847	5,182,084	-	4,341,086	16,093,017	2.53%	706
2013	7,297,699	5,427,677	-	4,503,541	17,228,917	2.79%	741
2012	8,028,021	5,668,629	-	4,661,803	18,358,453	2.97%	781
2011	5,157,837	7,696,025	-	3,750,000	16,603,862	3.33%	711
2010	5,778,724	8,181,343	-	2,500,000	16,460,067	4.06%	736
2009	6,426,063	8,552,832	-	1,281,482	16,260,377	4.01%	745

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 13

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2018	\$ 3,039,595	\$ 610,689	\$ 2,428,906	0.13%	107
2017	6,312,723	858,439	5,454,284	0.30%	236
2016	7,151,195	858,657	6,292,538	0.36%	269
2015	7,968,982	734,327	7,234,655	0.39%	314
2014	8,686,704	717,722	7,968,982	0.43%	349
2013	9,414,556	780,277	8,634,279	0.47%	372
2012	10,144,878	653,285	9,491,593	0.53%	404
2011	10,316,777	529,233	9,787,544	0.55%	419
2010	11,170,767	406,089	10,764,678	0.61%	481
2009	12,049,678	301,790	11,747,888	0.94%	538

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 13

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7

(3) Includes all long-term general obligation bonded debt, and Literary Fund Loans; excludes revenue bonds, capital leases, OPEB liability, landfill closure liabilities, early retirement obligation, notes payable, and compensated absences.

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (1)	Per Capita Personal Income (1)	Median Age	School Enrollment (2)	Unemployment Rate
2018	22,703	\$ 697,704,000	\$ 30,732	30.0	2,043	3.40%
2017	23,142	697,704,000	30,149	30.0	2,005	5.70%
2016	23,368	697,704,000	29,857	30.0	2,086	6.30%
2015	23,074	672,890,000	29,162	30.0	2,016	6.10%
2014	22,802	636,603,000	27,919	30.0	2,129	9.80%
2013	23,238	618,387,000	26,611	30.9	2,282	10.60%
2012	23,518	617,666,000	26,264	31.5	2,369	9.30%
2011	23,368	498,422,000	21,329	31.5	2,494	9.50%
2010	22,370	405,000,000	18,105	31.4	2,607	10.90%
2009	21,823	405,000,000	19,228	31.9	2,482	10.30%

Source: Virginia Employment Commission, Annual school report - prepared by the School Board, www.fedstats.gov

- (1) Information is not updated annually
- (2) School enrollment includes pre-K

COUNTY OF PRINCE EDWARD, VIRGINIA

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

Function	2009	2010	2011	2012	2013
General government administration	17.0	17.0	17.0	18.0	18.0
Judicial administration	25.0	22.5	22.5	22.5	22.5
Public safety					
Sheriffs department	30.5	31.0	31.0	32.0	32.0
Animal control	2.0	2.0	2.0	1.5	1.5
Building official	2.0	2.0	2.0	2.0	2.0
Public works					
General maintenance	7.5	6.5	6.5	6.5	6.5
Refuse Collection & Disposal	15.5	13.0	13.0	13.0	13.0
Landfill	-	-	-	-	-
Biosolids	1.0	1.0	1.0	1.0	1.0
Health and welfare					
Department of social services	31.0	32.0	32.0	32.0	32.0
Culture and recreation					
Parks and recreation	-	-	-	-	-
Community development					
Planning	2.0	2.0	2.0	2.0	2.0
Economic Development	2.0	2.0	2.0	2.0	2.0
Cannery	1.5	1.5	1.5	1.5	1.5
Extension	1.0	1.0	1.0	1.0	1.0
Totals	<u>138.0</u>	<u>133.5</u>	<u>133.5</u>	<u>135.0</u>	<u>135.0</u>

Source: Individual County departments

Table 14

2014	2015	2016	2017	2018
17.0	17.0	17.0	16.5	17.0
23.0	23.0	23.0	24.0	25.0
32.0	32.0	32.0	32.0	34.0
2.0	2.0	2.0	2.0	2.0
1.0	1.0	1.0	1.0	1.0
6.0	6.0	6.0	6.0	6.0
13.0	13.0	13.0	13.0	13.0
-	-	-	-	5.0
1.0	-	-	-	-
32.0	32.0	32.0	34.0	36.0
-	-	-	-	-
-	1.0	1.0	1.0	1.0
2.0	2.0	2.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
<u>131.0</u>	<u>131.0</u>	<u>131.0</u>	<u>132.5</u>	<u>143.0</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Operating Indicators by Function
Last Ten Fiscal Years (1)

Function	2009	2010	2011	2012	2013
Public safety					
Sheriffs department:					
Physical arrests	2,164.0	1,396.0	1,325.0	335.0	353.0
Civil papers	9,890.0	9,124.0	8,812.0	8,994.0	8,664.0
Building inspections:					
Permits issued (2)	784.0	642.0	438.0	434.0	453.0
Public works					
Landfill:					
Refuse collected (tons/day)	80.0	78.0	71.0	85.0	77.0
Recycling (tons/day)	13.0	13.0	39.0	9.0	4.3
Health and welfare					
Department of Social Services:					
Caseload	8,100.0	8,817.0	8,058.0	7,548.0	8,162.0
Community development					
Planning:					
Zoning permits issued	119.0	112.0	93.0	75.0	67.0
Component Unit - School Board					
Education:					
Number of teachers	228.0	224.0	224.0	214.0	214.0
Local expenditures per pupil	2,718.0	2,858.0	2,927.0	3,359.0	3,707.0

Source: Individual County departments

(1) Information has been reported where available.

(2) The County implemented the issuance of trade permits in the fiscal year 2009.

Table 15

2014	2015	2016	2017	2018
393.0	377.0	483.0	113.0	95.0
8,820.0	8,637.0	8,298.0	7,910.0	8,717.0
535.0	485.0	596.0	457.0	591.0
54.6	43.7	41.7	77.7	106.0
4.4	8.2	6.5	8.5	7.5
8,503.0	9,127.0	11,097.0	10,206.0	11,305.0
81.0	74.0	79.0	63.0	83.0
211.0	207.0	206.4	202.5	196.0
3,789.0	3,774.0	4,030.0	3,284.0	4,088.0

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Compliance

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Members of
Board of Supervisors
County of Prince Edward, 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 Prince Edward, Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise County of Prince Edward, Virginia's basic financial statements, and have issued our report thereon dated February 15, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Prince Edward, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Prince Edward, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Prince Edward, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness. [2018-001]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Prince Edward, 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*.

County of Prince Edward, Virginia's Response to Findings

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
February 15, 2019

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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
Board of Supervisors
County of Prince Edward, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Prince Edward, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Prince Edward, Virginia's major federal programs for the year ended June 30, 2018. County of Prince Edward, 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 the County of Prince Edward, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Prince Edward, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the County of Prince Edward, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Prince Edward, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Prince Edward, 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
February 15, 2019

COUNTY OF PRINCE EDWARD, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950117/0950118	\$ 9,205
Temporary Assistance to Needy Families (TANF)	93.558	0400117/0400118	224,225
Refugee and Entrant Assistance - State Administered Programs	93.566	0500117/0500118	324
Low-income Home Energy Assistance	93.568	0600417/0600418	28,974
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760117/0760118	34,988
Stephanie Tubbs Jones Child Welfare Services Programs	93.645	0900117/0900118	622
Foster Care - Title IV-E	93.658	1100117/1100118	172,690
Adoption Assistance	93.659	1120117/1120118	244,722
Social Services Block Grant	93.667	1000117/1000118	151,345
Chafee Foster Care Independence Program	93.674	9150117/9150118	1,398
Children's Health Insurance Program	93.767	0540117/0540118	12,600
Medical Assistance Program	93.778	1200117/1200118	<u>323,770</u>
Total Department of Health and Human Services			<u>\$ 1,204,863</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Fresh Fruit and Vegetable Program	10.582	2017IL160341/2018IL160341	\$ 7,694
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution - Child Nutrition Cluster	10.555	Unknown	\$ 78,643
Department of Education:			
National School Lunch Program - Child Nutrition Cluster	10.555	2017IN109941/2018IN109941	668,824
School Breakfast Program - Child Nutrition Cluster	10.553	2017IN109941/2018IN109941	<u>330,216</u>
Total Child Nutrition Cluster			<u>\$ 1,077,683</u>
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAP	10.561	0010117/0010118/0040117/0040118	316,723
	10.596	0060117	<u>25,584</u>
Total Department of Agriculture			<u>\$ 1,427,684</u>
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Crime Victims Assistance	16.575	Unknown	\$ 52,371
Bulletproof Vest Partnership Program	16.607	Unknown	<u>4,559</u>
Total Department of Justice			<u>\$ 56,930</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018 (continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Pass through payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	Unknown	\$ 1,767
Highway Safety Cluster:			
State and Community Highway Safety	20.600	Unknown	4,269
National Priority Safety Program	20.616	Unknown	1,931
Total Highway Safety Cluster			<u>\$ 6,200</u>
Total Department of Transportation			<u>\$ 7,967</u>
Department of Homeland Security			
Pass Through Payments:			
Department of Homeland Security:			
Emergency Management Performance Grants	97.042	7750100	<u>\$ 9,436</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I - Grants to Local Educational Agencies	84.010	S101A170046/S010A180046	\$ 861,328
Special Education Cluster:			
Special Education-Grants to States	84.027	H027A170107/H027A180107	764,407
Special Education-Preschool Grants	84.173	H173A170112/H173A180112	19,410
Total Special Education Cluster			<u>\$ 783,817</u>
Career and Technical Education Basic Grants to States	84.048	V048A180046	23,507
Twenty-First Century Community Learning Centers	84.287	S287C180047	131,234
Rural Education	84.358	S358B180046	20,589
Supporting Effective Instruction State Grant	84.367	S367A170044/S367A180044	166,692
Total Department of Education			<u>\$ 1,987,167</u>
Total Expenditures of Federal Awards			<u><u>\$ 4,694,047</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF PRINCE EDWARD, VIRGINIA

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

Note 1 - Basis of Presentation

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

No awards were passed through to subrecipients.

Note 5 - De Minimis Cost Rate

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

Note 6 - Loan Balances

The County has no 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	\$ 1,697,047
Less: Amounts not recorded on Schedule of Expenditures of Federal Awards	
Payment in Lieu of Taxes	<u>(75,544)</u>
Total primary government	<u>\$ 1,621,503</u>

Component Unit School Board:

School Operating Fund	\$ 1,987,167
School Cafeteria Fund	<u>1,085,377</u>
Total Component Unit School Board	<u>\$ 3,072,544</u>

Total federal expenditures per basic financial statements	<u>\$ 4,694,047</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 4,694,047</u></u>
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COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Findings and Questioned Costs
For the 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? Yes

Significant deficiency(ies) identified? No

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
93.778	Medical Assistance Program
84.010	Title I - Grants to Local Educational Agencies

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

2018-001 Material Weakness - School Board Accounts Receivable

Condition:

The School Board did not request reimbursement for State funding related to the Juvenile Detention Center in a timely manner, resulting in unreimbursed expenses of \$103,918 for the year ended June 30, 2018.

Criteria:

Juvenile Detention Center expenses are to be reimbursed by Commonwealth of Virginia on a reimbursement basis. The School Board is required to submit for reimbursement within the specified time period, or the expenses are unallowable.

Cause of Condition:

The School Board did not submit for reimbursement for Juvenile Detention Center expenses in a timely manner.

Effect of Condition:

The loss of reimbursed expenses in the amount \$103,918 for the year ended June 30, 2018.

Recommendation:

The School Board should establish procedures for submitting reimbursements on a routine and timely basis.

Management's response:

Management concurs with the recommendation, and will develop procedures to ensure reimbursement requests are made. Reimbursement has been requested, and is expected to be received in fiscal year 2019.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Audit Findings

2017-001

Condition:

The County's Department of Social Services was not removing computer access to terminated employees in a timely manner.

Criteria:

The Auditor of Public Accounts Specifications for Audits of Counties, Cities, and Towns requires immediate removal of all computer access for terminated users.

Cause of Condition:

The County was not removing access to terminated employees within three business days.

Effect of Condition:

Noncompliance with the Auditor of Public Accounts specifications.

Recommendation:

The County should establish procedures for the removal of access for all terminated employees.

Management's response:

The change of management in the County's Department of Social Services has implemented processes to remove access for all terminated employees.