County of Bland, Virginia

Financial Report

For The Year Ended June 30, 2018

COUNTY OF BLAND, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

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County of Bland, Virginia

BOARD OF SUPERVISORS

Adam Kidd, Chair
Randy Johnson, Vice-Chair
Karen Hodock
Stephen Kelley

COUNTY SCHOOL BOARD

Gerry Schepers, Chair
Duane Bailey, Vice-Chair
Sharon Puckett
William Crabtree

SOCIAL SERVICES BOARD

Karen Hodock
Melinda Litton
Terry Horne
Michelle Cantrell
Cathy Whitt

OTHER OFFICIALS

Clerk of the Circuit Court .... Rebecca I. Johnson
Commonwealth's Attorney .... Patrick White
Commissioner of the Revenue .... Cindy U. Wright
Treasurer .... John F. Goins
Sheriff .... Thomas Roseberry, II
Superintendent of Schools .... Scott Meade
Director of Social Services .... Kim Brintle
County Administrator .... Eric Workman
County Attorney .... Paul Cassell

FINANCIAL SECTION

Independent Auditors' Report

To the Board of Supervisors
County of Bland, Virginia
Bland, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Bland, Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County of Bland, Virginia'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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Bland, Virginia, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

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

Restatement of Beginning Balances

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, and schedules related to pension and OPEB funding on pages 111, 112-116, and 117-130 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Bland, Virginia's basic financial statements. The introductory section, other supplementary information, and other 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2018, on our consideration of the County of Bland, 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 Bland, 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 Bland, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 7, 2018

Basic Financial Statements

Exhibit 1

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

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority (EDA)	Wireless Authority
ASSETS						
Cash and cash equivalents	$ 4,572,578	$ 252,399	$ 4,824,977	$ 2,337,102	$ -	$ -
Cash in custody of others	-	-	-	93,661	505,522	-
Receivables (net of allowance for uncollectibles):						
Taxes receivable	6,090,690	-	6,090,690	-	-	-
Accounts receivable	153,457	98,192	251,649	-	20,000	525
Due from other governmental units	546,553	223,098	769,651	156,165	-	-
Due from component unit	97,419	-	97,419	-	-	-
Inventories	31,060	-	31,060	-	-	-
Prepaid items	38,839	-	38,839	31,067	-	-
Net pension asset	-	-	-	66,522	-	-
Restricted assets:						
Cash and cash equivalents	-	142,671	142,671	-	-	-
Capital assets, net of accumulated depreciation:						
Land	259,103	255,156	514,259	603,897	420,159	-
Buildings and utility plant	3,036,122	17,236,567	20,272,689	1,458,678	805,327	-
Improvements other than buildings	-	-	-	-	966,216	-
Machinery and equipment	583,056	52,683	635,739	379,902	-	-
Infrastructure	-	-	-	-	-	313,046
Construction in progress	711,809	2,249,211	2,961,020	-	-	-
Total Assets	$ 16,120,686	$ 20,509,977	$ 36,630,663	$ 5,126,994	$ 2,717,224	$ 313,571
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	$ 474,376	$ 35,610	$ 509,986	$ 796,389	$ -	$ -
OPEB related items	25,000	-	25,000	78,000	-	-
Total deferred outflows of resources	$ 499,376	$ 35,610	$ 534,986	$ 874,389	$ -	$ -
LIABILITIES						
Accounts payable and other accrued liabilities	$ 59,253	$ 217,758	$ 277,011	$ 36,136	$ -	$ 105
Retainage payable		43,904	43,904			
Accrued payroll	-	-	-	695,543	-	-
Customers' deposits	-	8,025	8,025	-	-	-
Accrued interest payable	21,428	17,337	38,765	-	1,724	-
Due to primary government	-	-	-	97,419	-	-
Noncurrent liabilities:						
Due within one year	321,122	1,706,695	2,027,817	90,563	15,362	-
Due in more than one year	5,272,142	8,476,150	13,748,292	7,504,565	584,015	-
Total Liabilities	$ 5,673,945	$ 10,469,868	$ 16,143,813	$ 8,424,226	$ 601,101	$ 105
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - property taxes	$ 5,250,950	$ -	$ 5,250,950	$ -	$ -	$ -
Deferred revenue - grants	50,000	-	50,000	-	-	-
Pension related items	468,433	59,062	527,495	1,305,736	-	-
OPEB related items	22,000	-	22,000	55,369	-	-
Total Deferred Inflows of Resources	$ 5,791,383	$ 59,062	$ 5,850,445	$ 1,361,105	$ -	$ -
NET POSITION						
Net investment in capital assets	$ 2,180,371	$ 9,639,210	$ 11,819,581	$ 2,442,477	$ 2,191,702	$ 313,046
Restricted:						
Asset forfeiture funds	1,687	-	1,687	-	-	-
Restricted for debt service and bond covenants	-	142,671	142,671	-	-	-
School cafeteria	-	-	-	93,661	-	-
Unrestricted	2,972,676	234,776	3,207,452	(6,320,086)	(75,579)	420
Total Net Position	$ 5,154,734	$ 10,016,657	$ 15,171,391	$ (3,783,948)	$ 2,116,123	$ 313,466

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

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: School Board	Component Units: EDA	Component Units: Wireless Authority
PRIMARY GOVERNMENT:										
Governmental activities:										
General government administration	$ 1,209,853	$ -	$ 377,208	$ -	$ (832,645)		$ (832,645)			
Judicial administration	491,696	1,598	384,248	-	(105,850)		(105,850)			
Public safety	1,807,390	552,505	593,357	-	(661,528)		(661,528)			
Public works	846,654	311,830	6,038	-	(528,786)		(528,786)			
Health and welfare	1,528,012	-	1,194,259	-	(333,753)		(333,753)			
Education	2,222,735	-	-	-	(2,222,735)		(2,222,735)			
Parks, recreation, and cultural	494,815	9,291	-	180,712	(304,812)		(304,812)			
Community development	177,442	784	44,019	-	(132,639)		(132,639)			
Interest on long-term debt	69,244	-	-	-	(69,244)		(69,244)			
Total governmental activities	$ 8,847,841	$ 876,008	$ 2,599,129	$ 180,712	$ (5,191,992)		$ (5,191,992)			
Business-type activities:										
Service Authority	$ 1,373,857	$ 573,441	$ -	$ 672,459		$ (127,957)	$ (127,957)			
Total primary government	$ 10,221,698	$ 1,449,449	$ 2,599,129	$ 853,171	$ (5,191,992)	$ (127,957)	$ (5,319,949)			
COMPONENT UNITS:										
School Board	$ 7,757,999	$ 127,084	$ 5,439,235	$ -				$ (2,191,680)	$ -	$ -
Economic Development Authority (EDA)	77,711	-	-	-				-	(77,711)	-
Wireless Authority	14,287	-	-	-				-	-	(14,287)
Total component units	$ 7,849,997	$ 127,084	$ 5,439,235	$ -				$ (2,191,680)	$ (77,711)	$ (14,287)
General revenues:										
General property taxes					$ 4,667,009	$ -	$ 4,667,009	$ -	$ -	$ -
Other local taxes:										
Local sales and use taxes					371,343	-	371,343	-	-	-
Consumers' utility taxes					164,303	-	164,303	-	-	-
Restaurant food taxes					104,306	-	104,306	-	-	-
Motor vehicle licenses					103,927	-	103,927	-	-	-
Franchise license tax					25,929	-	25,929	-	-	-
Consumption taxes					21,228	-	21,228	-	-	-
Taxes on recordations and wills					27,062	-	27,062	-	-	-
Other local taxes					21,374	-	21,374	-	-	-
Unrestricted revenues from use of money and property					50,786	11,746	62,532	8,743	6,739	-
Miscellaneous					703,255	592	703,847	270,353	6,222	2,100
Contributions from Bland County					-	-	-	2,303,219	40,000	2,162
Grants and contributions not restricted to specific programs					678,572	-	678,572	-	-	-
Transfers					(1,082,909)	1,082,909	-	-	-	-
Total general revenues and transfers					$ 5,856,185	$ 1,095,247	$ 6,951,432	$ 2,582,315	$ 52,961	$ 4,262
Change in net position					$ 664,193	$ 967,290	$ 1,631,483	$ 390,635	$ (24,750)	$ (10,025)
Net position - beginning, as restated					4,490,541	9,049,367	13,539,908	(4,174,583)	2,140,873	323,491
Net position - ending					$ 5,154,734	$ 10,016,657	$ 15,171,391	$ (3,783,948)	$ 2,116,123	$ 313,466

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

Exhibit 3

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

		General
ASSETS		
Cash and cash equivalents	$	4,572,578
Taxes receivable		6,090,690
Accounts receivable		153,457
Due from component unit		97,419
Due from other governmental units		546,553
Inventories		31,060
Prepaid items		38,839
Total assets	$	11,530,596
LIABILITIES		
Accounts payable	$	59,253
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	$	6,102,937
Unavailable revenue - grants		50,000
Total deferred inflows of resources	$	6,152,937
FUND BALANCES		
Nonspendable:		
Prepaid items	$	38,839
Inventories		31,060
Restricted:		
Asset forfeiture funds		1,687
Committed:		
Law library		48
Courthouse maintenance		33
Courtroom security		101,128
Assigned:		
Dare program		20
Patrol fund		6,262
Tourism and Travel Initiative		7,631
Industrial Park Expansion		51,126
Capital improvements		178,739
General reserves		1,927,553
Unassigned		2,974,280
Total fund balances	$	5,318,406
Total liabilities, deferred inflows of resources, and fund balances	$	11,530,596

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 5,318,406
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	$ 259,103	
Buildings and system	3,036,122	
Machinery, equipment, and vehicles	583,056	
Construction in progress	711,809	4,590,090
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Unavailable revenue - property taxes		851,987
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds		
Pension related items	$ 474,376	
OPEB related items	25,000	499,376
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Lease revenue bonds	$ (2,160,000)	
Unamortized bond premium	(249,719)	
Landfill accrued post-closure costs	(28,354)	
Net OPEB liabilities	(951,294)	
Net pension liability	(1,630,055)	
Compensated absences	(258,131)	
Accrued interest payable	(21,428)	
Other long-term liabilities-Virginia Transportation Commission	(315,711)	(5,614,692)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (468,433)	
OPEB related items	(22,000)	$ (490,433)
Net position of governmental activities		$ 5,154,734

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

Exhibit 5

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

	General
REVENUES	
General property taxes	$ 4,713,228
Other local taxes	839,472
Permits, privilege fees, and regulatory licenses	18,464
Fines and forfeitures	524,490
Revenue from the use of money and property	50,786
Charges for services	333,054
Miscellaneous	703,255
Recovered costs	37,175
Intergovernmental:	
Commonwealth	2,433,886
Federal	1,024,527
Total revenues	$ 10,678,337
EXPENDITURES	
Current:	
General government administration	$ 1,314,781
Judicial administration	526,040
Public safety	1,923,019
Public works	894,002
Health and welfare	1,558,255
Education	2,312,551
Parks, recreation, and cultural	454,799
Community development	192,573
Capital projects	-
Debt service:	
Principal retirement	105,000
Interest and other fiscal charges	87,809
Total expenditures	$ 9,368,829
Excess (deficiency) of revenues over (under) expenditures	$ 1,309,508
OTHER FINANCING SOURCES (USES)	
Transfers in	$ 116,684
Transfers out	(1,199,593)
Total other financing sources (uses)	$ (1,082,909)
Net change in fund balances	$ 226,599
Fund balances - beginning	5,091,807
Fund balances - ending	$ 5,318,406

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

Exhibit 6

County of Bland, Virginia
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		$ 226,599
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital asset additions	$ 424,786	
Depreciation expense	(324,877)	99,909
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue-property taxes		(46,219)
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.		
Payments of principal:		
General obligation bonds	$ 105,000	
Decrease in landfill accrued closure and post-closure monitoring costs	27,352	132,352
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.		
Change in compensated absences	$ (51,474)	
Pension expense	220,611	
OPEB expense	63,850	
Change in accrued interest payable	1,041	
Amortization of bond premium	17,524	251,552
Change in net position of governmental activities		$ 664,193

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

Exhibit 7

County of Bland, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2018

	Enterprise Fund	Component Units	
	Service Authority	EDA	Wireless Authority
ASSETS			
Current assets:			
Cash and cash equivalents	$ 252,399	$ -	$ -
Cash in custody of others	-	505,522	-
Accounts receivable, net of allowance for uncollectibles	98,192	20,000	525
Due from other governmental units	223,098	-	-
Total current assets	$ 573,689	$ 525,522	$ 525
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	$ 142,671	$ -	$ -
Capital assets, net of accumulated depreciation:			
Land	$ 255,156	$ 420,159	$ -
Buildings and utility plant in service	17,236,567	805,327	-
Improvements other than buildings	-	966,216	-
Machinery and equipment	52,683	-	-
Infrastructure	-	-	313,046
Construction in progress	2,249,211	-	-
Total capital assets	$ 19,793,617	$ 2,191,702	$ 313,046
Total noncurrent assets	$ 19,936,288	$ 2,191,702	$ 313,046
Total assets	$ 20,509,977	$ 2,717,224	$ 313,571
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	$ 35,610	$ -	$ -
Total deferred outflows of resources	$ 35,610	$ -	$ -
LIABILITIES			
Current liabilities:			
Accounts payable	$ 217,758	$ -	$ 105
Retainage payable	43,904	-	-
Customers' deposits	8,025	-	-
Accrued interest payable	17,337	1,724	-
Compensated absences - current portion	12,044	-	-
Bonds payable - current portion	231,651	15,362	-
Note payable - current portion	1,463,000	-	-
Total current liabilities	$ 1,993,719	$ 17,086	$ 105
Noncurrent liabilities:			
Bonds payable - net of current portion	$ 8,415,852	584,015	$ -
Compensated absences - net of current portion	4,015	-	-
Net pension liability	56,283	-	-
Total noncurrent liabilities	$ 8,476,150	$ 584,015	$ -
Total liabilities	$ 10,469,868	$ 601,101	$ 105
DEFERRED INFLOWS OF RESOURCES			
Pension related items	$ 59,062	$ -	$ -
Total deferred inflows of resources	$ 59,062	$ -	$ -
NET POSITION			
Net investment in capital assets	$ 9,639,210	$ 2,191,702	$ 313,046
Restricted for debt service and bond covenants	142,671	-	-
Unrestricted	234,776	(75,579)	420
Total net position	$ 10,016,657	$ 2,116,123	$ 313,466

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

Exhibit 8

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

	Enterprise Fund Service Authority	Component Units EDA	Component Units Wireless Authority
OPERATING REVENUES			
Charges for services:			
Water revenues	$ 307,940	$ -	$ -
Sewer revenues	239,867	-	-
Connection fees	4,740	-	-
Penalties	20,894	-	-
Rental income	-	-	2,100
Other revenues	10,560	-	-
Miscellaneous	592	6,222	-
Total operating revenues	$ 584,593	$ 6,222	$ 2,100
OPERATING EXPENSES			
Salaries and fringes	$ 139,224	$ 817	$ 821
Utilities	69,713	-	3,168
Purchase of chemicals	23,874	-	175
Purchase of water	140,629	-	-
Maintenance and repairs	63,443	-	-
Office expense	5,248	4,067	-
Insurance	9,969	-	-
Permits	5,413	-	-
Professional services	20,089	-	-
Miscellaneous	4,509	8,734	198
Depreciation	654,064	59,984	9,925
Total operating expenses	$ 1,136,175	$ 73,602	$ 14,287
Operating income (loss)	$ (551,582)	$ (67,380)	$ (12,187)
NONOPERATING REVENUES (EXPENSES)			
Investment income	$ 1,186	$ 6,739	$ -
Interest expense	(237,682)	(4,109)	-
Total nonoperating revenues (expenses)	$ (236,496)	$ 2,630	$ -
Income before contributions and transfers	$ (788,078)	$ (64,750)	$ (12,187)
Capital contributions and construction grants	$ 672,459	$ -	$ -
Transfers in (Contributions from primary government)	1,199,593	40,000	2,162
Transfers out (project repayments to primary government)	(116,684)	-	-
Change in net position	$ 967,290	$ (24,750)	$ (10,025)
Net position - beginning	9,049,367	2,140,873	323,491
Net position - ending	$ 10,016,657	$ 2,116,123	$ 313,466

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

Exhibit 9

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

	Enterprise Fund Service Authority	Component Units EDA	Component Units Wireless Authority
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 573,177	$ (13,778)	$ 2,100
Payments to suppliers	(335,394)	(12,801)	(3,441)
Payments to and for employees	(149,464)	(817)	(821)
Net cash provided by (used for) operating activities	$ 88,319	$ (27,396)	$ (2,162)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to primary government	$ (116,684)	$ -	$ -
Contributions from primary government or component unit	361,204	40,000	2,162
Net cash provided by (used for) noncapital financing activities	$ 244,520	$ 40,000	$ 2,162
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	$ (1,765,325)	$ (600,000)	$ -
Proceeds from indebtedness	1,475,365	600,000	-
Principal payments on bonds	(225,525)	(623)	-
Capital contributions received	505,840	-	-
Interest expense	(236,975)	(2,385)	-
Net cash provided by (used for) capital and related financing activities	$ (246,620)	$ (3,008)	$ -
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	$ 1,186	$ 6,739	$ -
Net cash provided by (used for) investing activities	$ 1,186	$ 6,739	$ -
Net increase (decrease) in cash and cash equivalents	$ 87,405	$ 16,335	$ -
Cash and cash equivalents - beginning	307,665	489,187	-
Cash and cash equivalents - ending	$ 395,070	$ 505,522	$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ (551,582)	$ (67,380)	$ (12,187)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	$ 654,064	$ 59,984	$ 9,925
(Increase) decrease in accounts receivable	(11,016)	(20,000)	-
(Increase) decrease in prepaid items	114	-	-
(Increase) decrease in deferred outflows of resources	(10,454)	-	-
Increase (decrease) in customer deposits	(400)	-	-
Increase (decrease) in accounts payable	7,379	-	100
Increase (decrease) compensated absences	(2,979)	-	-
Increase (decrease) in net pension liability	(55,869)	-	-
Increase (decrease) in deferred inflows of resources	59,062	-	-
Total adjustments	$ 639,901	$ 39,984	$ 10,025
Net cash provided by (used for) operating activities	$ 88,319	$ (27,396)	$ (2,162)
Noncash investing, capital, and financing activities:			
Capital asset additions included in accounts payable	$ 252,030	$ -	$ -

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

County of Bland, Virginia
Statement of Net Position
Fiduciary Fund
June 30, 2018

	Agency Fund Special Welfare
ASSETS	
Cash and cash equivalents	$ 7,417
Total assets	$ 7,417
LIABILITIES	
Amounts held for social services clients	$ 7,417
Total liabilities	$ 7,417

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

Note 1-Summary of Significant Accounting Policies:

The financial statements of the County conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial Reporting Entity

The County of Bland, Virginia (government) is a municipal corporation governed by an elected four-member Board of Supervisors. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units – The Bland County Service Authority provides water and sewer service to the County. The Service Authority is fiscally dependent upon the County. In addition, the County Board appoints the Service Authority's Board.

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the County.

The Bland County School Board operates the elementary and secondary public schools in the County. School Board members are popularly elected. 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 School Board is presented as a governmental fund type. A separate report is not issued for the School Board.

The Bland County Economic Development Authority encourages and provides financing for economic development in the County. The Economic Development Authority board members are appointed by the Board of Supervisors. The Economic Development Authority is fiscally dependent upon the County. The Economic Development Authority is presented as an enterprise fund type. A separate report is not issued for the Economic Development Authority.

The Bland County Wireless Authority provides wireless internet services in the County. The Wireless Authority board members are appointed by the Board of Supervisors. The Wireless Authority is fiscally dependent upon the County. The Wireless Authority is presented as an enterprise fund type. A separate report is not issued for the Wireless Authority.

Related Organizations - The County has no related organizations.

Jointly Governed Organizations – Prior to fiscal year 2018, the County of Bland and the County of Smyth participated in supporting the Smyth/Bland Regional Library. The Regional Library was dissolved effective July 1, 2017 and the County operated the Bland County Library since that date. The County plans to continue funding its own Library operations into the future.

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

A. Financial Reporting Entity (Continued)

Jointly Governed Organizations (Continued) - The County of Bland and the County of Wythe participate in supporting the Wythe-Bland Service Authority. The respective governing bodies of the jurisdictions appoint the governing body of this organization. The Service Authority generates revenue through service charges for refuse disposal.

B. Government-Wide and Fund Financial Statements

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.

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

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

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, if any, are reported as separate columns in the fund financial statements.

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

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 the 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.

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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. 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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of the Law Library Fund, the E-911 Fund, the Road Improvements Fund, Asset Forfeiture Funds, the Social Services Fund, the CSA Fund, the Selective Enforcement Fund, the Recreation Fund, Courthouse Maintenance Fund, Domestic Violence Task Force Fund, Litter Control Fund, Patrol Fund, Terrorism Fund, Courthouse Renovation Fund, and the Courtroom Security Fund.

The government reports the following major proprietary funds:

The Bland County Service Authority provides water service to the County and is presented as a blended component unit.

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

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

Additionally, the government reports the following fund types:

Fiduciary funds (trust and agency funds) account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. The Agency fund consists of the special welfare fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 fund are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap 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.

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance

1. Cash and Cash Equivalents

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

   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").

2. Investments

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

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/ Fund Balance (Continued)

3. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

4. Property Taxes

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

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $201,690 at June 30, 2018. The allowance consists of delinquent taxes in the amount of $143,889, delinquent garbage bills of $52,090, and delinquent water and sewer bills of $5,711.

6. 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.

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. 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.

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/ Fund Balance Assets (Continued)

7. Capital Assets (Continued)

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

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

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

Assets	Years
Buildings and improvements	20-40
Structures, lines, and accessories	20-40
Infrastructure	20-40
Machinery and equipment	4-30

8. 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 (expenditure/expense) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to the net pension liability and net OPEB liabilities and contributions to the pension and 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 these items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two 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

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/ Fund Balance Assets (Continued)

8. Deferred Outflows/Inflows of Resources (Continued)

prior to June 30th, 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 liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

9. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting 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. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

10. Pensions

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

11. 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

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/ Fund Balance Assets (Continued)

11. Other Postemployment Benefits (OPEB) (Continued)

Group Life Insurance (Continued)

related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Political Subdivision and Teacher Employee Health Insurance Credit Program

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

12. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/ Fund Balance Assets (Continued)

13. 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;
- 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.

The County's highest decision-making level is the Board of Supervisors. Action from the Board of Supervisors is required to commit or release funds from commitment.

The County's Board of Supervisors has authorized the County Administrator to assign fund balance to a specific purpose as approved within the County fund balance policy.

The County considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unassigned, assigned, or committed fund balances are available, unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the County considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

14. Net Position

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

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/ Fund Balance Assets (Continued)

15. 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.

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary Information

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.

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

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

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

7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.

8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

Note 2-Stewardship, Compliance, and Accountability: (Continued)

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2018, there were no funds that had expenditures in excess of appropriations.

C. Deficit Fund Equity

At June 30, 2018, there were no funds with deficit fund equity.

Note 3-Deposits and Investments:

Deposits:

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

Investments:

Statutes authorize local governments and other public bodies 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 had no investments as of June 30, 2018.

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Note 4-Due from Other Governmental Units:

The following amounts represent receivables from other governments at year-end:

	Primary Government		
	Governmental Activities	Business-type Activities	Component Unit School Board
Commonwealth of Virginia:			
Local sales tax	$ 68,643	-	$ -
State sales tax	-	-	103,817
Shared expenses	82,061	-	-
Categorical aid	92,235	-	8,839
Non-categorical aid	29,488	-	8,966
Virginia public assistance funds	38,032	-	-
Community services act	79,818	-	-
Federal Government:			
Virginia public assistance funds	59,436	-	-
School grants	-	-	34,542
VDOT grant	89,340	-	-
Emergency Service grant	7,500	-	-
Department of Agriculture grant	-	223,098	-
Totals	$ 546,553	$ 223,098	$ 156,164

Note 5-Interfund Transfers and Balances:

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

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	$ 116,684	$ 1,199,593
Service Authority:		
Water Fund	316,072	84,162
Sewer Fund	883,521	32,522
Total	$ 1,316,277	$ 1,316,277

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

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Note 6-Interfund/Component-Unit Obligations:

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:		
General Fund	$ -	$ 97,419
Component Unit:		
School Board	$ 97,419	$ -

Note 7-Long-Term Obligations:

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

	Balance June 30, 2017, as restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2018
Governmental Activities:				
Lease revenue bond	$ 2,265,000	$ -	$ (105,000)	$ 2,160,000
Deferred Amounts:			-	
Bond premium	267,243	-	(17,524)	249,719
Landfill post-closure			-	
monitoring liability	55,706	-	(27,352)	28,354
Net pension liability	2,473,182	905,340	(1,748,467)	1,630,055
Net OPEB liabilities	1,028,144	119,898	(196,748)	951,294
Compensated absences	206,657	206,467	(154,993)	258,131
VA Transportation Commission payable	315,711	-	-	315,711
Total Governmental Activities	$ 6,611,643	$ 1,231,705	$ (2,250,084)	$ 5,593,264
Business-type Activities:				
Revenue Bonds	$ 8,860,663	$ 12,365	$ (225,525)	$ 8,647,503
Note Payable	-	1,463,000	-	1,463,000
Compensated Absenses	19,038	11,300	(14,279)	16,059
Net pension liability	112,152	64,351	(120,220)	56,283
Total Business-type Activities	$ 8,991,853	$ 1,551,016	$ (360,024)	$ 10,182,845
Total Long-term Obligations	$ 15,603,496	$ 2,782,721	$ (2,610,108)	$ 15,776,109

Note 7-Long-Term Obligations: (Continued)

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

	Governmental Activities		Business-type Activities			
Year Ending	Lease Revenue Bond		Revenue Bonds		Note Payable	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 110,000	$ 83,000	$ 232,688	$ 221,203	$ 1,463,000	$ 12,862
2020	115,000	77,759	237,338	216,553	-	-
2021	120,000	72,113	243,869	210,021	-	-
2022	130,000	66,106	250,632	203,258	-	-
2023	135,000	59,741	232,636	196,255	-	-
2024-2028	750,000	217,903	1,209,590	871,239	-	-
2029-2033	800,000	68,313	1,308,538	684,539	-	-
2034-2038	-	-	1,363,259	491,935	-	-
2039-2043	-	-	1,092,976	325,375	-	-
2044-2048	-	-	1,075,595	207,730	-	-
2049-2053	-	-	1,176,863	88,417	-	-
2054	-	-	223,519	2,293	-	-
Total	$ 2,160,000	$ 644,935	$ 8,647,503	$ 3,718,818	$ 1,463,000	$ 12,862

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Note 7-Long-Term Obligations: (Continued)

Details of long-term obligations are as follows:

Type	Interest Rates	Installment Amounts	Final Maturity Date	Amount of Original Issue	Balance	Amount Due Within One Year
Governmental Activities:						
Lease Revenue Bond:						
VRA 2012	2.163-4.821%	$90,000-$185,000 (a+)	4/1/2033	$ 2,645,000	$ 2,160,000	$ 110,000
Deferred Amounts:						
Unamortized bond premium	n/a	n/a	n/a	n/a	$ 249,719	$ 17,524
Other Long-term Obligations:						
Compensated absences	n/a	n/a	n/a	n/a	$ 258,131	$ 193,598
Landfill post-closure monitoring liability	n/a	n/a	n/a	n/a	28,354	-
Net pension liability	n/a	n/a	n/a	n/a	1,630,055	-
Net OPEB liability	n/a	n/a	n/a	n/a	951,294	-
VA Transportation Commission payable (1)	n/a	n/a	3/16/2021	n/a	315,711	-
Total other long-term obligations					$ 3,183,545	$ 193,598
Total long-term obligations, governmental activities					$ 5,593,264	$ 321,122
Business-type Activities:						
Revenue Bonds:						
Rural Development 1986A	5.00%	$1,074 (m)	4/17/2025	$ 222,165	$ 78,064	$ 9,194
Rural Development 1986B	4.50%	$904 (m)	11/17/2025	200,700	68,380	7,933
Rural Development 1986B	5.00%	$269 (m)	7/10/2031	54,600	31,000	1,718
Rural Development 1991B	5.00%	$1,439 (m)	11/10/2031	293,000	168,931	9,027
Rural Development 1995	4.50%	$2,181 (m)	7/14/2035	475,000	312,567	12,360
Rural Development 1998	4.50%	$1,582 (m)	5/13/2038	344,600	249,689	7,910
Rural Development 2000	4.50%	$3,822 (m)	12/28/2040	832,650	649,078	17,005
VRA Revolving Loan	n/a	$12,500 (sa)	2/1/2022	500,000	100,000	25,000
VRA WSL-32-10	3.00%	$16,682 (sa)	2/1/2043	579,359	502,963	18,412
Rural Development 2013	2.125%	$21,088 (m)	3/11/2054	6,590,000	6,350,660	119,262
VRA WSL-18-11	3.00%	$3,758 (sa)	8/1/2045	146,448	136,171	3,830
Total revenue bonds					$ 8,647,503	$ 231,651
Note payable						
First Sentinel LOC	2.11%	$2,572 (mi)	11/16/2018	$ 1,463,000	$ 1,463,000	$ 1,463,000
Total note payable					$ 1,463,000	$ 1,463,000
Other Long-term Obligations:						
Compensated absences	n/a	n/a	n/a	n/a	$ 16,059	$ 12,044
Net pension liability	n/a	n/a	n/a	n/a	56,283	-
Total other long-term obligations					$ 72,342	$ 12,044
Total long-term obligations, business-type activities					$ 10,182,845	$ 1,706,695
Total long-term obligations, primary government					$ 15,776,109	$ 2,027,817

(a+) - annual principal installments shown, does not include semi-annual interest installments
(m) - monthly installments, includes interest as applicable
(sa) - semi-annual installments, includes interest as applicable
(1) - Repayment of grant to Virginia Transportation Commission for Industrial Park Access Grant
(mi) - Monthly interest only until maturity

Note 8-Long-Term Obligations-Component Units:

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

	Balance July 1, 2017, as restated	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2018
EDA:				
Note Payable	$ -	$ 600,000	$ (623)	$ 599,377
School Board:				
Compensated absences	$ 137,936	$ 86,266	$ (103,452)	$ 120,750
Net OPEB liabilities	1,441,244	114,826	(156,692)	1,399,378
Net pension liability	6,804,000	1,472,000	(2,201,000)	6,075,000
Total School Board	$ 8,383,180	$ 1,673,092	$ (2,461,144)	$ 7,595,128

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

Year Ending June 30,	Note Payable Principal	Note Payable Interest
2019	$ 15,362	$ 20,733
2020	15,908	20,187
2021	16,474	19,621
2022	17,060	19,035
2023	17,667	18,428
2024-2028	98,219	82,259
2029-2033	116,973	63,503
2034-2038	139,308	41,168
2039-2043	162,406	14,570
Total	$ 599,377	$ 299,504

Note 8-Long-Term Obligations-Component Units: (Continued)

Details of long-term obligations are as follows:

Type	Interest Rates	Installment Amounts	Final Maturity Date	Amount of Original Issue	Balance	Amount Due Within One Year
EDA:						
Note Payable	3.500%	$3,007 (m)	4/1/2043	$ 600,000	$ 599,377	$ 15,362
School Board:						
Other Long-term Obligations:						
Compensated absences	n/a	n/a	n/a	n/a	$ 120,750	$ 90,563
Net OPEB obligation	n/a	n/a	n/a	n/a	1,399,378	-
Net pension liability	n/a	n/a	n/a	n/a	6,075,000	-
Total School Board other long-term obligations					$ 7,595,128	$ 90,563

(m) - monthly installments, includes interest as applicable

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Note 9-Pension Plan:

Plan Description

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

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

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

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS (CONTINUED)</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENT PLAN</th></tr>
<tr><td>About Plan 1 (Cont.)</td><td>About Plan 2 (Cont.)</td><td>About the Hybrid Retirement Plan (Cont.)
In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</td></tr>
<tr><td>Eligible Members
Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.

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

The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</td><td>Eligible Members
Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

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

The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</td><td>Eligible Members
Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
Political subdivision employees*
School division employees
Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.
*Non-Eligible Members
Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</td></tr>
</table>

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

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

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

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

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

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

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting (Cont.)	**Vesting (Cont.)**	**Vesting (Cont.)** **Defined Contribution Component: (Cont.)** Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit (Cont.)**	**Calculating the Benefit (Cont.)** **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. **Sheriffs and regional jail superintendents:** The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. **Political subdivision hazardous duty employees:** The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	**Service Retirement Multiplier** **VRS:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. **Sheriffs and regional jail superintendents:** Same as Plan 1. **Political subdivision hazardous duty employees:** Same as Plan 1.	**Service Retirement Multiplier** **Defined Benefit Component:** **VRS:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **Sheriffs and regional jail superintendents:** Not applicable. **Political subdivision hazardous duty employees:** Not applicable. **Defined Contribution Component:** Not applicable.

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS (CONTINUED)</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENT PLAN</th></tr>
<tr><td>Normal Retirement Age
VRS: Age 65.

Political subdivisions hazardous duty employees:
Age 60.</td><td>Normal Retirement Age
VRS: Normal Social Security retirement age.

Political subdivisions hazardous duty employees:
Same as Plan 1.</td><td>Normal Retirement Age
<u>Defined Benefit Component:</u>
VRS: Same as Plan 2.

Political subdivisions hazardous duty employees:
Not applicable.

<u>Defined Contribution Component:</u>
Members are eligible to receive distributions upon leaving employment, subject to restrictions.</td></tr>
<tr><td>Earliest Unreduced Retirement Eligibility
VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Political subdivisions hazardous duty employees:
Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</td><td>Earliest Unreduced Retirement Eligibility
VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.

Political subdivisions hazardous duty employees:
Same as Plan 1.</td><td>Earliest Unreduced Retirement Eligibility
<u>Defined Benefit Component:</u>
VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Political subdivisions hazardous duty employees:
Not applicable.

<u>Defined Contribution Component:</u>
Members are eligible to receive distributions upon leaving employment, subject to restrictions.</td></tr>
<tr><td>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.</td><td>Earliest Reduced Retirement Eligibility
VRS: Age 60 with at least five years (60 months) of creditable service.</td><td>Earliest Reduced Retirement Eligibility
<u>Defined Benefit Component:</u>
VRS: Age 60 with at least five years (60 months) of creditable service.</td></tr>
</table>

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Earliest Reduced Retirement Eligibility (Cont.) **Political subdivisions hazardous duty employees:** 50 with at least five years of creditable service.	**Earliest Reduced Retirement Eligibility (Cont.)** **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Reduced Retirement Eligibility (Cont.)** **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. **Eligibility:** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. **Eligibility:** Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Not applicable. **Eligibility:** Same as Plan 1 and Plan 2.

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) in Retirement (Cont.) **Exceptions to COLA Effective Dates:** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates:** Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.	**Disability Coverage** Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as Plan 1, with the following exceptions: Hybrid Retirement Plan members are ineligible for ported service. **Defined Contribution Component:** Not applicable.

Note 9-Pension Plan: (Continued)

Plan Description (Continued)

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 2016 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.

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	35	18
Inactive members:		
Vested inactive members	14	5
Non-vested inactive members	4	14
Inactive members active elsewhere in VRS	17	8
Total inactive members	35	27
Active members	52	22
Total covered employees	122	67

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2018 was 13.00% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

Note 9-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 County were $385,727 and $352,884 for the years ended June 30, 2018 and June 30, 2017, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2018 was 5.23% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were $19,184 and $23,522 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net Pension Liability (Asset)

The County's and Component Unit School Board's (nonprofessional) net pension liabilities (assets) were measured as of June 30, 2017. The total pension liabilities used to calculate the net pension liabilities (assets) 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.

Note 9-Pension Plan: (Continued)

Actuarial Assumptions – General Employees (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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:

Note 9-Pension Plan: (Continued)

Actuarial Assumptions – General Employees (Continued)

Largest 10 – Non-Hazardous Duty:

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

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

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

Note 9-Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

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

Inflation	2.50%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Note 9-Pension Plan: (Continued)

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

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%

All Others (Non 10 Largest) – Hazardous Duty:

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

Note 9-Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

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

Note 9-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 (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2016	$ 9,428,126	$ 6,842,792	$ 2,585,334
Changes for the year:			
Service cost	$ 251,429	$ -	$ 251,429
Interest	642,385	-	642,385
Changes of assumptions	10,538	-	10,538
Differences between expected and actual experience	(517,956)	-	(517,956)
Contributions - employer	-	349,001	(349,001)
Contributions - employee	-	109,417	(109,417)
Net investment income	-	832,465	(832,465)
Benefit payments, including refunds of employee contributions	(502,392)	(502,392)	-
Administrative expenses	-	(4,746)	4,746
Other changes	-	(745)	745
Net changes	$ (115,996)	$ 783,000	$ (898,996)
Balances at June 30, 2017	$ 9,312,130	$ 7,625,792	$ 1,686,338

Note 9-Pension Plan: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2016	$ 1,719,921	$ 1,634,506	$ 85,415
Changes for the year:			
Service cost	$ 42,560	$ -	$ 42,560
Interest	116,925	-	116,925
Changes of assumptions	(9,584)	-	(9,584)
Differences between expected and actual experience	(53,234)	-	(53,234)
Contributions - employer	-	27,729	(27,729)
Contributions - employee	-	25,174	(25,174)
Net investment income	-	197,037	(197,037)
Benefit payments, including refunds of employee contributions	(99,115)	(99,115)	-
Administrative expenses	-	(1,162)	1,162
Other changes	-	(174)	174
Net changes	$ (2,448)	$ 149,489	$ (151,937)
Balances at June 30, 2017	$ 1,717,473	$ 1,783,995	$ (66,522)

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		
	(6.00%)	(7.00%)	(8.00%)
County Net Pension Liability	$ 2,924,208	$ 1,686,338	$ 664,774
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	$ 125,600	$ (66,522)	$ (229,595)

Note 9-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 $153,971 and $4,214, respectively. At June 30, 2017, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 71,901	$ 375,268	$ 12,205	$ 26,749
Change in assumptions	7,635	-	-	4,816
Change in proportionate share	44,723	44,723		
Net difference between projected and actual earnings on pension plan investments	-	107,504	-	25,171
Employer contributions subsequent to the measurement date	385,727	-	19,184	-
Total	$ 509,986	$ 527,495	$ 31,389	$ 56,736

$385,727 and $19,184 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 or component of the Net Pension Liability (Asset) in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2019	$ (158,652)	$ (35,080)
2020	(86,749)	7,311
2021	(86,793)	96
2022	(71,042)	(16,858)
Thereafter	-	-

Note 9-Pension Plan: (Continued)

Component Unit School Board (professional)

Plan Description

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

Contributions

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

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 Board were $581,000 and $564,000 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 $6,075,000 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 .04940% as compared to .04855% at June 30, 2016.

Note 9-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 $265,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 430,000
Change in assumptions	89,000	-
Net difference between projected and actual earnings on pension plan investments	-	221,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	95,000	598,000
Employer contributions subsequent to the measurement date	581,000	-
Total	$ 765,000	$ 1,249,000

$581,000 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2019	$ (422,000)
2020	(201,000)
2021	(204,000)
2022	(227,000)
Thereafter	(11,000)

Note 9-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.

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

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

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

Note 9-Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

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

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2017, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

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

Note 9-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%.

Note 9-Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Discount Rate

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

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

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

		Rate	
	(6.00%)	**(7.00%)**	**(8.00%)**
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	$ 9,072,000	$ 6,075,000	$ 3,596,000

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 2016 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 10—Healthcare OPEB Plan:

Plan Description

In addition to the pension benefits described in Note 9, the County administers a cost-sharing defined benefit healthcare plan, The County of Bland Postretirement Healthcare Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the City's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

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

Plan Membership

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

Total active employees with coverage	60
Total retirees with coverage	8
Total	68

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 Board of Supervisors. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2018 was $0.

Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2018. The total OPEB liability was determined by an actuarial valuation as of that date.

Note 10—Healthcare OPEB Plan: (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	1.90%
Discount Rate	3.870%

Mortality rates are based on the RP2000 Mortality Table for Males and Females Projected 18 years. This assumption does not include a margin for future improvements in longevity.

The date of the most recent actuarial experience study for which significant assumptions were based is June 30, 2018.

Discount Rate

The discount rate is based on the 20 year, tax exempt muni bond yield.

Changes in Total OPEB Liability

		Primary Government Total OPEB Liability
Balances at June 30, 2017 (Measurement Date)	$	778,144
Changes for the year:		
Service cost		54,401
Interest		13,685
Changes in assumptions		(158,748)
Other adjustments		36,812
Net changes		(53,850)
Balances at June 30, 2018 (Measurement Date)	$	724,294

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Note 10—Healthcare OPEB Plan: (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 (2.870%) or one percentage point higher (4.870%) than the current discount rate:

	Rate	
1% Decrease (2.870%)	**Current Discount Rate (3.870%)**	**1% Increase (4.870%)**
$ 820,253	$ 724,294	$ 643,337

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

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

	Rates	
1% Decrease	Healthcare Cost Trend	1% Increase
$ 623,885	$ 724,294	$ 846,070

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 $68,086. At June 30, 2018, the County did not report deferred outflows of resources and deferred inflows of resources related to OPEB.

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.

Component Unit – School Board

Plan Description

In addition to the pension benefits described in Note 9, the Component Unit – School Board administers a single-employer defined benefit healthcare plan, The Bland County School Board OPEB 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.

Note 10—Healthcare OPEB Plan: (Continued)

Component Unit – School Board (Continued)

Benefits Provided

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

Plan Membership

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

Total active employees with coverage	108
Total retirees with coverage	8
Total	116

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 $34,855.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2018. The total OPEB liability was determined by an actuarial valuation as June 30, 2016.

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Note 10—Healthcare OPEB Plan: (Continued)

Component Unit – School Board (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.50% - 5.35% based on years of service
Discount Rate	3.87%
Health Care Cost Trend	Getzen Trend Model - 6.90% in 2016, 7.40% in 2017, graded to 4.10% over 57 years

Mortality rates for pre-retirement members are based on the RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with Males set forward 2 years and Females set back 3 years. Mortality rates for post-retirement members are based on RP-2000 Combined Healthy Mortality tables projected to 2020 using Scale AA with Females set back 1 year. Mortality rates for post-disablement employees are based on RP-2000 Disabled Life mortality tables with Males set back 3 year and no provision for future mortality improvement.

The date of the most recent actuarial experience study for which significant assumptions were based is June 30, 2016.

Discount Rate

The discount rate is based on the bond buyer 20 year, bond GO index.

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Note 10—Healthcare OPEB Plan: (Continued)

Component Unit - School Board (Continued)

Changes in Total OPEB Liability

		Component Unit School Board Total OPEB Liability
Balances at June 30, 2017 (Measurement Date)	$	425,244
Changes for the year:		
Service cost		27,582
Interest		15,244
Changes in assumptions		(9,837)
Benefit payments		(34,855)
Net changes		(1,866)
Balances at June 30, 2018 (Measurement Date)	$	423,378

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

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

Rates		
1% Decrease (2.87%)	Current Discount (3.87%)	1% Increase (4.87%)
$ 450,441	$ 423,378	$ 397,635

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Note 10—Healthcare OPEB Plan: (Continued)

Component Unit - School Board (Continued)

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

The following presents the total OPEB liability of the Component Unit 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 (2.87%) or one percentage point higher (4.87%) than the current healthcare cost trend rates:

Rates		
1% Decrease	Healthcare Cost Trend	1% Increase
$ 378,665	$ 423,378	$ 476,048

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 $41,358 At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resouces	Deferred Inflows of Resources
Changes in assumptions	$ -	$ 8,369
Total	$ -	$ 8,369

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Note 10—Healthcare OPEB Plan: (Continued)

Component Unit - School Board (Continued)

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

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

Year Ended June 30		
2019	$	(1,468)
2020		(1,468)
2021		(1,468)
2022		(1,468)
2023		(1,468)
Thereafter		(1,029)
Total	$	(8,369)

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.

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Note 11-Group Life Insurance (GLI) Program (OPEB Plan):

Plan Description

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

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

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

Eligible Employees

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

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

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

Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Plan Description (Continued)

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (CONTINUED)
Benefit Amounts The benefits payable under the Group Life Insurance Program have several components. • **Natural Death Benefit** - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit. • **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: o Accidental dismemberment benefit o Safety belt benefit o Repatriation benefit o Felonious assault benefit o Accelerated death benefit option
Reduction in Benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently $8,111.

Contributions

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

Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Contributions (Continued)

Contributions to the Group Life Insurance Program from the County were $13,000 and $12,000 for the years ended June 30, 2018 and June 30, 2017, respectively.

Contributions to the Group Life Insurance Program from the Component Unit-School Board (non-professional) were $2,000 and $2,000 for the years ended June 30, 2018 and June 30, 2017, respectively.

Contributions to the Group Life Insurance Program from the Component Unit-School Board (professional) were $19,000 and $20,000 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the County reported a liability of $184,000 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2018, the Component Unit-School Board (nonprofessional) reported a liability of $37,000 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2018, the Component Unit-School Board (professional) reported a liability of $316,000 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2017, the County's proportion was 0.01222% as compared to 0.01173% at June 30, 2016.

At June 30, 2017, the Component Unit-School Board (nonprofessional) proportion was 0.00244% as compared to 0.00229% at June 30, 2016.

At June 30, 2017, the Component Unit-School Board (professional) proportion was 0.02102% as compared to 0.02060% at June 30, 2016.

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

Note 11-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)

For the year ended June 30, 2018, the Component-Unit School Board (nonprofessional) recognized GLI OPEB expense of $3,000. 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.

For the year ended June 30, 2018, the Component-Unit School Board (professional) recognized GLI OPEB expense of $35,000 GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Primary Government		Component-Unit School Board (Non-professional)		Component-Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 4,000	$ -	$ 1,000	$ -	$ 7,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	7,000	-	1,000	-	12,000
Change in assumptions	-	9,000	-	2,000	-	16,000
Changes in proportion	8,000	-	-	-	6,000	-
Employer contributions subsequent to the measurement date	13,000	-	2,000	-	19,000	-
Total	$ 21,000	$ 20,000	$ 2,000	$ 4,000	$ 25,000	$ 35,000

$13,000, $2,000, and $19,000 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, Component-Unit School Board (nonprofessional), and Component-Unit School Board (professional), respectively, contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OEPB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit-School Board (Non-professional)	Component Unit-School Board (Professional)
2019	$ (3,000)	$ (1,000)	$ (6,000)
2020	(3,000)	(1,000)	(6,000)
2021	(3,000)	(1,000)	(6,000)
2022	(3,000)	(1,000)	(6,000)
2023	-	-	(3,000)
Thereafter	-	-	(2,000)

Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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.

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Note 11-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%

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Note 11-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

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Note 11-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%

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Note 11-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%

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Note 11-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

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Note 11-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%

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Note 11-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%

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Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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.

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%

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Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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.

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

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

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Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

NET GLI OPEB Liability

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

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

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

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Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 238,000	$ 184,000	$ 140,000
Component Unit-School Board (Non-professional) proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 48,000	$ 37,000	$ 28,000
Component Unit-School Board (Non-professional) proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 409,000	$ 316,000	$ 241,000

Group Life Insurance Program Fiduciary Net Position

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

Note 12-Health Insurance Credit (HIC) Program:

Plan Description

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

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

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

Note 12-Health Insurance Credit (HIC) Program: (Continued)

Employees Covered by Benefit Terms

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

	Primary Government
Inactive members or their beneficiaries currently receiving benefits	-
Inactive members:	
Vested inactive members	8
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	8
Active members	18
Total covered employees	26

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% 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 was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the Health Insurance Credit Program were $4,000 and $4,000 for the years ended June 30, 2018 and June 30, 2017, respectively.

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Note 12-Health Insurance Credit (HIC) Program: (Continued)

Net HIC OPEB Liability

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

Actuarial Assumptions

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

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

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

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Note 12-Health Insurance Credit (HIC) Program: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Largest Ten Locality Employers – General Employees

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

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

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

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

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

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Note 12-Health Insurance Credit (HIC) Program: (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

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

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

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Note 12-Health Insurance Credit (HIC) Program: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

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

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

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

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%

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Note 12-Health Insurance Credit (HIC) Program: (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

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

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

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Note 12-Health Insurance Credit (HIC) Program: (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

Note 12-Health Insurance Credit (HIC) Program: (Continued)

Changes in Net HIC OPEB Liability – Primary Government

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2016	$ 48,000	$ 3,000	$ 45,000
Changes for the year:			
Service cost	$ 2,000	$ -	$ 2,000
Interest	3,000	-	3,000
Assumption changes	(2,000)	-	(2,000)
Contributions - employer		4,000	(4,000)
Net investment income	-	-	-
Benefit payments	(3,000)	(3,000)	-
Other changes	(1,000)	-	(1,000)
Net changes	$ (1,000)	$ 1,000	$ (2,000)
Balances at June 30, 2017	$ 47,000	$ 4,000	$ 43,000

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's Net HIC OPEB Liability	$ 48,000	$ 43,000	$ 38,000

Note 12-Health Insurance Credit (HIC) Program: (Continued)

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

For the year ended June 30, 2018, the County recognized Health Insurance Credit Program OPEB expense of $4,000. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to the County Health Insurance Credit Program from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	$ -	$ 2,000
Employer contributions subsequent to the measurement date	4,000	-
Total	$ 4,000	$ 2,000

$4,000 reported as deferred outflows of resources related to the HIC OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government
2019	$ (2,000)
2020	-
2021	-
2022	-
2023	-
Thereafter	-

Health Insurance Credit Program Plan Data

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

Note 13-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan):

Plan Description

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

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

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS

Eligible Employees

The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.

Eligible employees are enrolled automatically upon employment. They include:

- Full-time permanent (professional) salaried employees of public school divisions covered under VRS.

Benefit Amounts

The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:

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

Health Insurance Credit Program Notes:

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

Note 13-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 $45,000 and $43,000 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 $623,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was 0.04912% as compared to 0.048555% 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 $52,000. 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.

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Note 13-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	$ -	$ 1,000
Change in assumptions	-	7,000
Change in proportion	6,000	-
Employer contributions subsequent to the measurement date	45,000	-
Total	$ 51,000	$ 8,000

$45,000 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2019	$ (2,000)
2020	-
2021	-
2022	-
2023	-
Thereafter	-

Note 13-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions

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

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

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

Mortality Rates – Teachers

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

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

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

Note 13-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

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

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

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

Note 13-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

Note 13-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

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

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

		Rate	
	1% Decrease	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	696,000	623,000	562,000

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.

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Note 14-Deferred Inflows of Resources:

Governmental funds report *unavailable revenue* in connection with receivables for revenues not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* reported in the governmental funds were as follows:

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Unavailable/deferred revenue		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	$ -	$ 851,987
Tax assessments due after June 30	5,195,557	5,195,557
Prepaid property taxes due after June 30 but paid in advance by taxpayers	55,393	55,393
Total unavailable/deferred revenue	$ 5,250,950	$ 6,102,937

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Note 15-Capital Assets:

Capital asset activity for the year ended June 30, 2018 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 259,103	$ -	$ -	$ 259,103
Construction in progress	422,142	289,667	-	711,809
Total capital assets not being depreciated	$ 681,245	$ 289,667	$ -	$ 970,912
Capital assets, being depreciated:				
Buildings and improvements	$ 5,717,815	$ -	$ -	$ 5,717,815
Machinery and equipment	3,122,634	135,119	-	3,257,753
Total capital assets being depreciated	$ 8,840,449	$ 135,119	$ -	$ 8,975,568
Accumulated depreciation:				
Buildings and improvements	$ (2,486,252)	$ (195,441)	$ -	$ (2,681,693)
Machinery and equipment	(2,545,261)	(129,436)	-	(2,674,697)
Total accumulated depreciation	$ (5,031,513)	$ (324,877)	$ -	$ (5,356,390)
Total capital assets being depreciated, net	$ 3,808,936	$ (189,758)	$ -	$ 3,619,178
Governmental activities capital assets, net	$ 4,490,181	$ 99,909	$ -	$ 4,590,090

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Note 15-Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	$ 255,156	$ -	$ -	$ 255,156
Construction in progress	251,332	1,997,879	-	2,249,211
Total capital assets not being depreciated	$ 506,488	$ 1,997,879	$ -	$ 2,504,367
Capital assets, being depreciated:				
Utility plant	$ 25,127,926	$ -	$ -	$ 25,127,926
Machinery and equipment	245,069	15,000	-	260,069
Total capital assets being depreciated	$ 25,372,995	$ 15,000	$ -	$ 25,387,995
Accumulated depreciation:				
Utility plant	$ (7,260,636)	$ (630,723)	$ -	$ (7,891,359)
Machinery and equipment	(184,045)	(23,341)	-	(207,386)
Total accumulated depreciation	$ (7,444,681)	$ (654,064)	$ -	$ (8,098,745)
Total capital assets being depreciated, net	$ 17,928,314	$ (639,064)	$ -	$ 17,289,250
Business-type activities capital assets, net	$ 18,434,802	$ 1,358,815	$ -	$ 19,793,617

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

Governmental activities:	
General government administration	$ 158,152
Judicial administration	7,460
Public safety	71,683
Public works	18,506
Health and welfare	6,873
Parks, recreation, and cultural	61,160
Community development	1,043
Total depreciation expense-governmental activities	$ 324,877
Business-type activities:	
Service authority	$ 654,064

Note 15-Capital Assets: (Continued)

Discretely Presented Component Unit-School Board:

Capital asset activity for the School Board for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 603,897	$ -	$ -	$ 603,897
Capital assets, being depreciated:				
Buildings and improvements	$ 3,767,544	$ 169,287	$ -	$ 3,936,831
Machinery and equipment	2,124,198	12,440	-	2,136,638
Total capital assets being depreciated	$ 5,891,742	$ 181,727	$ -	$ 6,073,469
Accumulated depreciation:				
Buildings and improvements	$ (2,382,311)	$ (95,842)	$ -	$ (2,478,153)
Machinery and equipment	(1,665,065)	(91,671)	-	(1,756,736)
Total accumulated depreciation	$ (4,047,376)	$ (187,513)	$ -	$ (4,234,889)
Total capital assets being depreciated, net	$ 1,844,366	$ (5,786)	$ -	$ 1,838,580
Governmental activities capital assets, net	$ 2,448,263	$ (5,786)	$ -	$ 2,442,477

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Note 15-Capital Assets: (Continued)

Discretely Presented Component Unit-Economic Development Authority:

Capital asset activity for the Economic Development Authority for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	$ 390,159	$ 30,000	$ -	$ 420,159
Total capital assets not being depreciated	$ 390,159	$ 30,000	$ -	$ 420,159
Capital assets, being depreciated:				
Buildings and improvements	$ 351,309	$ 570,000	$ -	$ 921,309
Land improvements	1,196,154	-	-	1,196,154
Machinery and equipment	4,546	79,240	(79,240)	4,546
Total capital assets being depreciated	$ 1,552,009	$ 649,240	$ (79,240)	$ 2,122,009
Accumulated depreciation:				
Buildings and improvements	$ (96,321)	$ (19,661)	$ -	$ (115,982)
Land improvements	(190,066)	(39,872)	-	(229,938)
Machinery and equipment	(4,095)	(451)	-	(4,546)
Total accumulated depreciation	$ (290,482)	$ (59,984)	$ -	$ (350,466)
Total capital assets being depreciated, net	$ 1,261,527	$ 589,256	$ (79,240)	$ 1,771,543
Business-type activities capital assets, net	$ 1,651,686	$ 619,256	$ (79,240)	$ 2,191,702

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Note 15-Capital Assets: (Continued)

Discretely Presented Component Unit-Wireless Authority:

Capital asset activity for the Wireless Authority for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, being depreciated:				
Infrastructure	$ 397,018	$ -	$ -	$ 397,018
Accumulated depreciation:				
Infrastructure	$ (74,047)	$ (9,925)	$ -	$ (83,972)
Business-type activities capital assets, net	$ 322,971	$ (9,925)	$ -	$ 313,046

Note 16-Risk Management:

The County and its Component Unit – School Board are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County and its Component Unit – School Board participate with other localities in a public entity risk pool for their coverage of general liability, auto, property, workers compensation, and crime insurance with the Virginia Association of Counties Risk Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County and its Component Unit – School Board pay the Virginia Association of Counties contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of the depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its Component Unit – School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 17-Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 18-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:	
Rebecca I. Johnson, Clerk of the Circuit Court	$ 105,000
John F. Goins, Treasurer	300,000
Cindy Wright, Commissioner of the Revenue	3,000
Thomas Roseberry, II, Sheriff	30,000

Note 19-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. The County landfill has been closed. Total costs for landfill postclosure are estimated to be $28,354. These amounts are based on what it would cost to perform all post-closure care in 2015. Actual costs for postclosure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill post-closure costs. The County demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

Note 20-Litigation:

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

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Note 21 – Tax Abatements:

GASB Statement 77, Tax Abatement Disclosures, requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement.

The County entered into a performance agreement with Love's Travel Stops & Country Stores, Inc. on December 22, 2015. Under the agreement, the Company was to acquire and improve the site and to construct and equip the Facility costing approximately $7,500,000, of which approximately $2,500,000 would be invested in machinery and equipment, and approximately $5,000,000 would be invested in site improvements and construction of the Facility. In addition, 40 new jobs would be created and maintained through the performance date, which is ten years from the opening date. In return, the Locality agreed to disburse an Economic Development Opportunity Grant equal to 90% of the locally collected tax on prepared food and beverages, not to exceed $100,000, annually on or before March 1st for a term of 10 years. If the Company fails to meet 90% of the targets as of the performance date, the Company shall repay to the Bland County Economic Development Authority that part of the local grant that is proportional to the target or targets for which there is a shortfall. Love's Travel Stop is expected to be completed in fiscal year 2018.

Note 22 – Adoption of Accounting Principles:

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

	Governmental Activities	Component Unit School Board
Net Position, July 1, 2017, as previously stated	$ 4,962,085	$ (2,932,701)
GASB 75 Implementation	(471,544)	(1,241,882)
Net Position, July 1, 2017, as restated	$ 4,490,541	$ (4,174,583)

Note 23-Upcoming Pronouncements:

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

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

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

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

Note 23-Upcoming Pronouncements: (Continued)

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

Management is currently evaluating the impact these standards will have on the financial

Required Supplementary Information

Exhibit 11

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

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
General property taxes	$ 5,002,626	$ 5,002,626	$ 4,713,228	$ (289,398)
Other local taxes	614,594	614,594	839,472	224,878
Permits, privilege fees, and regulatory licenses	25,600	25,600	18,464	(7,136)
Fines and forfeitures	484,129	484,129	524,490	40,361
Revenue from the use of money and property	26,565	26,565	50,786	24,221
Charges for services	360,879	360,879	333,054	(27,825)
Miscellaneous	460,312	492,603	703,255	210,652
Recovered costs	72,043	72,043	37,175	(34,868)
Intergovernmental:				
Commonwealth	2,294,130	2,591,718	2,433,886	(157,832)
Federal	1,802,317	1,801,416	1,024,527	(776,889)
Total revenues	$ 11,143,195	$ 11,472,173	$ 10,678,337	$ (793,836)
EXPENDITURES				
Current:				
General government administration	$ 1,150,276	$ 1,339,045	$ 1,314,781	$ 24,264
Judicial administration	527,764	544,543	526,040	18,503
Public safety	1,870,982	1,991,512	1,923,019	68,493
Public works	953,626	970,232	894,002	76,230
Health and welfare	1,611,297	1,764,529	1,558,255	206,274
Education	2,332,807	2,332,807	2,312,551	20,256
Parks, recreation, and cultural	1,584,930	1,627,012	454,799	1,172,213
Community development	597,760	578,262	192,573	385,689
Capital projects	50,000	50,000	-	50,000
Debt service:				
Principal retirement	105,000	105,000	105,000	-
Interest and other fiscal charges	87,810	87,810	87,809	1
Total expenditures	$ 10,872,252	$ 11,390,752	$ 9,368,829	$ 2,021,923
Excess (deficiency) of revenues over (under) expenditures	$ 270,943	$ 81,421	$ 1,309,508	$ 1,228,087
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 116,684	$ 116,684
Transfers out	(270,943)	(270,943)	(1,199,593)	(928,650)
Total other financing sources (uses)	$ (270,943)	$ (270,943)	$ (1,082,909)	$ (811,966)
Net change in fund balances	$ -	$ (189,522)	$ 226,599	$ 416,121
Fund balances - beginning	-	189,522	5,091,807	4,902,285
Fund balances - ending	$ -	$ -	$ 5,318,406	$ 5,318,406

County of Bland, Virginia
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	$ 251,429	$ 215,957	$ 223,426	$ 208,295
Interest	642,385	613,129	578,125	554,140
Changes of assumptions	10,538	-	-	-
Differences between expected and actual experience	(517,956)	64,383	137,056	-
Benefit payments, including refunds of employee contributions	(502,392)	(448,650)	(428,447)	(411,161)
Net change in total pension liability	$ (115,996)	$ 444,819	$ 510,160	$ 351,274
Total pension liability - beginning	9,428,126	8,983,307	8,473,147	8,121,873
Total pension liability - ending (a)	$ 9,312,130	$ 9,428,126	$ 8,983,307	$ 8,473,147
Plan fiduciary net position				
Contributions - employer	$ 349,001	$ 306,879	$ 294,936	$ 338,669
Contributions - employee	109,417	107,661	99,321	98,577
Net investment income	832,465	118,357	296,855	884,620
Benefit payments, including refunds of employee contributions	(502,392)	(448,650)	(428,447)	(411,161)
Administrative expense	(4,746)	(4,159)	(4,036)	(4,716)
Other	(745)	(50)	(63)	46
Net change in plan fiduciary net position	$ 783,000	$ 80,038	$ 258,566	$ 906,035
Plan fiduciary net position - beginning	6,842,792	6,762,754	6,504,188	5,598,153
Plan fiduciary net position - ending (b)	$ 7,625,792	$ 6,842,792	$ 6,762,754	$ 6,504,188
County's net pension liability - ending (a) - (b)	$ 1,686,338	$ 2,585,334	$ 2,220,553	$ 1,968,959
Plan fiduciary net position as a percentage of the total pension liability	81.89%	72.58%	75.28%	76.76%
Covered payroll	$ 2,250,542	$ 2,089,541	$ 1,999,717	$ 1,972,767
County's net pension liability as a percentage of covered payroll	74.93%	123.73%	111.04%	99.81%

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

Exhibit 13

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

	2017	2016	2015	2014
Total pension liability				
Service cost	$ 42,560	$ 43,116	$ 42,034	$ 48,144
Interest	116,925	105,646	106,276	100,513
Changes of assumptions	(9,584)	-	-	-
Differences between expected and actual experience	(53,234)	96,371	(88,366)	-
Benefit payments, including refunds of employee contributions	(99,115)	(68,870)	(69,028)	(63,638)
Net change in total pension liability	$ (2,448)	$ 176,263	$ (9,084)	$ 85,019
Total pension liability - beginning	1,719,921	1,543,658	1,552,742	1,467,723
Total pension liability - ending (a)	$ 1,717,473	$ 1,719,921	$ 1,543,658	$ 1,552,742
Plan fiduciary net position				
Contributions - employer	$ 27,729	$ 29,601	$ 32,871	$ 49,500
Contributions - employee	25,174	19,892	22,001	23,522
Net investment income	197,037	28,385	71,729	212,964
Benefit payments, including refunds of employee contributions	(99,115)	(68,870)	(69,028)	(63,638)
Administrative expense	(1,162)	(1,006)	(983)	(1,131)
Other	(174)	(12)	(17)	11
Net change in plan fiduciary net position	$ 149,489	$ 7,990	$ 56,573	$ 221,228
Plan fiduciary net position - beginning	1,634,506	1,626,516	1,569,943	1,348,715
Plan fiduciary net position - ending (b)	$ 1,783,995	$ 1,634,506	$ 1,626,516	$ 1,569,943
School Division's net pension liability (asset) - ending (a) - (b)	$ (66,522)	$ 85,415	$ (82,858)	$ (17,201)
Plan fiduciary net position as a percentage of the total pension liability	103.87%	95.03%	105.37%	101.11%
Covered payroll	$ 449,747	$ 411,381	$ 446,288	$ 465,565
School Division's net pension liability (asset) as a percentage of covered payroll	-14.79%	20.76%	-18.57%	-3.69%

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

Exhibit 14

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

	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	0.04940%	0.04855%	0.05253%	0.05666%
Employer's Proportionate Share of the Net Pension Liability	$ 6,075,000	$ 6,804,000	$ 6,611,000	$ 6,848,000
Employer's Covered Payroll	3,420,417	3,700,904	3,901,573	4,142,763
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	177.61%	183.85%	169.44%	165.30%
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.

County of Bland, Virginia
Schedule of Employer Contributions
For the Years Ended June 30, 2008 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	$ 385,727	$ 385,727	$ -	$ 2,500,000	15.68%
2017	352,884	352,884	-	2,250,541	15.68%
2016	308,625	308,625	-	2,089,541	14.77%
2015	295,358	295,358	-	1,999,717	14.77%
2014	338,724	338,724	-	1,972,767	17.17%
2013	310,343	310,343	-	1,807,473	17.17%
2012	291,959	291,959	-	1,861,981	15.68%
2011	286,221	286,221	-	1,825,391	15.68%
2010	247,806	247,806	-	1,747,571	14.18%
2009	242,905	242,905	-	1,713,010	14.18%
Component Unit School Board (nonprofessional)					
2018	$ 19,184	$ 19,184	$ -	$ 388,950	5.23%
2017	23,522	23,522	-	449,747	5.23%
2016	30,278	30,278	-	411,381	7.36%
2015	32,871	32,871	-	446,288	7.36%
2014	48,884	48,884	-	465,565	10.50%
2013	50,507	50,507	-	481,020	10.50%
2012	37,765	37,765	-	482,310	7.83%
2011	38,759	38,759	-	495,012	7.83%
2010	41,702	41,702	-	560,511	7.44%
2009	43,063	43,063	-	578,810	7.44%
Component Unit School Board (professional)					
2018	$ 581,000	$ 581,000	$ -	$ 3,617,610	16.32%
2017	564,000	564,000	-	3,420,417	14.66%
2016	518,319	518,319	-	3,700,904	14.06%
2015	565,000	565,000	-	3,901,573	14.50%
2014	483,046	483,046	-	4,142,763	11.66%
2013	473,850	473,850	-	4,063,898	11.66%
2012	251,494	251,494	-	3,973,049	6.33%
2011	164,732	164,732	-	4,191,650	3.93%
2010	375,217	375,217	-	4,258,987	8.81%
2009	371,025	371,025	-	4,211,413	8.81%

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

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

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

Largest 10 – Non-Hazardous Duty:

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

Largest 10 – Hazardous Duty:

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

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

Exhibit 17

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

		2018
Total OPEB liability		
Service cost	$	54,401
Interest		13,685
Changes in assumptions		(158,748)
Other adjustments		36,812
Net change in total OPEB liability	$	(53,850)
Total OPEB liability - beginning		778,144
Total OPEB liability - ending	$	724,294
Covered-employee payroll		2,499,999
County's total OPEB liability (asset) as a percentage of covered-employee payroll		28.97%

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

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

Valuation Date:	6/30/2016
Measurement Date:	6/30/2018

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal, level percentage of pay
Salary Increase Rates	1.90%
Discount Rate	3.87%
Mortality Rates	RP2000 Mortality Table for Males and Females Projected 18 years. This assumption does not include margin for future improvements in longevity.

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

		2018
Total OPEB liability		
Service cost	$	27,582
Interest		15,244
Changes in assumptions		(9,837)
Differences between expected and actual experience		-
Benefit payments		(34,855)
Net change in total OPEB liability	$	(1,866)
Total OPEB liability - beginning		425,244
Total OPEB liability - ending	$	423,378
Covered-employee payroll	$	4,019,100
County's total OPEB liability (asset) as a percentage of covered-employee payroll		10.53%

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

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

Valuation Date: 6/30/2016
Measurement Date: 6/30/2018

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

Methods and assumptions used to determine OPEB liability:

Salary Increase Rates	3.00% per year
Inflation	2.50%
Discount Rate	3.50%
Health Care Cost Trend	Getzen Trend Model - 6.90% in 2016, 7.40% in 2017 graded to 4.10% over 57 years
Mortality Rates	Pre-Retirement: RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with Males set forward 2 years (5 years for Public Safety Employees) and Females set back 3 years.
	Post-Retirement: RP-2000 Combined Healthy mortality tables projected to 2020 using Scale AA with Females set back 1 year.
	Disabled: RP-2000 Disabled Life mortality tables with Males set back 3 years and no provision for future mortality improvement.

Exhibit 21

County of Bland, Virginia
Schedule of Employer'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	0.01222%	$ 184,000	$ 2,253,598	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2017	0.00244%	$ 37,000	$ 449,747	8.23%	48.86%
Component Unit School Board (professional)					
2017	0.02102%	$ 316,000	$ 3,876,929	8.15%	48.86%

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

Exhibit 22

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2018	$ 13,000	$ 13,000	$ -	$ 2,499,999	0.52%
2017	12,000	12,000	-	2,253,598	0.53%
2016	10,121	10,121	-	2,108,547	0.48%
2015	9,681	9,681	-	2,016,907	0.48%
2014	9,482	9,482	-	1,975,469	0.48%
2013	8,676	8,676	-	1,807,473	0.48%
2012	5,214	5,214	-	1,861,981	0.28%
2011	5,111	5,111	-	1,825,391	0.28%
2010	3,540	3,540	-	1,747,571	0.20%
2009	4,625	4,625	-	1,713,010	0.27%
Component Unit School Board (nonprofessional)					
2018	$ 2,000	$ 2,000	$ -	$ 388,950	0.51%
2017	2,000	2,000	-	449,747	0.44%
2016	1,975	1,975	-	411,381	0.48%
2015	2,142	2,142	-	446,288	0.48%
2014	2,235	2,235	-	465,565	0.48%
2013	2,309	2,309	-	481,020	0.48%
2012	1,350	1,350	-	482,310	0.28%
2011	1,386	1,386	-	495,012	0.28%
2010	1,098	1,098	-	560,511	0.20%
2009	1,563	1,563	-	578,810	0.27%
Component Unit School Board (professional)					
2018	$ 19,000	$ 19,000	$ -	$ 3,628,766	0.52%
2017	20,000	20,000	-	3,876,929	0.52%
2016	17,769	17,769	-	3,701,791	0.48%
2015	18,747	18,747	-	3,905,628	0.48%
2014	19,888	19,888	-	4,143,297	0.48%
2013	19,516	19,516	-	4,065,919	0.48%
2012	11,127	11,127	-	3,973,881	0.28%
2011	11,701	11,701	-	4,178,778	0.28%
2010	8,174	8,174	-	4,258,987	0.19%
2009	11,371	11,371	-	4,211,413	0.27%

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

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

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

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

General State Employees

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

Teachers

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

SPORS Employees

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

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

JRS Employees

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and 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%

County of Bland, Virginia
Schedule of Changes in the Employer's Net OPEB Asset and Related Ratios
Primary Government
Health Insurance Credit Program (HIC)
For the Year Ended June 30, 2018

		2017
Total HIC OPEB Liability		
Service cost	$	2,000
Interest		3,000
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions		(2,000)
Benefit payments		(3,000)
Other changes		(1,000)
Net change in total HIC OPEB liability	$	(1,000)
Total HIC OPEB Liability - beginning		48,000
Total HIC OPEB Liability - ending (a)	$	47,000
Plan fiduciary net position		
Contributions - employer	$	4,000
Net investment income		-
Benefit payments		(3,000)
Administrative expense		-
Other		-
Net change in plan fiduciary net position	$	1,000
Plan fiduciary net position - beginning		3,000
Plan fiduciary net position - ending (b)	$	4,000
Employer's net HIC OPEB asset - ending (a) - (b)	$	43,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability		9.30%
Covered payroll	$	724,044
Employer's net HIC OPEB liability as a percentage of covered payroll		5.94%

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

Exhibit 25

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2018	$ 4,000	$ 4,000	$ -	$ 856,974	0.47%
2017	4,000	4,000	-	724,044	0.55%
2016	2,941	2,941	-	639,327	0.46%
2015	2,653	2,653	-	576,807	0.46%
2014	761	761	-	585,051	0.13%
2013	2,350	2,350	-	1,807,708	0.13%
2012	2,048	2,048	-	1,861,981	0.11%
2011	2,008	2,008	-	1,825,391	0.11%
2010	2,097	2,097	-	1,747,571	0.12%
2009	2,056	2,056	-	1,713,010	0.12%

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

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

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

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2017	0.04912%	$ 623,000	$ 3,876,929	16.07%	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.

Exhibit 28

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2018	$ 45,000	$ 45,000	$ -	$ 3,628,766	1.24%
2017	43,000	43,000	-	3,876,929	1.11%
2016	39,239	39,239	-	3,701,791	1.06%
2015	41,400	41,400	-	3,905,628	1.06%
2014	45,991	45,991	-	4,143,297	1.11%
2013	45,130	45,130	-	4,065,727	1.11%
2012	23,838	23,838	-	3,973,049	0.60%
2011	25,150	25,150	-	4,191,650	0.60%
2010	31,483	31,483	-	4,258,987	0.74%
2009	45,486	45,486	-	4,211,413	1.08%

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

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

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

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

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

Other Supplementary Information

Exhibit 30

County of Bland, Virginia
Combining Statement of Net Position
Proprietary Funds
June 30, 2018

	Enterprise Fund		
	Service Authority		
	Water	**Sewer**	**Total**
ASSETS			
Current assets:			
Cash and cash equivalents	$ 158,852	$ 93,547	$ 252,399
Accounts receivable, net of allowance for uncollectibles	56,775	41,417	98,192
Due from other governmental units	223,098	-	223,098
Total current assets	$ 438,725	$ 134,964	$ 573,689
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	$ 142,671	$ -	$ 142,671
Capital assets, net of accumulated depreciation:			
Land	$ 6,028	$ 249,128	$ 255,156
Buildings and utility plant in service	4,730,749	12,505,818	17,236,567
Machinery and equipment	20,342	32,341	52,683
Construction in progress	2,195,650	53,561	2,249,211
Total capital assets	$ 6,952,769	$ 12,840,848	$ 19,793,617
Total noncurrent assets	$ 7,095,440	$ 12,840,848	$ 19,936,288
Total assets	$ 7,534,165	$ 12,975,812	$ 20,509,977
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	$ 1,660	33,950	$ 35,610
Total deferred outflows of resources	$ 1,660	$ 33,950	$ 35,610
LIABILITIES			
Current liabilities:			
Accounts payable	$ 213,264	$ 4,494	$ 217,758
Retainage payable	43,904	-	43,904
Customers' deposits	8,025	-	8,025
Accrued interest payable	10,160	7,177	17,337
Due to primary government	-	-	-
Compensated absences - current portion	6,811	5,233	12,044
Bonds payable - current portion	70,384	161,267	231,651
Note payable - current portion	1,463,000	-	1,463,000
Total current liabilities	$ 1,815,548	$ 178,171	$ 1,993,719
Noncurrent liabilities:			
Bonds payable - net of current portion	$ 1,477,381	$ 6,938,471	$ 8,415,852
Compensated absences - net of current portion	2,270	1,744	4,015
Net pension liability	-	56,283	56,283
Total noncurrent liabilities	$ 1,479,651	$ 6,996,498	$ 8,476,150
Total liabilities	$ 3,295,199	$ 7,174,669	$ 10,469,868
DEFERRED INFLOWS OF RESOURCES			
Items related to measurement of net pension liability	$ 40,630	$ 18,432	$ 59,062
Total deferred inflows of resources	$ 40,630	$ 18,432	$ 59,062
NET POSITION			
Net investment in capital assets	$ 3,898,100	$ 5,741,110	$ 9,639,210
Restricted for debt service and bond covenants	142,671	-	142,671
Unrestricted	159,225	75,551	234,776
Total net position	$ 4,199,996	$ 5,816,661	$ 10,016,657

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

Exhibit 31

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

	Enterprise Fund		
	Service Authority		
	Water	Sewer	Total
OPERATING REVENUES			
Charges for services:			
Water revenues	$ 307,940	$ -	$ 307,940
Sewer revenues	-	239,867	239,867
Connection fees	3,540	1,200	4,740
Penalties	20,894	-	20,894
Other revenues	10,560	-	10,560
Miscellaneous	218	374	592
Total operating revenues	$ 343,152	$ 241,441	$ 584,593
OPERATING EXPENSES			
Salaries and fringes	$ 59,556	$ 79,668	$ 139,224
Utilities	15,102	54,611	69,713
Purchase of chemicals	-	23,874	23,874
Purchase of water	140,629	-	140,629
Maintenance and repairs	30,476	32,967	63,443
Office expense	2,608	2,640	5,248
Insurance	3,053	6,916	9,969
Permits	2,692	2,721	5,413
Professional services	18,599	1,490	20,089
Miscellaneous	703	3,806	4,509
Depreciation	236,665	417,399	654,064
Total operating expenses	$ 510,083	$ 626,092	$ 1,136,175
Operating income (loss)	$ (166,931)	$ (384,651)	$ (551,582)
NONOPERATING REVENUES (EXPENSES)			
Investment income	$ 1,186	$ -	$ 1,186
Interest expense	(71,910)	(165,772)	(237,682)
Total nonoperating revenues (expenses)	$ (70,724)	$ (165,772)	$ (236,496)
Income before contributions and transfers	$ (237,655)	$ (550,423)	$ (788,078)
Capital contributions and construction grants	$ 664,980	$ 7,479	$ 672,459
Transfers in (Contributions from primary government)	316,072	883,521	1,199,593
Transfers out (project repayments to primary government)	(84,162)	(32,522)	(116,684)
Transfers in (out)	32,207	(32,207)	-
Change in net position	$ 691,442	$ 275,848	$ 967,290
Net position - beginning	3,508,554	5,540,813	9,049,367
Net position - ending	$ 4,199,996	$ 5,816,661	$ 10,016,657

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

FIDUCIARY FUND

Special Welfare – The Special Welfare fund accounts for those funds belonging to individuals entrusted to the local social services agency, such as foster care children.

Exhibit 32

County of Bland, Virginia
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2018

	Agency Fund - Special Welfare			
	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Assets				
Cash and cash equivalents	$ 8,903	$ 23,974	$ (25,460)	$ 7,417
Liabilities				
Amounts held for social services clients	$ 8,903	$ 23,974	$ (25,460)	$ 7,417

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
MAJOR GOVERNMENTAL FUNDS

School Operating Fund - The School Operating Fund is the primary operating fund of the School Board and accounts for all revenues and expenditures applicable to the general operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

Exhibit 33

County of Bland, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2018

		School Operating Fund
ASSETS		
Cash and cash equivalents		$ 2,337,102
Cash in custody of others		93,661
Due from other governmental units		156,165
Prepaid items		31,067
Total assets		$ 2,617,995
LIABILITIES		
Accounts payable		$ 36,136
Accrued payroll		695,543
Due to primary government		97,419
Total liabilities		$ 829,098
FUND BALANCES		
Nonspendable:		
Prepaid items		$ 31,067
Restricted:		
School cafeteria		93,661
Assigned:		
Textbook payments		39,066
Future school construction		1,619,709
Other school funds		5,394
Total fund balances		$ 1,788,897
Total liabilities and fund balances		$ 2,617,995
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balances per above		$ 1,788,897
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	$ 603,897	
Buildings and system	1,458,678	
Machinery and equipment	379,902	2,442,477
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Net pension asset		66,522
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds		
Pension related items	$ 796,389	
OPEB related items	78,000	874,389
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB liabilities	$ (1,399,378)	
Compensated absences	(120,750)	
Net pension liability	(6,075,000)	(7,595,128)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (1,305,736)	
OPEB related items	(55,369)	(1,361,105)
Net position of governmental activities		$ (3,783,948)

County of Bland, Virginia
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
REVENUES		
Revenue from the use of money and property		$ 8,743
Charges for services		127,084
Miscellaneous		270,353
Recovered costs		57,583
Intergovernmental:		
Local government		2,303,219
Commonwealth		4,750,836
Federal		688,399
Total revenues		$ 8,206,217
EXPENDITURES		
Current:		
Education		$ 8,160,656
Excess (deficiency) of revenues over (under) expenditures		$ 45,561
Net change in fund balances		$ 45,561
Fund balances - beginning		1,743,336
Fund balances - ending		$ 1,788,897
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		$ 45,561
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.		
Capital asset additions	$ 181,727	
Depreciation expense	(187,513)	(5,786)
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.		
Change in compensated absences	$ 17,186	
Pension expense	334,177	
OPEB expense	(503)	350,860
Change in net position of governmental activities		$ 390,635

Exhibit 35

County of Bland, 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			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 8,743	$ 8,743
Charges for services	151,000	151,000	127,084	(23,916)
Miscellaneous	260,575	260,575	270,353	9,778
Recovered costs	20,000	20,000	57,583	37,583
Intergovernmental:				
Local government	2,323,475	2,323,475	2,303,219	(20,256)
Commonwealth	4,851,651	4,851,651	4,750,836	(100,815)
Federal	568,841	568,841	688,399	119,558
Total revenues	$ 8,175,542	$ 8,175,542	$ 8,206,217	$ 30,675
EXPENDITURES				
Current:				
Education	$ 8,175,542	$ 8,175,542	$ 8,160,656	$ 14,886
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ 45,561	$ 45,561
Net change in fund balances	$ -	$ -	$ 45,561	$ 45,561
Fund balances - beginning	-	-	1,743,336	1,743,336
Fund balances - ending	$ -	$ -	$ 1,788,897	$ 1,788,897

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 2,698,257	$ 2,698,257	$ 2,645,874	$ (52,383)
Real and personal public service corporation taxes	409,170	409,170	447,395	38,225
Personal property taxes	1,209,519	1,209,519	1,032,290	(177,229)
Mobile home taxes	22,542	22,542	23,444	902
Machinery and tools taxes	347,664	347,664	236,663	(111,001)
Merchant's capital taxes	298,474	298,474	235,933	(62,541)
Penalties	15,000	15,000	32,392	17,392
Interest	2,000	2,000	59,237	57,237
Total general property taxes	$ 5,002,626	$ 5,002,626	$ 4,713,228	$ (289,398)
Other local taxes:				
Local sales and use taxes	$ 281,594	$ 281,594	$ 371,343	$ 89,749
Consumers' utility taxes	160,000	160,000	164,303	4,303
Consumption taxes	20,000	20,000	21,228	1,228
Gross receipts taxes	-	-	5,886	5,886
Franchise license tax	-	-	25,929	25,929
Motor vehicle licenses	-	-	103,927	103,927
Taxes on recordation and wills	27,500	27,500	27,062	(438)
Hotel and motel room taxes	10,500	10,500	15,488	4,988
Restaurant food taxes	115,000	115,000	104,306	(10,694)
Total other local taxes	$ 614,594	$ 614,594	$ 839,472	$ 224,878
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 4,200	$ 4,200	$ 2,221	$ (1,979)
Land use application fees	1,000	1,000	584	(416)
Transfer fees	-	-	280	280
Building permits	20,000	20,000	15,179	(4,821)
Permits and other licenses	400	400	200	(200)
Total permits, privilege fees, and regulatory licenses	$ 25,600	$ 25,600	$ 18,464	$ (7,136)
Fines and forfeitures:				
Court fines and forfeitures	$ 484,104	$ 484,104	$ 524,490	$ 40,386
Dog violation fines	25	25	-	(25)
Total fines and forfeitures	$ 484,129	$ 484,129	$ 524,490	$ 40,361
Revenue from use of money and property:				
Revenue from use of money	$ 19,965	$ 19,965	$ 27,581	$ 7,616
Revenue from use of property	6,600	6,600	23,205	16,605
Total revenue from use of money and property	$ 26,565	$ 26,565	$ 50,786	$ 24,221
Charges for services:				
Charges for sheriff's fees	$ 325	$ 325	$ -	$ (325)
Charges for courthouse maintenance	14,000	14,000	18,107	4,107
Charges for law library	700	700	748	48
Charges for Commonwealth's Attorney	250	250	570	320
Charges for sanitation and waste removal	330,000	330,000	293,723	(36,277)
Charges for cannery	5,217	5,217	5,406	189
Charges for library	1,000	1,000	3,885	2,885
Charges for forest service coop law enforcement	2,640	2,640	2,640	-
Other charges for services	6,747	6,747	7,975	1,228
Total charges for services	$ 360,879	$ 360,879	$ 333,054	$ (27,825)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	$ 106,102	$ 138,393	$ 338,648	$ 200,255
Library donations	-	-	2,063	2,063
Crossroads Industrial Facilities Authority	150,000	150,000	342,442	192,442
Wythe Bland Community Foundation contribution	204,210	204,210	20,102	(184,108)
Total miscellaneous	$ 460,312	$ 492,603	$ 703,255	$ 210,652
Recovered costs:				
Insurance reimbursement	$ 10,000	$ 10,000	$ 1,815	$ (8,185)
Social services	57,783	57,783	26,152	(31,631)
Utilities	1,500	1,500	1,812	312
Schools	-	-	1,695	1,695
Other recovered costs	2,760	2,760	5,701	2,941
Total recovered costs	$ 72,043	$ 72,043	$ 37,175	$ (34,868)
Total revenue from local sources	$ 7,046,748	$ 7,079,039	$ 7,219,924	$ 140,885
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	$ 500	$ 500	$ 566	$ 66
Mobile home titling tax	20,000	20,000	12,257	(7,743)
Motor vehicle rental tax	-	-	1,899	1,899
State recordation tax	6,000	6,000	6,729	729
Communications taxes	105,000	105,000	95,549	(9,451)
Personal property tax relief funds	354,561	354,561	354,561	-
Total noncategorical aid	$ 486,061	$ 486,061	$ 471,561	$ (14,500)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 162,300	$ 162,300	$ 159,705	$ (2,595)
Sheriff	501,854	507,739	507,207	(532)
Commissioner of revenue	84,241	84,241	84,217	(24)
Treasurer	63,952	63,952	63,929	(23)
Registrar/electoral board	34,500	35,243	35,656	413
Clerk of the Circuit Court	141,429	141,429	153,701	12,272
Total shared expenses	$ 988,276	$ 994,904	$ 1,004,415	$ 9,511
Other categorical aid:				
Public assistance and welfare administration	$ 249,412	$ 249,412	$ 253,160	$ 3,748
Comprehensive Services Act program	368,864	445,838	355,911	(89,927)
Department of emergency management grant	9,500	9,500	-	(9,500)
Litter control grant	6,500	6,500	6,038.00	(462)
Two-for-life	6,300	6,300	6,289	(11)
E-911 state revenue	45,844	45,844	47,618	1,774
Victim-witness grant	15,046	14,746	29,801	15,055
Fire program	20,000	42,145	22,814	(19,331)
Juvenile justice grant	6,585	6,585	(5,945)	(12,530)
DHCD Grant	-	192,141	192,141	-
State library grant	33,992	33,992	44,019	10,027
Mining royalties	2,750	2,750	1,265	(1,485)
Department of justice grants	55,000	55,000	4,799	(50,201)
Total other categorical aid	$ 819,793	$ 1,110,753	$ 957,910	$ (152,843)
Total categorical aid	$ 1,808,069	$ 2,105,657	$ 1,962,325	$ (143,332)
Total revenue from the Commonwealth	$ 2,294,130	$ 2,591,718	$ 2,433,886	$ (157,832)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	$ 79,819	$ 79,819	$ 207,011	$ 127,192
Categorical aid:				
Victim-witness grant	$ 46,219	$ 45,318	$ 41,041	$ (4,277)
State and community highway safety funds	16,616	16,616	3,075	(13,541)
Public assistance and welfare administration	554,160	554,160	562,486	8,326
Comprehensive Services Act program	-	-	22,702	22,702
State homeland security grant	-	-	7,500	7,500
Highway planning and construction	1,070,503	1,070,503	180,712	(889,791)
Total categorical aid	$ 1,722,498	$ 1,721,597	$ 817,516	$ (904,081)
Total revenue from the federal government	$ 1,802,317	$ 1,801,416	$ 1,024,527	$ (776,889)
Total General Fund	$ 11,143,195	$ 11,472,173	$ 10,678,337	$ (793,836)
Total Primary Government	$ 11,143,195	$ 11,472,173	$ 10,678,337	$ (793,836)
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 money	$ -	$ -	$ 8,743	$ 8,743
Charges for services:				
Cafeteria sales	$ 151,000	$ 151,000	$ 127,084	$ (23,916)
Miscellaneous:				
Other miscellaneous	$ 260,575	$ 260,575	$ 270,353	$ 9,778
Recovered costs:				
Miscellaneous recovered costs	$ 20,000	$ 20,000	$ 57,583	$ 37,583
Total revenue from local sources	$ 431,575	$ 431,575	$ 463,763	$ 32,188
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Bland, Virginia	$ 2,323,475	$ 2,323,475	$ 2,303,219	$ (20,256)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	$ 855,725	$ 855,725	$ 809,403	$ (46,322)
Basic school aid	2,501,657	2,501,657	2,454,889	(46,768)
Remedial summer education	1,402	1,402	-	(1,402)
Regular foster care	-	-	7,140	7,140
Adult secondary education	7,859	7,859	-	(7,859)
Gifted and talented	24,595	24,595	24,276	(319)
Remedial education	67,124	67,124	66,254	(870)
Special education	293,602	293,602	289,796	(3,806)
Textbook payment	56,251	56,251	55,522	(729)
Vocational SOQ payments	28,694	28,694	28,322	(372)
Kindergarten camp grant	2,500	2,500	1,275	(1,225)
VA workplace readiness skills	-	-	197	197
Vocational adult education	3,761	3,761	-	(3,761)
School food	3,468	3,468	4,346	878

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Social security fringe benefits	$ 152,181	$ 152,181	$ 150,208	$ (1,973)
Retirement fringe benefits	348,428	348,428	343,912	(4,516)
Group life insurance benefits	10,248	10,248	10,115	(133)
Early reading intervention	25,135	25,135	22,850	(2,285)
Dropout prevention	3,416	3,416	3,416	-
Vocation education - equipment	-	-	5,177	5,177
Homebound education	3,544	3,544	13,024	9,480
Vocational occupational preparedness	-	-	249	249
At risk payments	40,600	40,600	41,306	706
Primary class size	85,606	85,606	79,061	(6,545)
Standards of Learning algebra readiness	9,243	9,243	9,243	-
Mentor teacher program	632	632	1,241	609
Virginia tobacco settlement	48,850	48,850	48,850	-
At risk four year olds	8,573	8,573	8,573	-
Technology initiative	125,600	125,600	130,261	4,661
Other state funds	142,957	142,957	141,930	(1,027)
Total categorical aid	$ 4,851,651	$ 4,851,651	$ 4,750,836	$ (100,815)
Total revenue from the Commonwealth	$ 4,851,651	$ 4,851,651	$ 4,750,836	$ (100,815)
Revenue from the federal government:				
Categorical aid:				
Title I	$ 152,574	$ 152,574	$ 160,218	$ 7,644
Title VI-B, flow-through/preschool	202,467	202,467	193,429	(9,038)
Title VI-B, preschool	7,586	7,586	8,297	711
Title II Part A	28,260	28,260	42,454	14,194
School food program	150,000	150,000	194,130	44,130
Schools and roads	17,000	17,000	82,923	65,923
Career and technical education	10,954	10,954	6,948	(4,006)
Total categorical aid	$ 568,841	$ 568,841	$ 688,399	$ 119,558
Total revenue from the federal government	$ 568,841	$ 568,841	$ 688,399	$ 119,558
Total School Operating Fund	$ 8,175,542	$ 8,175,542	$ 8,206,217	$ 30,675
Total Discretely Presented Component Unit - School Board	$ 8,175,542	$ 8,175,542	$ 8,206,217	$ 30,675

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	$ 61,354	$ 56,854	$ 62,052	$ (5,198)
General and financial administration:				
County administrator	$ 443,115	$ 443,115	$ 449,497	$ (6,382)
Commissioner of revenue	187,376	187,376	188,117	(741)
Treasurer	171,379	171,379	165,598	5,781
Legal services	35,775	42,037	41,263	774
Information technology	56,250	242,129	227,824	14,305
Auditors	75,980	75,980	60,220	15,760
Employee added benefit pool	5,500	5,500	1,100	4,400
Local government dues	9,330	9,330	14,292	(4,962)
Total general and financial administration	$ 984,705	$ 1,176,846	$ 1,147,911	$ 28,935
Board of elections:				
Electoral board and officials	$ 30,238	$ 30,328	$ 32,715	$ (2,387)
Registrar	73,979	75,017	72,103	2,914
Total board of elections	$ 104,217	$ 105,345	$ 104,818	$ 527
Total general government administration	$ 1,150,276	$ 1,339,045	$ 1,314,781	$ 24,264
Judicial administration:				
Courts:				
Circuit court	$ 5,066	$ 5,066	$ 3,566	$ 1,500
General district court	2,010	2,010	1,836	174
Magistrates	375	375	60	315
Juvenile and domestic relations court	5,048	22,048	21,427	621
Victim and witness assistance	61,265	60,064	56,795	3,269
Clerk of the circuit court	231,543	231,543	222,149	9,394
Law Library	1,800	1,800	1,746	54
Total courts	$ 307,107	$ 322,906	$ 307,579	$ 15,327
Commonwealth's attorney:				
Commonwealth's attorney	$ 220,657	$ 221,637	$ 218,461	$ 3,176
Total judicial administration	$ 527,764	$ 544,543	$ 526,040	$ 18,503
Public safety:				
Law enforcement and traffic control:				
Sheriff	$ 923,316	$ 935,146	$ 1,005,890	$ (70,744)
Ticket enforcement	48,385	48,385	48,676	(291)
Transportation safety	16,616	16,616	802	15,814
School resource officer	103,137	103,137	98,834	4,303
Total law enforcement and traffic control	$ 1,091,454	$ 1,103,284	$ 1,154,202	$ (50,918)
Fire and rescue services:				
Fire department	$ 109,979	$ 159,239	$ 158,841	$ 398
Ambulance and rescue services	14,998	19,998	19,150	848

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (continued)				
Fire and rescue services: (continued)				
Other fire and rescue services	$ 14,930	$ 14,930	$ 14,688	$ 242
Total fire and rescue services	$ 139,907	$ 194,167	$ 192,679	$ 1,488
Correction and detention:				
Regional jail	$ 125,000	$ 179,440	$ 168,135	$ 11,305
Courthouse security	169,228	169,228	94,447	74,781
Total correction and detention	$ 294,228	$ 348,668	$ 262,582	$ 86,086
Inspections:				
Building	$ 88,079	$ 88,079	$ 99,169	$ (11,090)
Total inspections	$ 88,079	$ 88,079	$ 99,169	$ (11,090)
Other protection:				
Animal control	$ 55,448	$ 55,448	$ 57,628	$ (2,180)
Medical examiner	120	120	60	60
E-911	201,746	201,746	156,699	45,047
Total other protection	$ 257,314	$ 257,314	$ 214,387	$ 42,927
Total public safety	$ 1,870,982	$ 1,991,512	$ 1,923,019	$ 68,493
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	$ 7,000	$ 7,000	$ 6,253	$ 747
Sanitation and waste removal:				
Refuse collection and disposal	$ 355,900	$ 355,900	$ 341,348	$ 14,552
Landfill closure	35,000	35,000	25,249	9,751
Total sanitation and waste removal	$ 390,900	$ 390,900	$ 366,597	$ 24,303
Maintenance of general buildings and grounds:				
General properties	$ 356,798	$ 373,404	$ 343,327	$ 30,077
Canneries	48,768	48,768	35,533	13,235
Public works administration	150,160	150,160	142,292	7,868
Total maintenance of general buildings and grounds	$ 555,726	$ 572,332	$ 521,152	$ 51,180
Total public works	$ 953,626	$ 970,232	$ 894,002	$ 76,230
Health and welfare:				
Health:				
Supplement of local health department	$ 85,515	$ 85,515	$ 85,514	$ 1
Mental health and mental retardation:				
Community services board	$ 31,923	$ 31,923	$ 31,923	$ -
Welfare:				
Welfare administration	$ 564,175	$ 535,868	$ 925,707	$ (389,839)
Public assistance	500,518	528,825	45,700	483,125

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (continued)				
Welfare: (continued)				
Elderly and handicapped services	$ 9,232	$ 9,232	$ 9,232	$ -
Comprehensive services	411,849	565,081	458,679	106,402
Other welfare	8,085	8,085	1,500	6,585
Total welfare	$ 1,493,859	$ 1,647,091	$ 1,440,818	$ 206,273
Total health and welfare	$ 1,611,297	$ 1,764,529	$ 1,558,255	$ 206,274
Education:				
Other instructional costs:				
Contributions to Community College	$ 9,332	$ 9,332	$ 9,332	$ -
Contribution to County School Board	2,323,475	2,323,475	2,303,219	20,256
Total education	$ 2,332,807	$ 2,332,807	$ 2,312,551	$ 20,256
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation facilities	$ 6,195	$ 21,195	$ 17,131	$ 4,064
Rocky Gap Greenway project	1,199,431	1,199,431	107,696	1,091,735
Total parks and recreation	$ 1,205,626	$ 1,220,626	$ 124,827	$ 1,095,799
Cultural enrichment:				
Indian Village	$ 204,626	$ 229,992	$ 163,799	$ 66,193
Youth enrichment program	1,500	3,216	2,238	978
Total cultural enrichment	$ 206,126	$ 233,208	$ 166,037	$ 67,171
Library:				
Contribution to regional library	$ 64,263	$ 64,263	$ 62,388	$ 1,875
Library	108,915	108,915	101,547	7,368
Total library	$ 173,178	$ 173,178	$ 163,935	$ 9,243
Total parks, recreation, and cultural	$ 1,584,930	$ 1,627,012	$ 454,799	$ 1,172,213
Community development:				
Planning and community development:				
Community development	$ 5,676	$ 9,676	$ 6,066	$ 3,610
Planning	253,075	229,577	55,493	174,084
Contribution to EDA	240,000	240,000	40,012	199,988
Contribution to Wireless Authority	8,092	8,092	2,162	5,930
Economic development	23,627	23,627	26,098	(2,471)
Total planning and community development	$ 530,470	$ 510,972	$ 129,831	$ 381,141
Environmental management:				
Contribution to soil and water district	$ 12,000	$ 12,000	$ 8,000	$ 4,000
Cooperative extension program:				
Extension office	$ 55,290	$ 55,290	$ 54,742	$ 548
Total community development	$ 597,760	$ 578,262	$ 192,573	$ 385,689

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Capital projects:				
Other capital projects	$ 50,000	$ 50,000	$ -	$ 50,000
Total capital projects	$ 50,000	$ 50,000	$ -	$ 50,000
Debt service:				
Principal retirement	$ 105,000	$ 105,000	$ 105,000	$ -
Interest and other fiscal charges	87,810	87,810	87,809	1
Total debt service	$ 192,810	$ 192,810	$ 192,809	$ 1
Total General Fund	$ 10,872,252	$ 11,390,752	$ 9,368,829	$ 2,021,923
Total Primary Government	$ 10,872,252	$ 11,390,752	$ 9,368,829	$ 2,021,923
Discretely Presented Component Unit - School Board:				
School Operating Fund: (1)				
Education:				
Instruction costs:				
Instruction costs	$ 5,913,956	$ 5,913,956	$ 5,804,603	$ 109,353
Operating costs:				
Administration and health services	$ 522,812	$ 522,812	$ 574,047	$ (51,235)
Pupil transportation	562,045	562,045	548,669	13,376
Operation and maintenance of school plant	1,022,261	1,022,261	960,441	61,820
Total operating costs	$ 2,107,118	$ 2,107,118	$ 2,083,157	$ 23,961
School food services:				
Administration of school food program	$ 154,468	$ 154,468	$ 272,896	$ (118,428)
Total Discretely Presented Component Unit - School Board	$ 8,175,542	$ 8,175,542	$ 8,160,656	$ 14,886

(1) School Board appropriations are approved at the fund level; therefore, appropriations should be compared against expenditures at the fund level only for legal compliance requirements. School expenditures above include disbursements at decentralized cafeteria operations in the amount of $128,450, including inventory for commodities. These amounts are not subject to appropriation and accordingly are not budgeted.

Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Service Authority	Total
2017-18	$ 1,209,853	$ 491,696	$ 1,807,390	$ 846,654	$ 1,528,012	$ 2,222,735	$ 494,815	$ 177,442	$ 69,244	$ 1,373,857	$ 10,221,698
2016-17	1,039,462	492,290	1,568,382	851,842	1,432,762	2,470,955	622,192	587,746	73,896	1,517,800	10,657,327
2015-16	972,705	456,139	1,662,417	797,128	1,389,567	2,670,132	562,562	55,249	77,817	1,273,892	9,917,608
2014-15	954,717	416,140	1,551,766	860,933	1,483,133	2,331,385	425,297	115,637	81,988	1,057,244	9,278,240
2013-14	938,433	452,885	1,700,060	748,735	1,539,871	1,925,993	354,602	343,923	87,939	997,642	9,090,083
2012-13	766,053	380,935	1,529,359	913,032	1,542,730	2,190,433	330,798	216,174	188,081	933,851	8,991,446
2011-12	801,053	370,921	1,743,094	774,316	1,364,061	2,568,469	377,449	1,190,443	151,503	874,131	10,215,440
2010-11	809,520	351,881	1,706,549	797,124	1,472,938	2,089,162	427,167	117,950	154,670	848,184	8,775,145
2009-10	899,026	339,747	1,634,918	793,257	1,349,766	2,073,276	374,658	127,203	178,482	836,366	8,606,699
2008-09	874,209	341,475	1,698,669	762,499	989,548	1,741,599	277,656	240,035	182,319	846,734	7,954,743

Table 2

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

	PROGRAM REVENUES			GENERAL REVENUES					
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
2017-18	$ 1,449,449	$ 2,599,129	$ 853,171	$ 4,667,009	$ 839,472	$ 62,532	$ 703,847	$ 678,572	$ 11,853,181
2016-17	1,196,789	2,319,531	260,463	4,804,541	626,117	49,725	322,821	604,434	10,184,421
2015-16	1,154,461	2,155,814	1,080,328	4,536,479	563,483	33,807	258,715	603,491	10,386,578
2014-15	1,044,425	2,287,302	655,801	4,344,114	526,829	23,722	302,269	584,868	9,769,330
2013-14	943,157	2,535,982	200,740	4,265,515	764,027	19,518	251,329	595,694	9,575,962
2012-13	976,316	2,183,202	796,843	4,193,169	627,514	18,954	169,917	557,649	9,523,564
2011-12	876,079	2,113,461	1,148,852	4,125,826	665,523	19,267	95,830	541,478	9,586,316
2010-11	894,969	2,379,513	88,338	4,163,002	652,227	35,828	213,488	518,508	8,945,873
2009-10	1,025,159	2,113,469	-	3,871,685	770,784	17,115	91,386	409,725	8,299,323
2008-09	1,028,168	1,884,067	-	4,248,680	795,467	64,337	31,940	571,623	8,624,282

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service (3)	Total
2017-18	$ 1,314,781	$ 526,040	$ 1,923,019	$ 894,002	$ 1,558,255	$ 8,169,988	$ 454,799	$ 192,573	$ 192,809	$ 15,226,266
2016-17	1,076,486	512,145	1,741,206	860,040	1,453,418	8,626,112	645,402	270,995	192,413	15,378,217
2015-16	1,118,225	462,244	1,586,354	822,314	1,380,946	8,695,528	478,735	194,163	191,284	14,929,793
2014-15	1,003,337	466,171	1,630,686	858,453	1,488,803	8,310,730	392,965	270,548	261,016	14,682,709
2013-14	1,037,305	457,972	1,557,278	839,446	1,545,538	9,082,285	319,309	549,524	262,157	15,650,814
2012-13	1,010,885	368,217	1,391,861	899,867	1,548,060	8,717,138	295,215	363,820	258,655	14,853,718
2011-12	1,002,258	367,021	1,589,152	798,604	1,414,624	8,572,309	336,448	1,339,106	459,652	15,879,174
2010-11	977,100	348,294	1,515,813	837,104	1,566,107	8,507,058	387,194	397,984	350,197	14,886,851
2009-10	941,426	334,519	1,561,234	790,800	1,414,492	8,939,212	335,437	381,951	446,279	15,145,350
2008-09	919,303	340,198	1,613,833	750,964	1,075,093	9,224,652	356,527	661,825	433,329	15,375,724

(1) Includes General Fund of the Primary Government and its Discretely Presented Component Units.
(2) Excludes contribution from Primary Government to Discretely Presented Component Unit and capital projects.
(3) The County refunded $2,925,391 in fiscal year 2012-13.

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2017-18	$ 4,713,228	$ 839,472	$ 18,464	$ 524,490	$ 59,529	$ 460,138	$ 973,608	$ 94,758	$ 8,897,648	$ 16,581,335
2016-17	4,682,542	693,232	20,705	292,407	47,733	457,024	651,779	140,580	8,659,568	15,645,570
2015-16	4,527,206	633,363	22,908	256,535	28,069	481,320	538,198	260,442	8,479,846	15,227,887
2014-15	4,267,174	602,682	26,878	191,061	14,926	500,409	492,486	407,445	8,609,339	15,112,400
2013-14	4,222,834	764,027	21,115	190,822	11,823	550,363	494,375	604,867	9,163,339	16,023,565
2012-13	4,105,564	627,514	20,412	203,469	13,326	525,289	275,748	513,742	8,764,107	15,049,171
2011-12	3,962,106	665,523	19,018	216,931	14,082	450,866	199,164	613,146	10,209,881	16,350,717
2010-11	4,083,994	652,227	20,868	232,830	18,871	459,679	282,896	601,186	8,756,229	15,108,780
2009-10	3,972,657	770,784	20,815	344,934	24,593	501,753	120,800	630,550	9,071,887	15,458,773
2008-09	4,157,760	795,467	31,301	362,801	109,069	480,020	90,797	719,694	9,734,423	16,481,332

(1) Includes General and Debt Service funds of the Primary Government and its Discretely Presented Component Units.
(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2017-18	$ 4,971,556	$ 4,709,906	94.74%	$ 266,254	$ 4,976,160	100.09%	$ 950,340	19.12%
2016-17	4,948,494	4,759,267	96.18%	203,170	4,962,437	100.28%	918,708	18.57%
2015-16	4,867,612	4,554,021	93.56%	239,686	4,793,707	98.48%	906,887	18.63%
2014-15	4,743,083	4,431,069	93.42%	133,978	4,565,047	96.25%	873,033	18.41%
2013-14	4,584,884	4,358,792	95.07%	161,247	4,520,039	98.59%	803,089	17.52%
2012-13	4,500,576	4,306,124	95.68%	104,023	4,410,147	97.99%	745,283	16.56%
2011-12	4,387,975	4,263,643	97.17%	89,554	4,353,197	99.21%	685,219	15.62%
2010-11	4,499,124	4,279,115	95.11%	103,780	4,382,895	97.42%	547,951	12.18%
2009-10	4,393,072	4,174,315	95.02%	101,925	4,276,240	97.34%	453,569	10.32%
2008-09	4,572,954	4,351,121	95.15%	107,837	4,458,958	97.51%	417,952	9.14%

(1) Exclusive of penalties and interest. Includes payments from the State under the PPTRA Program.

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)	Total
2017-18	$ 445,458,400	$ 64,891,400	$ 26,428,235	$ 32,410,760	$ 74,565,512	643,754,307
2016-17	440,938,400	65,406,832	22,601,860	40,886,880	68,192,057	638,026,029
2015-16	438,559,100	63,434,327	21,173,188	17,999,660	68,887,711	610,053,986
2014-15	438,354,300	62,032,071	21,751,011	16,386,062	69,157,475	607,680,919
2013-14	474,248,200	61,457,778	22,065,463	18,517,645	68,896,268	645,185,354
2012-13	470,653,400	60,989,159	18,487,011	14,460,538	66,422,045	631,012,153
2011-12	468,060,900	58,142,279	18,755,542	11,520,518	64,969,827	621,449,066
2010-11	464,944,700	59,715,654	19,441,218	19,501,019	67,478,296	631,080,887
2009-10	462,097,800	56,044,649	19,321,771	17,708,818	66,929,253	622,102,291
2008-09	460,617,400	63,124,074	20,572,309	16,411,741	68,693,487	629,419,011

(1) Real estate is assessed at 100% of fair market value.
(2) Assessed values are established by the State Corporation Commission.

Table 7

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Merchant's Capital	Machinery and Tools
2017-18	$ 0.60	$ 2.29	$ 0.60	$ 0.73	$ 0.89
2016-17	0.60	2.29	0.60	0.73	0.89
2015-16	0.60	2.29	0.60	0.73	0.89
2014-15	0.60	2.29	0.60	0.73	0.89
2013-14	0.55	2.29	0.55	0.73	0.89
2012-13	0.55	2.29	0.55	0.73	0.89
2011-12	0.55	2.29	0.55	0.73	0.89
2010-11	0.55	2.29	0.55	0.73	0.89
2009-10	0.55	2.29	0.55	0.73	0.89
2008-09	0.55	2.29	0.55	0.73	0.89

(1) Per $100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross and Net Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2017-18	6,824	$ 643,754	$ -	-	0.00%	-
2016-17	6,824	638,026	-	-	0.00%	-
2015-16	6,824	610,054	-	-	0.00%	-
2014-15	6,824	607,681	-	-	0.00%	-
2013-14	6,824	645,185	65,000	65,000	0.01%	10
2012-13	6,824	631,012	130,000	130,000	0.02%	19
2011-12	6,824	621,449	190,000	190,000	0.03%	28
2010-11	6,824	631,081	425,501	425,501	0.07%	62
2009-10	6,871	622,102	549,101	549,101	0.09%	80
2008-09	6,871	629,419	747,768	747,768	0.12%	109

(1) Center for Public Service at the University of Virginia.
(2) Real property assessed at 100% of fair market value.
(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.
Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

Table 9

County of Bland, Virginia
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures (1)
Last Ten Fiscal Years

Fiscal Year	Principal (2)	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2017-18	$ 105,000	$ 87,809	$ 192,809	$ 15,226,266	1.27%
2016-17	100,000	92,413	192,413	15,378,217	1.25%
2015-16	95,000	96,284	191,284	14,929,793	1.28%
2014-15	160,000	101,016	261,016	14,682,709	1.78%
2013-14	155,000	107,157	262,157	15,650,814	1.68%
2012-13	78,173	180,482	258,655	14,853,718	1.74%
2011-12	188,664	161,533	350,197	15,879,174	2.21%
2010-11	188,664	161,533	350,197	14,886,851	2.35%
2009-10	263,449	182,830	446,279	15,145,350	2.95%
2008-09	248,722	184,607	433,329	15,375,724	2.82%

(1) Includes General fund of the Primary Government and the Discretely Presented Component Unit - School Board.
(2) The County refunded $2,925,391 in fiscal year 2012-13.

COMPLIANCE SECTION

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 Board of Supervisors
County of Bland, Virginia
Bland, 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 the County of Bland, Virginia as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County of Bland, Virginia's basic financial statements and have issued our report thereon dated December 7, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Bland, 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 the County of Bland, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Bland, 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 certain deficiencies in internal control that we consider to be material weaknesses [2018-001].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Bland, 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 Bland, Virginia's Response to Findings

County of Bland, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Bland, 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

Blacksburg, Virginia
December 7, 2018

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

To the Board of Supervisors
County of Bland, Virginia
Bland, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Bland, 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 Bland, Virginia's major federal programs for the year ended June 30, 2018. County of Bland, 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 Bland, 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 Bland, 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 Bland, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, the County of Bland, 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 Bland, 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 Bland, 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 Bland, Virginia's internal control over compliance.

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

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

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 7, 2018

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

Federal Grantor/State Pass - Through Grantor/Cluster/Program 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			$ 8,577
Temporary Assistance for Needy Families	93.558	0400118			77,430
Refugee and Entrant Assistance - State Administered Programs	93.566	0500118			119
Low-Income Home Energy Assistance	93.568	0600418			10,365
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760118			12,475
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900116, 0900117			227
Foster Care - Title IV-E	93.658	1100118			89,650
Adoption Assistance	93.659	1120118			51,303
Social Services Block Grant	93.667	1000118			95,351
Chafee Foster Care Independence Program	93.674	9150118			469
Children's Health Insurance Program	93.767	0540118			4,467
Medical Assistance Program	93.778	1200118			118,152
Total Department of Health and Human Services					$ 468,585
Department of Agriculture:					
Direct Payments:					
Water and Waste Disposal Systems for Rural Communities	10.760	Not available			$ 2,127,980
Pass Through Payments:					
Child Nutrition Cluster:					
Virginia Department of Agriculture and Consumer Services:					
National School Lunch Program - Food Distribution (3)	10.555	Not available	$ 24,247		
Department of Education:					
National School Lunch Program	10.555	40254, 40623	117,703	$ 141,950	
School Breakfast Program	10.553	40253, 40591		52,180	$ 194,130
Schools and Roads - Grants to States	10.665	43841			82,923
Department of Social Services:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010118, 0040118			116,603
Total Department of Agriculture					$ 2,521,636
Department of Homeland Security:					
Pass Through Payments:					
Department of Emergency Services:					
Emergency Management Performance Grants	97.042	52724			$ 7,500
Department of Transportation:					
Pass Through Payments:					
Department of Motor Vehicles:					
Highway Planning and Construction	20.205	Not available			$ 180,712
Alcohol Open Container Requirements	20.607	154AL-2017-57234			3,075
Total Department of Transportation					$ 183,787
Department of Justice:					
Pass Through Payments:					
Department of Criminal Justice Service:					
Crime Victim Assistance	16.575	S3028VW15			$ 41,041
Department of Education:					
Pass Through Payments:					
Department of Education:					
Title I: Grants to Local Educational Agencies	84.010	42901			$ 160,218
Special Education Cluster:					
Special Education - Grants to States	84.027	43071		$ 193,429	
Special Education - Preschool Grants	84.173	62521		8,297	201,726
Career and Technical Education - Basic Grants to States	84.048	61095			6,948
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	61480			42,454
Total Department of Education					$ 411,346
Total Expenditures of Federal Awards					$ 3,633,895

Notes to Schedule of Expenditures of Federal Awards:

Note 1 -- Basis of Presentation
The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Bland County, 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 Bland, Virginia, it is not intended to and does not present the financial position, changes in nets position, or cash flows of the County of Bland, Virginia.

Note 2 -- Summary of Significant Accounting Policies
(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 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.

(3) The County did not elect the 10% de minimus indirect cost rate because they only request direct costs for reimbursement.

Note 3 -- Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2018, the Bland County School Board had food commodities totaling $0 in inventory.

Note 4 -- Subrecipients
The County did not have any subrecipients for the year ended June 30, 2018.

Note 5 -- 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	$	1,024,527
Less: Payment in Lieu of Taxes		(207,011)
Total General Fund	$	817,516
Service Authority		
Federal loans	$	2,127,980
Total primary government	$	2,945,496
Component Unit School Board:		
School Operating Fund	$	688,399
Total federal expenditures per the basic financial statements	$	3,633,895
Federal expenditures per the Schedule of Expenditures of Federal Awards	$	3,633,895

County of Bland, 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?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.760	Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

2018-001

Criteria:	A key concept of internal control is the segregation of duties. No one employee should have access to both accounting records and related assets.
Condition:	The County and the School Board lack proper segregation of duties over the following functions: Collections in the Treasurer's office, Accounts Payable and Payroll at the County; and Accounts Payable and Payroll at the School Board.
Cause of Condition:	The County and School Board lack the funding to fully support a completely segregated finance department.
Effect of Condition:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control over financial reporting.
Recommendation:	Management should further try to segregate duties amongst current staff to help mitigate risk created by improper segregation of duties.
Management's Response:	Management acknowledges that internal control over the functions listed above lack proper segregation of duties; however, to appropriately mitigate the same would require additional staff. Due to cost constraints, the County and School Board have decided not to address the aforementioned internal control deficiency.

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Status of Prior Audit Findings

2017-001

Finding 2017-001 was recurring in fiscal year 2018 as 2018-001