

COUNTY OF RICHMOND, VIRGINIA



ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018

COUNTY OF RICHMOND, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

COUNTY OF RICHMOND, VIRGINIA

BOARD OF SUPERVISORS

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John David Parr
William C. Herbert, II

Robert B. Pemberton
Richard E. Thomas, Sr.

COUNTY SCHOOL BOARD

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Kathleen F. Beane
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SOCIAL SERVICES BOARD

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Gordon Tolson

Neal Schools
Nancy Finnegan

OTHER OFFICIALS

Judge of the Circuit Court..... R. Michael McKenney
Clerk of the Circuit Court Cheryl B. Pierson
Judge of the General District Court John S. Martin
Judge of the Juvenile and Domestic Relations Court William L. Lewis
Commonwealth's Attorney..... Elizabeth Tribble
Commissioner of the Revenue Jennifer W. Delano
Treasurer..... Kristie S. Brann
Sheriff Stephan B. Smith
Superintendent of Schools..... James G. Smith
Director of Social Services..... Vanessa Livingstone
County Administrator.....R. Morgan Quicke

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 ANNUAL FINANCIAL REPORT
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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To The Honorable Members of the Board of Supervisors
County of Richmond
Warsaw, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Richmond, Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Richmond, 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 19 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 19 to the financial statements, in 2018, the County restated beginning balances to reflect the requirements of GASB Statement No. 75. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-10, 101-103, and 104-119 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Richmond, Virginia's basic financial statements. The other supplementary information and the 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.

Other Matters (Continued)

Supplementary and Other Information (Continued)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2018, on our consideration of County of Richmond, 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 Richmond, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Richmond, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 21, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Richmond, Virginia, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2018. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

- < The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$4,431,750 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures and other financing uses in excess of revenues and other financing sources of \$1,545,261 (Exhibit 5) after making contributions totaling \$4,526,247 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$1,995,472, an increase of \$1,545,261 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$530,109, or 3.3% of total general fund expenditures and other uses.
- < The combined long-term obligations increased by \$508,233 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component units - School Board, and Industrial Development Authority. The Component Units do not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,431,750 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net position:

		County of Richmond, Virginia's Net Position	
		Governmental Activities	
		2018	2017
Current and other assets	\$	3,882,784	\$ 1,857,582
Capital assets		<u>22,024,337</u>	<u>21,377,698</u>
Total assets	\$	<u>25,907,121</u>	<u>\$ 23,235,280</u>
Deferred outflows of resources	\$	<u>342,784</u>	<u>\$ 648,881</u>
Current liabilities	\$	1,796,004	\$ 1,250,136
Long-term liabilities outstanding		<u>19,663,871</u>	<u>18,776,755</u>
Total liabilities	\$	<u>21,459,875</u>	<u>\$ 20,026,891</u>
Deferred inflows of resources	\$	<u>358,280</u>	<u>\$ 44,390</u>
Net position:			
Net investment in capital assets	\$	4,909,357	\$ 4,261,024
Restricted		89,113	103,027
Unrestricted		<u>(566,720)</u>	<u>(551,171)</u>
Total net position	\$	<u><u>4,431,750</u></u>	<u><u>\$ 3,812,880</u></u>

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

Government-wide Financial Analysis (Continued)

The County's net position increased by \$984,753 during the current fiscal year. The following table summarizes the County's Statement of Activities.

		Governmental Activities	
		2018	2017
Charges for services	\$	496,099	\$ 464,313
Operating grants and contributions		4,946,946	4,775,138
General property taxes		8,298,459	8,097,044
Other local taxes		1,504,943	1,595,454
Grants and other contributions not restricted		1,145,684	1,118,371
Other general revenues		212,604	103,205
Total revenues	\$	<u>16,604,735</u>	\$ <u>16,153,525</u>
General government administration	\$	1,156,714	\$ 1,199,922
Judicial administration		702,259	679,860
Public safety		2,810,860	2,565,301
Public works		1,200,647	1,001,652
Health and welfare		1,655,037	1,553,210
Education		5,093,707	5,561,858
Parks, recreation, and cultural		142,795	128,334
Community development		2,181,334	2,336,174
Interest and other fiscal charges		676,629	546,455
Total expenses	\$	<u>15,619,982</u>	\$ <u>15,572,766</u>
Change in net position	\$	984,753	\$ 580,759
Net position, beginning of year, as restated		3,446,997	3,232,121
Net position, end of year	\$	<u><u>4,431,750</u></u>	\$ <u><u>3,812,880</u></u>

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

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$1,995,472, an increase of \$1,545,261 in comparison with the prior year. Approximately 26.6% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

General Fund Budgetary Highlights

During the year, revenues and other sources were in excess of budgetary estimates by \$1,293,459. Budgetary estimates exceeded expenditures and other uses by \$2,674,563 resulting in a positive variance of \$822,446 for net change in fund balance.

Capital Asset and Debt Administration

< **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2018 amounts to \$22,024,337 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, and machinery and equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$17,845,445. Of this amount, \$14,987,305 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease/revenue bonds, capital leases and notes).

The County's total debt decreased by \$1,104,578 during the current fiscal year.

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

Economic Factors and Next Year's Budgets and Rates

< Inflationary trends in the region compare to national indexes.

All of these factors were considered in preparing the County's budget for the 2019 fiscal year.

The fiscal year 2019 budget increased by approximately 2.8% and tax rates for all property taxes remained the same.

Requests for Information

This financial report is designed to provide a general overview of the County of Richmond, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 1000, Warsaw, Virginia 22572.

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

	Primary Government		
	Governmental	Component Units	
	<u>Activities</u>	<u>School Board</u>	<u>IDA</u>
ASSETS			
Cash and cash equivalents	\$ 1,643,648	\$ 105,515	\$ 59,114
Receivables (net of allowance for uncollectibles):			
Taxes receivable	222,934	-	-
Accounts receivable	60,259	-	1,100
Due from other governmental units	819,750	1,126,499	-
Inventories	-	12,164	-
Restricted assets:			
Cash and cash equivalents	1,136,193	-	-
Net pension asset	-	172,617	-
Capital assets (net of accumulated depreciation):			
Land	432,644	28,062	149,907
Buildings and improvements	19,381,751	3,827,000	297,877
Machinery, equipment and vehicles	795,237	1,159,706	8,820
Construction in progress	1,414,705	-	-
Total assets	<u>\$ 25,907,121</u>	<u>\$ 6,431,563</u>	<u>\$ 516,818</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 327,628	\$ 1,305,831	\$ -
OPEB related items	15,156	135,821	-
Total deferred outflows of resources	<u>\$ 342,784</u>	<u>\$ 1,441,652</u>	<u>\$ -</u>
LIABILITIES			
Accounts payable	\$ 603,844	\$ 59,176	\$ -
Accrued liabilities	-	1,074,013	-
Accrued interest payable	168,929	-	-
Bonds held for others	79,250	-	-
Due to other governmental units	943,981	-	-
Long-term liabilities:			
Due within one year	967,675	147,428	-
Due in more than one year	18,696,196	12,689,758	-
Total liabilities	<u>\$ 21,459,875</u>	<u>\$ 13,970,375</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 61,395	\$ -	\$ -
Pension related items	267,805	1,294,162	-
OPEB related items	29,080	92,854	-
Total deferred inflows of resources	<u>\$ 358,280</u>	<u>\$ 1,387,016</u>	<u>\$ -</u>
NET POSITION			
Net investment in capital assets	\$ 4,909,357	\$ 4,882,385	\$ 456,604
Restricted for:			
Landfill trust	89,113	-	-
Unrestricted (deficit)	(566,720)	(12,366,561)	60,214
Total net position	<u>\$ 4,431,750</u>	<u>\$ (7,484,176)</u>	<u>\$ 516,818</u>

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

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government	Component Units	
				Governmental Activities	School Board	IDA
PRIMARY GOVERNMENT:						
Governmental activities:						
General government administration	\$ 1,156,714	\$ 4,108	\$ 246,420	\$ (906,186)		
Judicial administration	702,259	6,015	338,287	(357,957)		
Public safety	2,810,860	485,976	1,031,988	(1,292,896)		
Public works	1,200,647	-	-	(1,200,647)		
Health and welfare	1,655,037	-	1,174,744	(480,293)		
Education	5,093,707	-	-	(5,093,707)		
Parks, recreation, and cultural	142,795	-	-	(142,795)		
Community development	2,181,334	-	1,935,556	(245,778)		
Interest on long-term debt	676,629	-	219,951	(456,678)		
Total governmental activities	\$ 15,619,982	\$ 496,099	\$ 4,946,946	\$ (10,176,937)		
Total primary government	\$ 15,619,982	\$ 496,099	\$ 4,946,946			
COMPONENT UNITS:						
School Board	\$ 14,455,432	\$ 89,411	\$ 9,969,939	\$ (4,396,082)	\$ -	
IDA	39,877	33,200	-	-	(6,677)	
Total component units	\$ 14,495,309	\$ 122,611	\$ 9,969,939	\$ (4,396,082)	\$ (6,677)	
General revenues:						
General property taxes				\$ 8,298,459	\$ -	\$ -
Other local taxes:						
Local sales and use taxes				1,289,488	-	-
Other local taxes				215,455	-	-
Unrestricted revenues from use of money and property				46,929	693	17
Miscellaneous				165,675	171,257	12,189
Grants and contributions not restricted to specific programs				1,145,684	6,453	-
Contributions from Richmond County				-	4,604,135	-
Total general revenues				\$ 11,161,690	\$ 4,782,538	\$ 12,206
Change in net position				\$ 984,753	\$ 386,456	\$ 5,529
Net position - beginning, as restated				3,446,997	(7,870,632)	511,289
Net position - ending				\$ 4,431,750	\$ (7,484,176)	\$ 516,818

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

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

	General <u>Fund</u>	Sheriff's <u>Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,620,134	\$ 23,514	\$ 1,643,648
Receivables (net of allowance for uncollectibles):			
Taxes receivable	222,934	-	222,934
Accounts receivable	60,259	-	60,259
Due from other governmental units	819,750	-	819,750
Restricted assets:			
Cash and cash equivalents	1,136,193	-	1,136,193
Total assets	<u>\$ 3,859,270</u>	<u>\$ 23,514</u>	<u>\$ 3,882,784</u>
LIABILITIES			
Accounts payable	\$ 603,844	\$ -	\$ 603,844
Bonds held for others	79,250	-	79,250
Due to other governmental units	943,981	-	943,981
Total liabilities	<u>\$ 1,627,075</u>	<u>\$ -</u>	<u>\$ 1,627,075</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 260,237	\$ -	\$ 260,237
Total deferred inflows of resources	<u>\$ 260,237</u>	<u>\$ -</u>	<u>\$ 260,237</u>
FUND BALANCES			
Restricted	\$ 1,136,193	\$ 23,514	\$ 1,159,707
Committed	4,566	-	4,566
Assigned	301,090	-	301,090
Unassigned	530,109	-	530,109
Total fund balances	<u>\$ 1,971,958</u>	<u>\$ 23,514</u>	<u>\$ 1,995,472</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,859,270</u>	<u>\$ 23,514</u>	<u>\$ 3,882,784</u>

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

County of Richmond, 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	\$	1,995,472
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	\$ 32,265,803	
Accumulated depreciation	<u>(10,241,466)</u>	22,024,337
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue - property taxes		198,842
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 327,628	
OPEB related items	<u>15,156</u>	342,784
Long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:		
Lease revenue bonds	\$ (2,765,870)	
General obligations bonds	(14,987,305)	
Capital lease	(42,630)	
USDA loan	(49,640)	
Compensated absences	(161,693)	
Deferred issuance premium	(316,615)	
Net OPEB liabilities	(392,443)	
Net pension liability	(947,675)	
Accrued interest payable	<u>(168,929)</u>	(19,832,800)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (267,805)	
OPEB related items	<u>(29,080)</u>	(296,885)
Net position of governmental activities		<u><u>\$ 4,431,750</u></u>

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

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

	General <u>Fund</u>	Workforce Investment <u>Act Fund</u>	Sheriff's <u>Fund</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 8,369,159	\$ -	\$ -	\$ 8,369,159
Other local taxes	1,504,943	-	-	1,504,943
Permits, privilege fees, and regulatory licenses	80,149	-	-	80,149
Fines and forfeitures	50,298	-	-	50,298
Revenue from the use of money and property	46,929	-	-	46,929
Charges for services	365,652	-	-	365,652
Miscellaneous	165,675	-	-	165,675
Recovered costs	902,092	-	-	902,092
Intergovernmental:				
Commonwealth	3,165,638	-	6,132	3,171,770
Federal	985,304	1,935,556	-	2,920,860
Total revenues	<u>\$ 15,635,839</u>	<u>\$ 1,935,556</u>	<u>\$ 6,132</u>	<u>\$ 17,577,527</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,076,488	\$ -	\$ -	\$ 1,076,488
Judicial administration	571,533	-	-	571,533
Public safety	3,006,303	-	-	3,006,303
Public works	1,034,255	-	-	1,034,255
Health and welfare	2,505,914	-	-	2,505,914
Education	4,536,747	-	-	4,536,747
Parks, recreation, and cultural	142,532	-	-	142,532
Community development	242,391	1,935,556	-	2,177,947
Nondepartmental	49,128	-	-	49,128
Capital projects	1,312,408	-	-	1,312,408
Debt service:				
Principal retirement	945,422	-	-	945,422
Interest and other fiscal charges	723,589	-	-	723,589
Total expenditures	<u>\$ 16,146,710</u>	<u>\$ 1,935,556</u>	<u>\$ -</u>	<u>\$ 18,082,266</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (510,871)</u>	<u>\$ -</u>	<u>\$ 6,132</u>	<u>\$ (504,739)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 2,325	\$ 2,325
Transfers out	(2,325)	-	-	(2,325)
Issuance of USDA loan	50,000	-	-	50,000
Issuance of lease revenue bond	2,000,000	-	-	2,000,000
Total other financing sources (uses)	<u>\$ 2,047,675</u>	<u>\$ -</u>	<u>\$ 2,325</u>	<u>\$ 2,050,000</u>
Net change in fund balances	\$ 1,536,804	\$ -	\$ 8,457	\$ 1,545,261
Fund balances - beginning	435,154	-	15,057	450,211
Fund balances - ending	<u>\$ 1,971,958</u>	<u>\$ -</u>	<u>\$ 23,514</u>	<u>\$ 1,995,472</u>

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

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

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

Net change in fund balances - total governmental funds \$ 1,545,261

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

Capital outlay	\$ 1,582,216	
Depreciation expense	(844,836)	
Transfer of joint tenancy assets to Component Unit School Board from Primary Government	<u>(77,888)</u>	659,492

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (12,853)

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

Property taxes (70,700)

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 differences in the treatment of long-term obligations and related items. The following is a summary of items supporting this adjustment:

Principal retirement on lease revenue bonds	\$ 356,703	
Principal retirement on general obligation bonds	540,930	
Principal retirement on note payable	10,522	
Principal retirement on capital lease	16,412	
Principal retirement on USDA loan	20,855	
Issuance of USDA loan	(50,000)	
Issuance of lease revenue bond	<u>(2,000,000)</u>	(1,104,578)

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

The following is a summary of items supporting this adjustment:

Amortization of bond premium	\$ 59,192	
Pension expense	(66,038)	
OPEB expense	4,620	
Change in compensated absences	(17,411)	
Change in accrued interest payable	<u>(12,232)</u>	(31,869)

Change in net position of governmental activities \$ 984,753

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

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

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,043,132
Total assets	\$ 1,043,132
 LIABILITIES	
Accounts payable	\$ 16,680
Amounts held for social services clients	11,477
Amounts held for Northern Neck Regional Vocational Center	303,328
Amounts held for Northern Neck Regional Special Education Program	711,647
Total liabilities	\$ 1,043,132

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2018

Note 1—Summary of Significant Accounting Policies:

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

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

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

Government-wide and Fund Financial Statements

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

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

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

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

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

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

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

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

A. Financial Reporting Entity

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

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

B. Individual Component Unit Disclosures

Blended Component Unit.

The County has no blended component units at June 30, 2018.

Discretely Presented Component Units.

The Richmond County School Board members are appointed by the Richmond County School Board Selection Commission. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2018.

The Richmond County Industrial Development Authority is responsible for industrial and commercial development in the County. The Board of Supervisors appoints the Authority board members. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2018. The Authority does not issue a separate financial report.

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

None

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

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

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

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

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

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

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

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

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

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

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

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

1. Governmental Funds

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

a. General Fund

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

b. Special Revenue Funds

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The only two special revenue funds are the Sheriff's Fund and the Workforce Investment Act Fund, which are considered major funds.

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

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

2. Fiduciary Funds - (Trust and Agency Funds)

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. The County's Agency Funds include Library, Special Welfare, Local Sales Tax, Northern Neck Regional Vocational Center, and Northern Neck Regional Special Education Program. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation, but have no measurement focus. Fiduciary funds are not included in the government-wide financial statements.

E. Cash and Cash Equivalents

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

F. Investments

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

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

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$86,855 at June 30, 2018 and is comprised solely of property taxes.

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

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

G. Receivables and Payables (Continued)

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

H. Capital Assets

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	50
Vehicles	5
Buses	10
Equipment	10

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

I. Compensated Absences

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

J. Use of Estimates

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

K. Net Position

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

L. Net Position Flow Assumption

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

M. Pensions

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

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

N. Other Postemployment Benefits (OPEB)

Group Life Insurance

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

Teacher Employee Health Insurance Credit Program

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

Medical and Dental Pay-As-You Go

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

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

O. Long-term Obligations

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

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

P. 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.

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

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

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

P. Fund Equity (Continued)

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

	<u>General</u>	<u>Sheriff's Fund</u>	<u>Total</u>
Fund balances:			
Restricted:			
Landfill trust	\$ 89,113	\$ -	\$ 89,113
Construction funds	1,047,080	-	1,047,080
Drug seizure	-	23,514	23,514
Total restricted fund balance	<u>\$ 1,136,193</u>	<u>\$ 23,514</u>	<u>\$ 1,159,707</u>
Committed:			
Courthouse maintenance	\$ 4,566	\$ -	\$ 4,566
Total committed fund balance	<u>\$ 4,566</u>	<u>\$ -</u>	<u>\$ 4,566</u>
Assigned:			
Reassessment fund	\$ 90,000	\$ -	\$ 90,000
Asset forfeiture	16	-	16
Bond holding fund	79,250	-	79,250
Central accounting system	75,000	-	75,000
Capital improvement fund	56,824	-	56,824
Total assigned fund balance	<u>\$ 301,090</u>	<u>\$ -</u>	<u>\$ 301,090</u>
Unassigned	\$ 530,109	\$ -	\$ 530,109
Total fund balances	<u>\$ 1,971,958</u>	<u>\$ 23,514</u>	<u>\$ 1,995,472</u>

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

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension contributions to the pension and OPEB plans made during the current year and subsequent to the net pension asset/liability and net OPEB asset/liability measurement date. For more detailed information on these items, reference the related notes.

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

Note 2—Stewardship, Compliance, and Accounting:

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

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

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

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

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2018.

Note 3—Deposits and Investments:

Deposits

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

Investments

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

Credit Risk of Debt Securities

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

County’s Rated Debt Investments’ Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Rating</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 7,411
Virginia Investment Pool	10,453
Total	<u>\$ 17,864</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 3—Deposits and Investments: (Continued)

Interest Rate Risk

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>	
	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Local Government Investment Pool	\$ 7,411	\$ 7,411
Virginia Investment Pool	10,453	10,453
Total	<u>\$ 17,864</u>	<u>\$ 17,864</u>

External Investment Pools

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

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County has measured fair value of the VML/VACO Investment Pool investment at the net asset value (NAV).

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 4—Due from/to Other Governments:

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

	Primary Government	Component Unit School Board
Other Local Governments:		
County of Richmond, Virginia	\$ -	\$ 943,981
Commonwealth of Virginia:		
Mobile home titling tax	3,490	-
Motor vehicle carriers' tax	1,007	-
Recordation tax	4,719	-
Rolling stock tax	1,113	-
Welfare	26,955	-
State sales Tax	-	145,733
Local sales tax	268,561	-
Constitutional officer reimbursements	100,142	-
Victim witness	29,355	-
Comprehensive services act	75,966	-
Communications tax	45,149	-
Wireless grant	7,069	-
Other state funds	1,056	-
Federal Government:		
School fund grants	-	36,785
QSCB interest rate subsidy	110,827	-
Victim witness	88,065	-
Ground transportation safety grant	7,518	-
Welfare	48,758	-
Total due from other governments	<u>\$ 819,750</u>	<u>\$ 1,126,499</u>

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

	Primary Government	Component Unit School Board
Other Local Governments:		
Richmond County School Board	<u>\$ 943,981</u>	<u>\$ -</u>
	<u>\$ 943,981</u>	<u>\$ -</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 5—Capital Assets:

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

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<i>Primary Government:</i>				
Capital assets not subject to depreciation:				
Land	\$ 445,497	\$ -	\$ 12,853	\$ 432,644
Construction in Progress	185,350	1,229,355	-	1,414,705
Total capital assets not subject to depreciation	\$ 630,847	\$ 1,229,355	\$ 12,853	\$ 1,847,349
Capital assets subject to depreciation:				
Buildings and improvements	\$ 6,588,890	\$ -	\$ -	\$ 6,588,890
Machinery, equipment, and vehicles	2,374,286	352,861	25,217	2,701,930
Jointly owned assets	21,528,304	-	400,670	21,127,634
Total capital assets subject to depreciation	\$ 30,491,480	\$ 352,861	\$ 425,887	\$ 30,418,454
Accumulated depreciation:				
Buildings and improvements	\$ 2,040,084	\$ 154,360	\$ -	\$ 2,194,444
Machinery, equipment, and vehicles	1,704,476	227,434	25,217	1,906,693
Jointly owned assets	6,000,069	463,042	322,782	6,140,329
Total accumulated depreciation	\$ 9,744,629	\$ 844,836	\$ 347,999	\$ 10,241,466
Total capital assets subject to depreciation, net	\$ 20,746,851	\$ (491,975)	\$ 77,888	\$ 20,176,988
Governmental activities capital assets, net	<u>\$ 21,377,698</u>	<u>\$ 737,380</u>	<u>\$ 90,741</u>	<u>\$ 22,024,337</u>

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 5—Capital Assets: (Continued)

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<i>Component Unit-School Board:</i>				
Capital assets not subject to depreciation:				
Land	\$ 28,062	\$ -	\$ -	\$ 28,062
Total capital assets not subject to depreciation	<u>\$ 28,062</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,062</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 245,863	\$ -	\$ -	\$ 245,863
Machinery, equipment, and vehicles	3,443,190	183,353	145,297	3,481,246
Jointly owned assets	4,720,441	-	(400,670)	5,121,111
Total capital assets subject to depreciation	<u>\$ 8,409,494</u>	<u>\$ 183,353</u>	<u>\$ (255,373)</u>	<u>\$ 8,848,220</u>
Accumulated depreciation:				
Buildings and improvements	\$ 38,751	\$ 12,875	\$ -	\$ 51,626
Machinery, equipment, and vehicles	2,238,935	227,902	145,297	2,321,540
Jointly owned assets	1,064,036	101,530	(322,782)	1,488,348
Total accumulated depreciation	<u>\$ 3,341,722</u>	<u>\$ 342,307</u>	<u>\$ (177,485)</u>	<u>\$ 3,861,514</u>
Total capital assets subject to depreciation, net	<u>\$ 5,067,772</u>	<u>\$ (158,954)</u>	<u>\$ (77,888)</u>	<u>\$ 4,986,706</u>
Governmental activities capital assets, net	<u>\$ 5,095,834</u>	<u>\$ (158,954)</u>	<u>\$ (77,888)</u>	<u>\$ 5,014,768</u>

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 5—Capital Assets: (Continued)

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<i>Component Unit-Industrial Development Authority:</i>				
Capital assets not subject to depreciation:				
Land	\$ 149,907	\$ -	\$ -	\$ 149,907
Total capital assets not subject to depreciation	\$ 149,907	\$ -	\$ -	\$ 149,907
Capital assets subject to depreciation:				
Buildings and improvements	\$ 598,470	\$ -	\$ -	\$ 598,470
Machinery, equipment, and vehicles	14,700	-	-	14,700
Total capital assets subject to depreciation	\$ 613,170	\$ -	\$ -	\$ 613,170
Accumulated depreciation:				
Buildings and improvements	\$ 288,624	\$ 11,969	\$ -	\$ 300,593
Machinery, equipment, and vehicles	2,940	2,940	-	5,880
Total accumulated depreciation	\$ 291,564	\$ 14,909	\$ -	\$ 306,473
Total capital assets subject to depreciation, net	\$ 321,606	\$ (14,909)	\$ -	\$ 306,697
Business-type activities capital assets, net	\$ 471,513	\$ (14,909)	\$ -	\$ 456,604

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 7,498
Judicial administration	137,714
Public safety	53,839
Public works	166,283
Health and welfare	14,135
Education	463,042
Community development	2,325
Total Governmental activities	\$ 844,836
Component Unit - School Board	\$ 342,307
Component Unit - Industrial Development Authority	\$ 14,909

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 6—Long-Term Obligations:

Primary Government:

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

	Restated Balance at July 1, 2017	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2018	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurring by County:					
Compensated absences	\$ 144,282	\$ 31,839	\$ 14,428	\$ 161,693	\$ 16,169
Lease revenue bonds	1,122,573	2,000,000	356,703	2,765,870	376,976
USDA loan	20,495	50,000	20,855	49,640	4,318
Capital lease	59,042	-	16,412	42,630	16,774
Note payable	10,522	-	10,522	-	-
Add deferred amounts:					
Issuance premium	88,098	-	44,049	44,049	-
Net pension liability	1,470,695	1,438,655	1,961,675	947,675	-
Net OPEB liabilities	423,987	19,883	51,427	392,443	-
Total incurred by County	\$ 3,339,694	\$ 3,540,377	\$ 2,476,071	\$ 4,404,000	\$ 414,237
Incurring by School Board:					
General obligation bonds	\$ 15,528,235	\$ -	\$ 540,930	\$ 14,987,305	\$ 553,438
Add deferred amounts:					
Issuance premium	287,709	-	15,143	272,566	-
Total incurred by School Board	\$ 15,815,944	\$ -	\$ 556,073	\$ 15,259,871	\$ 553,438
Total Governmental Activities Obligations	\$ 19,155,638	\$ 3,540,377	\$ 3,032,144	\$ 19,663,871	\$ 967,675

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 6—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	County Obligations			
	Lease Revenue Bonds		USDA Loan	
	Principal	Interest	Principal	Interest
2019	\$ 376,976	\$ 69,021	\$ 4,318	\$ 1,550
2020	388,894	53,364	4,461	1,407
2021	96,000	44,800	4,608	1,260
2022	109,000	42,650	4,760	1,108
2023	112,000	40,208	4,917	951
2024	112,000	37,699	5,079	789
2025	124,000	35,190	5,247	621
2026	127,000	32,413	5,420	448
2027	131,000	29,568	5,599	269
2028	188,000	26,634	5,231	91
2029	193,000	22,422	-	-
2030	196,000	18,099	-	-
2031	199,000	13,709	-	-
2032	204,000	9,251	-	-
2033	209,000	4,682	-	-
Total	<u>\$ 2,765,870</u>	<u>\$ 479,710</u>	<u>\$ \$ 49,640</u>	<u>\$ \$ 8,494</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 6—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2019	\$ 553,438	\$ 497,669
2020	561,317	490,311
2021	854,559	479,877
2022	869,559	463,086
2023	884,558	447,312
2024	899,558	434,481
2025	900,526	424,226
2026	910,526	414,324
2027	920,526	403,629
2028	883,467	386,478
2029	903,467	365,583
2030	923,467	346,979
2031	943,467	327,763
2032	963,467	307,939
2033	983,467	287,503
2034	1,003,467	266,459
2035	1,028,469	127,891
Total	<u>\$ 14,987,305</u>	<u>\$ 6,471,510</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 6—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations:

	<u>Total Amount</u>
<u>Incurring by County:</u>	
<u>Lease Revenue Bonds:</u>	
\$2,660,000 VRA refunding bonds issued November 17, 2011, due in annual principal installments through November 1, 2019, interest payable semi-annually at various rates.	\$ 755,000
\$59,800 USDA revenue bonds issued January 29, 2010, due in monthly principal installments through December 19, 2019, interest payable monthly at 4%.	10,870
\$2,000,000 lease revenue bond issued July 1, 2017, due in annual principal installments through June 30, 2033, interest payable monthly at 2.24%.	<u>2,000,000</u>
Total Lease Revenue Bonds	<u>\$ 2,765,870</u>
<u>USDA Loan:</u>	
\$50,000 USDA loan issued May 8, 2018, due in monthly installments of \$489 through May 8, 2028 with interest due at 3.25%.	<u>\$ 49,640</u>
<u>Capital Lease:</u>	
\$83,000 capital lease issued July 16, 2015, due in semi-annual installments of \$8,808 through July 2020. Interest at 2.189%.	<u>\$ 42,630</u>
Issuance premium	<u>\$ 44,049</u>
Compensated absences (payable by General Fund)	<u>\$ 161,693</u>
Net pension liability	<u>\$ 947,675</u>
Net OPEB liabilities (payable by General Fund)	<u>\$ 392,443</u>
Total incurred by County	<u>\$ 4,404,000</u>

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 6—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Incurring by School Board:

General Obligation Bonds:

\$1,999,022 School bonds issued November 19, 1998, due in varying annual installments of principal and interest through January 15, 2019, interest payable semi-annually ranges from 3.6% to 5.1%.	\$ 113,823
\$2,500,000 School bonds issued September 1, 2010, due in annual principal installments of \$147,059 through September 1, 2026. This bond is interest-free.	1,323,529
\$6,085,183 School bonds issued October 31, 2012, due in varying annual installments of principal and interest through December 1, 2034, interest payable semi-annually at the rate of 3.84% per annum.	5,354,953
\$8,770,000 School bonds issued November 15, 2012, due in varying annual installments of principal and interest through July 15, 2034, interest payable semi-annually ranges from 2.05% to 5.05%.	8,195,000
Total General Obligation Bonds	<u>\$ 14,987,305</u>
Bond issuance premium	<u>\$ 272,566</u>
Total incurred by School Board	<u>\$ 15,259,871</u>
Total Long-Term Obligations, Primary Government	<u><u>\$ 19,663,871</u></u>

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 6—Long-Term Obligations: (Continued)

Component Unit-School Board:

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

	Restated Balance at July 1, 2017	Increases	Decreases	Balance at June 30, 2018	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences	\$ 147,027	\$ 18,121	\$ 14,703	\$ 150,445	\$ 15,045
Capital leases	269,264	-	136,881	132,383	132,383
Net pension liability	11,590,000	1,584,000	2,902,000	10,272,000	-
Net OPEB liabilities	2,370,081	177,205	264,928	2,282,358	-
Total Component Unit-School Board	<u>\$ 14,376,372</u>	<u>\$ 1,779,326</u>	<u>\$ 3,318,512</u>	<u>\$ 12,837,186</u>	<u>\$ 147,428</u>

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 6—Long-Term Obligations: (Continued)

Component Unit-School Board: (Continued)

Details of Long-Term Obligations:

	<u>Total Amount</u>
<i>Incurred by School Board:</i>	
<u>Capital Leases:</u>	
\$56,000 capital lease (payable from the School Fund) issued November 11, 2013, principal due in monthly installments of \$933 through February 2019. Interest at 0.0%.	\$ 6,533
\$16,624 capital lease (payable from the School Fund) issued December 11, 2013, principal due in monthly installments of \$227 through December 11, 2018. Interest at 0.0%.	1,663
\$309,927 capital lease (payable from the School Fund) issued June 24, 2014, principal due in monthly installments of \$5,547 through June 24, 2019, including interest of 2.80%.	65,553
\$175,901 capital lease (payable from the School Fund) issued June 16, 2016, principal due in annual installments of \$58,634 through June 2019. Interest at 0.0%.	58,634
	<hr/>
Total Capital Leases	\$ 132,383
Compensated absences	\$ 150,445
Net pension liability	\$ 10,272,000
Net OPEB liabilities	\$ 2,282,358
Total incurred by School Board	<u>\$ 12,837,186</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 7—Capital Leases:

The government has entered into lease agreements as lessee for financing the acquisition of voting machines, buses, IT equipment and a tractor. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset:	<u>Primary Government</u>	<u>Component Unit School Board</u>
Voting machines	\$ 73,860	\$ -
Tractor	-	18,484
Buses	-	309,888
Servers	-	56,000
Computers	-	183,000
Less: Accumulated depreciation	<u>(44,316)</u>	<u>(229,428)</u>
Total	<u>\$ 29,544</u>	<u>\$ 337,944</u>

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

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board</u>
2019	\$ 17,616	\$ 133,397
2020	17,616	-
2021	<u>8,808</u>	<u>-</u>
Total minimum lease payments	\$ 44,040	\$ 133,397
Less: amount representing interest	<u>(1,410)</u>	<u>(1,014)</u>
Present value of minimum lease payments	<u>\$ 42,630</u>	<u>\$ 132,383</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 8—Unearned and Deferred/Unavailable Revenue:

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

Unavailable Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$198,842 at June 30, 2018.

Unavailable Prepaid Property Taxes - Property taxes due subsequent to June 30, 2018 but paid in advance by the taxpayers totaled \$61,395 at June 30, 2018.

Note 9—Commitments and Contingent Liabilities:

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

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

Note 10—Litigation:

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

Note 11—Risk Management:

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

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

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

The County continues to carry commercial insurance for all other risks of loss. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

Note 12—Pension Plan:

Plan Description

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

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

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

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 (Cont.)	About Plan 2 (Cont.)	About the Hybrid Retirement Plan (Cont.) <ul style="list-style-type: none"> • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan’s effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan’s effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contribution Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions.

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.)</p> <p><u>Defined Contribution Component:</u> (Cont.)</p> <ul style="list-style-type: none"> • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member’s average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1.</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage (Cont.)	Disability Coverage (Cont.)	Disability Coverage (Cont.) Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <u>Defined Contribution Component:</u> Not applicable.

Pension Plan Data

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

Note 12—Pension Plan: (Continued)

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	41	7
Inactive members:		
Vested inactive members	12	2
Non-vested inactive members	17	3
Inactive members active elsewhere in VRS	49	1
Total inactive members	78	6
Active members	67	3
Total covered employees	186	16

Contributions

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

The County’s contractually required employer contribution rate for the year ended June 30, 2018 was 10.64% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$305,935 and \$283,832 for the years ended June 30, 2018 and June 30, 2017, respectively.

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2018 was 0.27% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

Note 12—Pension Plan: (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board’s nonprofessional employees were \$212 and \$95 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net Pension Liability (Asset)

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

Actuarial Assumptions - General Employees

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

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

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

Mortality rates: 14% of deaths are assumed to be service related

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - Non-Hazardous Duty:

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

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

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

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 12—Pension Plan: (Continued)

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

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

Largest 10 - Hazardous Duty:

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

All Others (Non 10 Largest) - Hazardous Duty:

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

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Note 12—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 12—Pension Plan: (Continued)

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	\$ 13,175,320	\$ 11,704,625	\$ 1,470,695
Changes for the year:			
Service cost	\$ 373,373	\$ -	\$ 373,373
Interest	895,648	-	895,648
Changes in benefit terms	160,091	-	160,091
Changes of assumptions	(107,924)	-	(107,924)
Differences between expected and actual experience	(29,684)	-	(29,684)
Contributions - employer	-	283,832	(283,832)
Contributions - employee	-	132,401	(132,401)
Net investment income	-	1,407,834	(1,407,834)
Benefit payments, including refunds of employee contributions	(760,700)	(760,700)	-
Administrative expenses	-	(8,296)	8,296
Other changes	-	(1,247)	1,247
Net changes	<u>\$ 530,804</u>	<u>\$ 1,053,824</u>	<u>\$ (523,020)</u>
Balances at June 30, 2017	<u>\$ 13,706,124</u>	<u>\$ 12,758,449</u>	<u>\$ 947,675</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 12—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	\$ 636,643	\$ 770,666	\$ (134,023)
Changes for the year:			
Service cost	\$ 10,704	\$ -	\$ 10,704
Interest	42,697	-	42,697
Changes of assumptions	7,790		7,790
Differences between expected and actual experience	(6,389)	-	(6,389)
Contributions - employer	-	95	(95)
Contributions - employee	-	3,308	(3,308)
Net investment income	-	90,633	(90,633)
Benefit payments, including refunds of employee contributions	(53,372)	(53,372)	-
Administrative expenses	-	(561)	561
Other changes	-	(79)	79
Net changes	\$ 1,430	\$ 40,024	\$ (38,594)
Balances at June 30, 2017	\$ 638,073	\$ 810,690	\$ (172,617)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County			
Net Pension Liability (Asset)	\$ 2,586,373	\$ 947,675	\$ (417,019)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ (94,688)	\$ (172,617)	\$ (238,200)

Note 12—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 \$369,201 and (\$10,300) respectively. At June 30, 2018, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,693	\$ 19,789	\$ -	\$ 5,759
Change of assumptions	-	71,949	1,607	-
Net difference between projected and actual earnings on pension plan investments	-	176,067	-	9,403
Employer contributions subsequent to the measurement date	305,935	-	212	-
Total	\$ <u>327,628</u>	\$ <u>267,805</u>	\$ <u>1,819</u>	\$ <u>15,162</u>

\$305,935 and \$212 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of (increase to) the Net Pension Liability (Asset) in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2019	\$ (144,533)	\$ (11,657)
2020	14,998	4,842
2021	3,603	953
2022	(120,180)	(7,693)
Thereafter	-	-

Note 12—Pension Plan: (Continued)

Component Unit School Board (professional)

Plan Description

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

Contributions

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

Each School Division's contractually required employer contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,053,012 and \$950,449 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 \$10,272,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was 0.08353% as compared to 0.08270% at June 30, 2016.

Note 12—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 \$710,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience \$	-	\$ 728,000
Change of assumptions	150,000	-
Net difference between projected and actual earnings on pension plan investments	-	373,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	101,000	178,000
Employer contributions subsequent to the measurement date	<u>1,053,012</u>	<u>-</u>
Total	<u>\$ 1,304,012</u>	<u>\$ 1,279,000</u>

\$1,053,012 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:

<u>Year ended June 30</u>	
2019	\$ (451,000)
2020	(62,000)
2021	(147,000)
2022	(344,000)
2023	(24,000)

Note 12—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

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

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 12—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

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

Net Pension Liability

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

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	45,417,520
Plan Fiduciary Net Position		33,119,545
Employers' Net Pension Liability (Asset)	\$	<u>12,297,975</u>
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 12—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

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

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each 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 12—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)	\$ 15,340,000	\$ 10,272,000	\$ 6,080,000

Pension Plan Fiduciary Net Position

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

Note 13—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
<p>Eligible Employees</p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none">• City of Richmond• City of Portsmouth• City of Roanoke• City of Norfolk• Roanoke City School Board <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>

Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Plan Description (Continued)

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (CONTINUED)
<p>Benefit Amounts</p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> • <u>Natural Death Benefit</u> - The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled. • <u>Accidental Death Benefit</u> - The accidental death benefit is double the natural death benefit. • <u>Other Benefit Provisions</u> - In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> ○ Accidental dismemberment benefit ○ Safety belt benefit ○ Repatriation benefit ○ Felonious assault benefit ○ Accelerated death benefit option
<p>Reduction in Benefit Amounts</p> <p>The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,111.</p>

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer’s contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the County were \$15,156 and \$14,007 for the years ended June 30, 2018 and June 30, 2017, respectively.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Contributions (Continued)

Contributions to the Group Life Insurance Program from the Component Unit School Board professional group were \$34,574 and \$34,318 for the years ended June 30, 2018 and June 30, 2017, respectively. Contributions to the Group Life Insurance Program from the Component Unit School Board nonprofessional group were \$337 and \$375 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 \$220,000 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$539,000 and \$5,000, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the County's proportion was 0.01460% as compared to 0.01448% at June 30, 2016. At June 30, 2017, the Component Unit School Board professional and nonprofessional groups' proportion was 0.03578% and 0.00039%, respectively as compared to 0.03509% and 0.00053% respectively at June 30, 2016.

For the year ended June 30, 2018, the County recognized GLI OPEB expense of \$4,000. For the year ended June 30, 2017, the Component Unit School Board professional group recognized GLI OPEB expense of \$8,000. For the year ended June 30, 2017, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of (\$2,000). 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.

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

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,000	\$ -	\$ 12,000	\$ -	\$ 1,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	8,000	-	20,000	-	-
Change of assumptions	-	11,000	-	28,000	-	-
Changes in proportionate share	-	-	10,000	-	-	-
Employer contributions subsequent to the measurement date	15,156	-	34,574	-	337	-
Total	\$ 15,156	\$ 24,000	\$ 44,574	\$ 60,000	\$ 337	\$ 1,000

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 13—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)

\$15,156, \$34,574 and \$337, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
2019	\$ (5,000)	\$ (10,000)	\$ (1,000)
2020	(5,000)	(10,000)	-
2021	(5,000)	(10,000)	-
2022	(5,000)	(10,000)	-
2023	(3,000)	(5,000)	-
Thereafter	(1,000)	(5,000)	-

Actuarial Assumptions

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

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

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

Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - General State Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - JRS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

NET GLI OPEB Liability

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

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

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

Note 13—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 13—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 284,000	\$ 220,000	\$ 167,000
Component School Board (professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 697,000	\$ 539,000	\$ 411,000
Component School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 7,000	\$ 5,000	\$ 4,000

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 14—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
<p>Eligible Employees</p> <p>The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
<p>Benefit Amounts</p> <p>The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • <u>At Retirement</u> - For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. • <u>Disability Retirement</u> - For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: <ul style="list-style-type: none"> ○ \$4.00 per month, multiplied by twice the amount of service credit, or ○ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
<p>Health Insurance Credit Program Notes:</p> <ul style="list-style-type: none"> • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

Note 14—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 \$80,910 and \$73,255 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of \$1,061,000 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 0.08362% as compared to 0.08270% 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 \$88,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

Note 14—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	\$ -	\$ 2,000
Change of assumptions	-	11,000
Change in proportionate share	10,000	-
Employer contributions subsequent to the measurement date	<u>80,910</u>	<u>-</u>
Total	<u>\$ 90,910</u>	<u>\$ 13,000</u>

\$80,910 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2019	\$ (3,000)
2020	-
2021	-
2022	-
2023	-
Thereafter	-

Note 14—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 14—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)	\$	<u>1,268,611</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		7.04%

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

Note 14—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 14—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 1,184,000	\$ 1,061,000	\$ 956,000

Teacher Employee HIC OPEB Fiduciary Net Position

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

Note 15—Medical and Dental Pay-as-You-Go (OPEB Plan):

County and School Board

Plan Description

In addition to the pension benefits described in Note 12, the County administers a single-employer defined benefit healthcare plan, The County of Richmond Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County’s pension plans. The plan does not issue a publicly available financial report.

In addition to the pension benefits described in Note 12, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The Richmond County Public Schools Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

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

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

Plan Membership

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

	Primary Government	Component Unit School Board
Total active employees with coverage	66	130
Total retirees and spouses with coverage	2	9
Total	<u>68</u>	<u>139</u>

Note 15—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

Contributions

The County nor the School Board pre-funds benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or School Board. The amount paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2018 was \$8,370 and \$61,983.

Total OPEB Liability

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

Actuarial Assumptions

The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year as of June 30, 2017; 2.50% per year as of June 30, 2018
Salary Increases	The salary increase rate was 3.50% to 5.35% per annum for non-law officers and 3.50% to 4.75% per annum for law officers.
Discount Rate	3.87% based on the Bond Buyer 20-Year Bond GO Index as of their respective measurement dates.

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

Pre-Retirement: RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with Males set forward 2 years 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.

Post-Disablement: RP-2000 Disabled Life Mortality Tables with Males set back 3 years and no provision for future mortality improvement.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 15—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

Actuarial Assumptions (Continued)

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

Pre-Retirement: RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with Males set forward 2 years 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.

Post-Disablement: RP-2000 Disabled Life Mortality Tables with males set back 3 years and no provision for future mortality improvement.

Discount Rate

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

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
	<u> </u>	<u> </u>
Balances at June 30, 2017	\$ 170,987	\$ 698,081
Changes for the year:		
Service cost	9,704	38,500
Interest	6,179	24,705
Changes of assumptions	(6,057)	(21,945)
Benefit payments	(8,370)	(61,983)
Net changes	<u>\$ 1,456</u>	<u>\$ (20,723)</u>
Balances at June 30, 2018	<u>\$ 172,443</u>	<u>\$ 677,358</u>

Note 15—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (3.87%) than the current discount rate:

	Rate		
	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Primary Government:			
Total OPEB liability	\$ 189,393	\$ 172,443	\$ 157,244
Component Unit School Board:			
Total OPEB liability	\$ 738,147	\$ 677,358	\$ 621,590

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

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

	Rates		
	1% Decrease	Healthcare Cost Trend	1% Increase
Primary Government:			
Total OPEB liability	\$ 149,719	\$ 172,443	\$ 200,200
Component Unit School Board:			
Total OPEB liability	\$ 596,336	\$ 677,358	\$ 775,188

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 15—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

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

For the year ended June 30, 2018, the County and the School Board recognized OPEB expense in the amount of \$14,906 and \$60,114. At June 30, 2018, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ 5,080	\$ -	\$ 18,854
Total	\$ -	\$ 5,080	\$ -	\$ 18,854

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

Year Ended June 30	Primary Government	Component Unit School Board
2019	\$ (977)	\$ (3,091)
2020	(977)	(3,091)
2021	(977)	(3,091)
2022	(977)	(3,091)
2023	(977)	(3,091)
Thereafter	(195)	(3,399)

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 16-Surety Bonds:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety:	
Cheryl B. Pierson, Clerk of the Circuit Court	\$ 103,000
Kristie S. Brann, Treasurer	300,000
Jennifer W. Delano, Commissioner of the Revenue	3,000
Stephan B. Smith, Sheriff	30,000
The above constitutional officer's employee - blanket bond	50,000
The Cincinnati Insurance Company - Surety:	
John David Parr, Supervisor	2,000
William C. Herbert, II, Supervisor	2,000
Richard E. Thomas, Sr., Supervisor	2,000
Robert B. Pemberton, Supervisor	2,000
F. Lee Sanders, Supervisor	2,000
James G. Smith, Superintendent of Schools	10,000
Susan Johns, Director of Finance, School Board	10,000
Janet B. Rice, Assistant Director of Finance, School Board	10,000
All Department of Social Services Employees-blanket bond	100,000

Note 17-Line of Duty Act (LODA) (OPEB Benefits):

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2018 was \$13,670.

Note 18-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.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2018

Note 18-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 statements when adopted.

Note 19-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	\$ 3,812,880	\$ (5,739,561)
Implementation of GASB 75:		
Deferred outflows of resources	13,000	107,000
Net OPEB liability	(378,883)	(2,238,071)
Net position, July 1, 2017, as restated	\$ <u>3,446,997</u>	\$ <u>(7,870,632)</u>

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 7,684,000	\$ 7,684,000	\$ 8,369,159	\$ 685,159
Other local taxes	1,437,000	1,437,000	1,504,943	67,943
Permits, privilege fees, and regulatory licenses	53,600	53,600	80,149	26,549
Fines and forfeitures	35,000	35,000	50,298	15,298
Revenue from the use of money and property	12,626	12,626	46,929	34,303
Charges for services	351,500	351,500	365,652	14,152
Miscellaneous	40,000	40,000	165,675	125,675
Recovered costs	915,750	915,750	902,092	(13,658)
Intergovernmental:				
Commonwealth	3,131,840	3,131,840	3,165,638	33,798
Federal	681,064	681,064	985,304	304,240
Total revenues	<u>\$ 14,342,380</u>	<u>\$ 14,342,380</u>	<u>\$ 15,635,839</u>	<u>\$ 1,293,459</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,092,575	\$ 1,106,477	\$ 1,076,488	\$ 29,989
Judicial administration	597,036	583,434	571,533	11,901
Public safety	2,690,697	3,087,871	3,006,303	81,568
Public works	960,605	1,045,048	1,034,255	10,793
Health and welfare	2,283,052	2,399,150	2,505,914	(106,764)
Education	4,746,227	4,917,023	4,536,747	380,276
Parks, recreation, and cultural	145,289	145,289	142,532	2,757
Community development	258,070	242,222	242,391	(169)
Nondepartmental	130,317	175,000	49,128	125,872
Capital projects	-	2,050,000	1,312,408	737,592
Debt service:				
Principal retirement	945,422	945,422	945,422	-
Interest and other fiscal charges	806,078	830,878	723,589	107,289
Total expenditures	<u>\$ 14,655,368</u>	<u>\$ 17,527,814</u>	<u>\$ 16,146,710</u>	<u>\$ 1,381,104</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (312,988)</u>	<u>\$ (3,185,434)</u>	<u>\$ (510,871)</u>	<u>\$ 2,674,563</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (2,325)	\$ (2,325)
Issuance of USDA loan	-	50,000	50,000	-
Issuance of lease revenue bond	-	2,000,000	2,000,000	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 2,050,000</u>	<u>\$ 2,047,675</u>	<u>\$ (2,325)</u>
Net change in fund balances	\$ (312,988)	\$ (1,135,434)	\$ 1,536,804	\$ 2,672,238
Fund balances - beginning	312,988	1,135,434	435,154	(700,280)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,971,958</u>	<u>\$ 1,971,958</u>

County of Richmond, Virginia
 Sheriff's Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Commonwealth	\$ -	\$ -	\$ 6,132	\$ 6,132
Total revenues	\$ -	\$ -	\$ 6,132	\$ 6,132
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 2,325	\$ 2,325
Total other financing sources (uses)	\$ -	\$ -	\$ 2,325	\$ 2,325
Net change in fund balances	\$ -	\$ -	\$ 8,457	\$ 8,457
Fund balances - beginning	-	-	15,057	15,057
Fund balances - ending	\$ -	\$ -	\$ 23,514	\$ 23,514

County of Richmond, Virginia
 Workforce Investment Act Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal	\$ -	\$ 1,935,556	\$ 1,935,556	\$ -
Total revenues	\$ -	\$ 1,935,556	\$ 1,935,556	\$ -
EXPENDITURES				
Current:				
Community development	\$ -	\$ 1,935,556	\$ 1,935,556	\$ -
Total expenditures	\$ -	\$ 1,935,556	\$ 1,935,556	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 373,373	\$ 310,165	\$ 312,395	\$ 312,258
Interest	895,648	863,095	823,735	785,883
Changes in benefit terms	160,091	-	-	-
Changes of assumptions	(107,924)	-	-	-
Differences between expected and actual experience	(29,684)	37,278	72,953	-
Benefit payments, including refunds of employee contributions	(760,700)	(730,291)	(563,297)	(551,499)
Net change in total pension liability	\$ 530,804	\$ 480,247	\$ 645,786	\$ 546,642
Total pension liability - beginning	13,175,320	12,695,073	12,049,287	11,502,645
Total pension liability - ending (a)	\$ 13,706,124	\$ 13,175,320	\$ 12,695,073	\$ 12,049,287
Plan fiduciary net position				
Contributions - employer	\$ 283,832	\$ 279,196	\$ 286,796	\$ 295,531
Contributions - employee	132,401	127,498	131,462	129,721
Net investment income	1,407,834	198,131	524,724	1,575,513
Benefit payments, including refunds of employee contributions	(760,700)	(730,291)	(563,297)	(551,499)
Administrative expense	(8,296)	(7,489)	(7,222)	(8,508)
Other	(1,247)	(86)	(115)	83
Net change in plan fiduciary net position	\$ 1,053,824	\$ (133,041)	\$ 372,348	\$ 1,440,841
Plan fiduciary net position - beginning	11,704,625	11,837,666	11,465,318	10,024,477
Plan fiduciary net position - ending (b)	\$ 12,758,449	\$ 11,704,625	\$ 11,837,666	\$ 11,465,318
County's net pension liability - ending (a) - (b)	\$ 947,675	\$ 1,470,695	\$ 857,407	\$ 583,969
Plan fiduciary net position as a percentage of the total pension liability	93.09%	88.84%	93.25%	95.15%
Covered payroll	\$ 2,693,648	\$ 2,602,804	\$ 2,663,210	\$ 2,597,287
County's net pension liability as a percentage of covered payroll	35.18%	56.50%	32.19%	22.48%

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

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 10,704	\$ 18,893	\$ 22,347	\$ 29,025
Interest	42,697	44,386	43,291	39,965
Changes of assumptions	7,790	-	-	-
Differences between expected and actual experience	(6,389)	(13,893)	8,918	-
Benefit payments, including refunds of employee contributions	(53,372)	(93,647)	(24,197)	(18,758)
Net change in total pension liability	\$ 1,430	\$ (44,261)	\$ 50,359	\$ 50,232
Total pension liability - beginning	636,643	680,904	630,545	580,313
Total pension liability - ending (a)	\$ 638,073	\$ 636,643	\$ 680,904	\$ 630,545
Plan fiduciary net position				
Contributions - employer	\$ 95	\$ 3,660	\$ 9,175	\$ 19,067
Contributions - employee	3,308	4,457	11,112	10,737
Net investment income	90,633	12,840	37,184	110,415
Benefit payments, including refunds of employee contributions	(53,372)	(93,647)	(24,197)	(18,758)
Administrative expense	(561)	(538)	(506)	(579)
Other	(79)	(6)	(8)	6
Net change in plan fiduciary net position	\$ 40,024	\$ (73,234)	\$ 32,760	\$ 120,888
Plan fiduciary net position - beginning	770,666	843,900	811,140	690,252
Plan fiduciary net position - ending (b)	\$ 810,690	\$ 770,666	\$ 843,900	\$ 811,140
School Division's net pension liability (asset) - ending (a) - (b)	\$ (172,617)	\$ (134,023)	\$ (162,996)	\$ (180,595)
Plan fiduciary net position as a percentage of the total pension liability	127.05%	121.05%	123.94%	128.64%
Covered payroll	\$ 72,168	\$ 94,878	\$ 230,452	\$ 214,727
School Division's net pension liability (asset) as a percentage of covered payroll	-239.19%	-141.26%	-70.73%	-84.10%

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

	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.08353%	0.08270%	0.08415%	0.08403%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 10,272,000	\$ 11,590,000	\$ 10,591,000	\$ 10,155,000
Employer's Covered Payroll	6,599,563	6,305,596	6,256,592	6,145,391
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	155.65%	183.80%	169.28%	165.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.92%	68.28%	70.68%	70.88%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2018	\$ 305,935	\$ 305,935	\$ -	\$ 2,914,636	10.50%
2017	283,832	283,832	-	2,693,648	10.54%
2016	279,196	279,196	-	2,602,804	10.73%
2015	286,796	286,796	-	2,663,210	10.77%
2014	295,831	295,831	-	2,597,287	11.39%
2013	282,363	282,363	-	2,484,208	11.37%
2012	225,169	225,169	-	2,452,821	9.18%
2011	223,295	223,295	-	2,432,407	9.18%
2010	210,841	210,841	-	2,471,755	8.53%
2009	198,153	198,153	-	2,323,019	8.53%
Component Unit School Board (nonprofessional)					
2018	\$ 212	\$ 212	\$ -	\$ 64,888	0.33%
2017	95	95	-	72,168	0.13%
2016	3,660	3,660	-	94,878	3.86%
2015	9,175	9,175	-	230,452	3.98%
2014	19,068	19,068	-	214,727	8.88%
2013	21,196	21,196	-	238,694	8.88%
2012	20,084	20,084	-	232,992	8.62%
2011	21,468	21,468	-	249,045	8.62%
2010	24,767	24,767	-	249,162	9.94%
2009	22,757	22,757	-	228,945	9.94%
Component Unit School Board (professional)					
2018	\$ 1,053,012	\$ 1,053,012	\$ -	\$ 6,626,525	15.89%
2017	950,449	950,449	-	6,599,563	14.40%
2016	981,446	981,446	-	6,305,596	15.56%
2015	907,206	907,206	-	6,256,592	14.50%
2014	721,664	721,664	-	6,145,391	11.74%
2013	706,155	706,155	-	6,130,403	11.52%
2012	383,385	383,385	-	6,056,642	6.33%
2011	238,581	238,581	-	6,072,569	3.93%
2010	531,769	531,769	-	6,035,970	8.81%
2009	526,582	526,582	-	5,972,442	8.82%

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

County of Richmond, 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

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2017	0.01460% \$	220,000 \$	2,693,648	8.17%	48.86%
Component Unit School Board (nonprofessional):					
2017	0.00039% \$	5,000 \$	72,168	6.93%	48.86%
Component Unit School Board (professional):					
2017	0.03578% \$	539,000 \$	6,599,563	8.17%	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.

County of Richmond, 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	\$ 15,156	\$ 15,156	\$ -	2,914,636	0.52%
2017	14,007	14,007	-	2,693,648	0.52%
2016	12,493	12,493	-	2,602,804	0.48%
2015	12,783	12,783	-	2,663,210	0.48%
2014	12,467	12,467	-	2,597,287	0.48%
2013	11,924	11,924	-	2,484,208	0.48%
2012	6,868	6,868	-	2,452,821	0.28%
2011	6,811	6,811	-	2,432,407	0.28%
2010	5,010	5,010	-	1,855,504	0.27%
2009	6,272	6,272	-	2,323,019	0.27%
Component Unit School Board (nonprofessional):					
2018	\$ 337	\$ 337	\$ -	64,888	0.52%
2017	375	375	-	72,168	0.52%
2016	455	455	-	94,878	0.48%
2015	1,106	1,106	-	230,452	0.48%
2014	1,031	1,031	-	214,727	0.48%
2013	1,146	1,146	-	238,694	0.48%
2012	652	652	-	232,992	0.28%
2011	697	697	-	249,045	0.28%
2010	505	505	-	186,900	0.27%
2009	618	618	-	228,945	0.27%
Component Unit School Board (professional):					
2018	\$ 34,574	\$ 34,574	\$ -	6,598,082	0.52%
2017	34,318	34,318	-	6,599,563	0.52%
2016	30,267	30,267	-	6,305,596	0.48%
2015	30,032	30,032	-	6,256,592	0.48%
2014	29,498	29,498	-	6,145,391	0.48%
2013	29,426	29,426	-	6,130,403	0.48%
2012	16,959	16,959	-	6,056,642	0.28%
2011	17,003	17,003	-	6,072,569	0.28%
2010	11,680	11,680	-	4,325,993	0.27%
2009	16,126	16,126	-	5,972,442	0.27%

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

SPORS Employees

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

VaLORS Employees

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

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Richmond, 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	0.08362% \$	1,061,000 \$	6,599,563	16.08%	7.04%

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

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2018	\$ 80,910	\$ 80,910	-	\$ 6,578,062	1.23%
2017	73,255	73,255	-	6,599,563	1.11%
2016	66,839	66,839	-	6,305,596	1.06%
2015	66,320	66,320	-	6,256,592	1.06%
2014	68,214	68,214	-	6,145,391	1.11%
2013	67,224	67,224	-	6,056,216	1.11%
2012	36,340	36,340	-	6,056,642	0.60%
2011	36,425	36,425	-	6,070,769	0.60%
2010	44,884	44,884	-	4,315,724	1.04%
2009	64,502	64,502	-	5,972,442	1.08%

County of Richmond, 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

County of Richmond, 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	\$	9,704
Interest		6,179
Changes of assumptions		(6,057)
Benefit payments		(8,370)
Net change in total OPEB liability	\$	1,456
Total OPEB liability - beginning		170,987
Total OPEB liability - ending	\$	172,443
Covered payroll	\$	2,541,300
County's total OPEB liability (asset) as a percentage of covered-employee or covered payroll		6.79%

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

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

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 38,500
Interest	24,705
Changes of assumptions	(21,945)
Benefit payments	<u>(61,983)</u>
Net change in total OPEB liability	\$ (20,723)
Total OPEB liability - beginning	698,081
Total OPEB liability - ending	<u><u>677,358</u></u>
Covered payroll	\$ 5,904,727
School Board's total OPEB liability (asset) as a percentage of covered-employee or covered payroll	11.47%

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

County of Richmond, Virginia
 Notes to Required Supplementary Information - Primary Government 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 % of salary
Discount Rate	3.87% based on the Bond Buyer 20-Year Bond GO Index as of their respective measurement dates.
Inflation	2.50% per year as of June 30, 2017; 2.50% per year as of June 30, 2018
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.30% graded down to 4.10% in 2094
Salary Increase Rates	The salary increase rate was 3.50% to 5.35% per annum for non-law officers and 3.50% to 4.75% per annum for law officers.
Retirement Age	The average age of retirement is 65
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2000 Employee Rates projected to 2020 using Scale AA with Males set forward two years and females set back three year for pre-retirement, and RP-2000 Combined Healthy Mortality rates projected to 3030 using Scale AA with females set back one year for post-retirement.

County of Richmond, Virginia
 Notes to Required Supplementary Information - Component Unit School Board 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 % of salary
Discount Rate	3.87% based on the Bond Buyer 20-Year Bond GO Index as of their respective measurement dates.
Inflation	2.50% per year as of June 30, 2017; 2.50% per year as of June 30, 2018
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.80% graded down to 4.40% over 81 years
Salary Increase Rates	Not applicable
Retirement Age	The average age of retirement is 65
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2000 Employee Rates projected to 2020 using Scale AA with Males set forward two years and females set back three year for pre-retirement, and RP-2000 Combined Healthy Mortality rates projected to 3030 using Scale AA with females set back one year for post-retirement.

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

	Agency Funds				Total
	<u>Library</u>	<u>Special Welfare</u>	Northern Neck Regional <u>Vocational Center</u>	Northern Neck Regional Special Education <u>Program</u>	
ASSETS					
Cash and cash equivalents	\$ 16,680	\$ 11,477	\$ 303,328	\$ 711,647	\$ 1,043,132
Total assets	<u>\$ 16,680</u>	<u>\$ 11,477</u>	<u>\$ 303,328</u>	<u>\$ 711,647</u>	<u>\$ 1,043,132</u>
LIABILITIES					
Accounts payable	\$ 16,680	-	-	-	\$ 16,680
Amounts held for social services clients	-	11,477	-	-	11,477
Amounts held for Northern Neck Regional Vocational Center	-	-	303,328	-	303,328
Amounts held for Northern Neck Regional Special Education Program	-	-	-	711,647	711,647
Total liabilities	<u>\$ 16,680</u>	<u>\$ 11,477</u>	<u>\$ 303,328</u>	<u>\$ 711,647</u>	<u>\$ 1,043,132</u>

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<u>Library:</u>				
ASSETS				
Cash and cash equivalents	\$ 22,636	\$ 130,137	\$ 136,093	\$ 16,680
LIABILITIES				
Accounts payable	\$ 22,636	\$ 130,137	\$ 136,093	\$ 16,680
<u>Special Welfare:</u>				
ASSETS				
Cash and cash equivalents	\$ 12,290	\$ 704	\$ 1,517	\$ 11,477
LIABILITIES				
Amounts held for social services clients	\$ 12,290	\$ 704	\$ 1,517	\$ 11,477
<u>Northern Neck Regional Vocational Center:</u>				
ASSETS				
Cash and cash equivalents	\$ 302,233	\$ 2,170,513	\$ 2,169,418	\$ 303,328
LIABILITIES				
Amounts held for Northern Neck Regional Vocational Center	\$ 302,233	\$ 2,170,513	\$ 2,169,418	\$ 303,328
<u>Local Sales Tax:</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,349,913	\$ 1,349,913	\$ -
LIABILITIES				
Amounts held for others	\$ -	\$ 1,349,913	\$ 1,349,913	\$ -
<u>Northern Neck Regional Special Education Program:</u>				
ASSETS				
Cash and cash equivalents	\$ 1,122,841	\$ 1,616,223	\$ 2,027,417	\$ 711,647
LIABILITIES				
Amounts held for Northern Neck Regional Special Education Program	\$ 1,122,841	\$ 1,616,223	\$ 2,027,417	\$ 711,647
<u>Total - All Agency Funds:</u>				
ASSETS				
Cash and cash equivalents	\$ 1,460,000	\$ 5,267,490	\$ 5,684,358	\$ 1,043,132
LIABILITIES				
Accounts payable	\$ 22,636	\$ 130,137	\$ 136,093	\$ 16,680
Amounts held for social services clients	12,290	704	1,517	11,477
Amounts held for Northern Neck Regional Vocational Center	302,233	2,170,513	2,169,418	303,328
Amounts held for Northern Neck Regional Special Education Program	1,122,841	1,616,223	2,027,417	711,647
Amounts held for others	-	1,349,913	1,349,913	-
Total liabilities	\$ 1,460,000	\$ 5,267,490	\$ 5,684,358	\$ 1,043,132

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

	School Operating <u>Fund</u>	School Cafeteria <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 105,515	\$ 105,515
Due from other governmental units	1,126,499	-	1,126,499
Inventories	-	12,164	12,164
Total assets	<u>\$ 1,126,499</u>	<u>\$ 117,679</u>	<u>\$ 1,244,178</u>
LIABILITIES			
Accounts payable	\$ 52,486	\$ 6,690	\$ 59,176
Accrued liabilities	1,074,013	-	1,074,013
Total liabilities	<u>\$ 1,126,499</u>	<u>\$ 6,690</u>	<u>\$ 1,133,189</u>
FUND BALANCES			
Nonspendable	\$ -	\$ 12,164	\$ 12,164
Committed:			
School Cafeteria Fund	-	98,825	98,825
Total fund balances	<u>\$ -</u>	<u>\$ 110,989</u>	<u>\$ 110,989</u>
Total liabilities and fund balances	<u>\$ 1,126,499</u>	<u>\$ 117,679</u>	<u>\$ 1,244,178</u>

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

Total fund balances per above	\$ 110,989
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, cost	\$ 8,876,282
Accumulated depreciation	<u>(3,861,514)</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Net pension asset	172,617
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	\$ 1,305,831
OPEB related items	<u>135,821</u>
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	\$ (150,445)
Capital leases	(132,383)
Net pension liability	(10,272,000)
Net OPEB liabilities	<u>(2,282,358)</u>
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related items	\$ (1,294,162)
OPEB related items	<u>(92,854)</u>
Net position of governmental activities	<u>\$ (7,484,176)</u>

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

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 660	\$ 33	\$ 693
Charges for services	-	89,411	89,411
Miscellaneous	161,206	10,051	171,257
Recovered costs	90,631	-	90,631
Intergovernmental:			
Local government	4,526,247	-	4,526,247
Commonwealth	8,776,830	-	8,776,830
Federal	1,158,169	41,393	1,199,562
Total revenues	<u>\$ 14,713,743</u>	<u>\$ 140,888</u>	<u>\$ 14,854,631</u>
EXPENDITURES			
Current:			
Education	\$ 14,179,914	\$ 560,626	\$ 14,740,540
Debt service:			
Principal retirement	136,881	-	136,881
Interest and other fiscal charges	2,847	-	2,847
Total expenditures	<u>\$ 14,319,642</u>	<u>\$ 560,626</u>	<u>\$ 14,880,268</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 394,101</u>	<u>\$ (419,738)</u>	<u>\$ (25,637)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 394,101	\$ 394,101
Transfers out	(394,101)	-	(394,101)
Total other financing sources (uses)	<u>\$ (394,101)</u>	<u>\$ 394,101</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (25,637)	\$ (25,637)
Fund balances - beginning	-	136,626	136,626
Fund balances - ending	<u>\$ -</u>	<u>\$ 110,989</u>	<u>\$ 110,989</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:			
Net change in fund balances - total governmental funds - per above		\$	(25,637)
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	\$	183,353	
Depreciation expense		(342,307)	
Transfer of joint tenancy assets to Component Unit School Board from Primary Government		<u>77,888</u>	(81,066)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Principal retirement on capital lease			136,881
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	\$	(3,418)	
Pension expense		336,006	
OPEB expense		<u>23,690</u>	356,278
Change in net position of governmental activities		<u>\$</u>	<u>386,456</u>

County of Richmond, 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			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 660	\$ 660
Charges for services	-	-	-	-
Miscellaneous	292,217	292,217	161,206	(131,011)
Recovered costs	291,220	291,220	90,631	(200,589)
Intergovernmental:				
Local government	4,735,727	4,906,523	4,526,247	(380,276)
Commonwealth	8,280,795	8,280,795	8,776,830	496,035
Federal	1,139,718	1,139,718	1,158,169	18,451
Total revenues	<u>\$ 14,739,677</u>	<u>\$ 14,910,473</u>	<u>\$ 14,713,743</u>	<u>\$ (196,730)</u>
EXPENDITURES				
Current:				
Education	\$ 14,049,957	\$ 14,220,753	\$ 14,179,914	\$ 40,839
Debt service:				
Principal retirement	-	-	136,881	(136,881)
Interest and other fiscal charges	-	-	2,847	(2,847)
Total expenditures	<u>\$ 14,049,957</u>	<u>\$ 14,220,753</u>	<u>\$ 14,319,642</u>	<u>\$ (98,889)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 689,720</u>	<u>\$ 689,720</u>	<u>\$ 394,101</u>	<u>\$ (295,619)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(689,720)	(689,720)	(394,101)	295,619
Total other financing sources (uses)	<u>\$ (689,720)</u>	<u>\$ (689,720)</u>	<u>\$ (394,101)</u>	<u>\$ 295,619</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School Cafeteria Fund				
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
Original	Final			
\$ -	\$ -	\$ 33	\$	33
-	-	89,411		89,411
-	-	10,051		10,051
-	-	-		-
-	-	-		-
-	34,940	41,393		6,453
<u>\$ -</u>	<u>\$ 34,940</u>	<u>\$ 140,888</u>	<u>\$</u>	<u>105,948</u>
\$ 689,720	\$ 724,660	\$ 560,626	\$	164,034
-	-	-		-
-	-	-		-
<u>\$ 689,720</u>	<u>\$ 724,660</u>	<u>\$ 560,626</u>	<u>\$</u>	<u>164,034</u>
\$ (689,720)	\$ (689,720)	\$ (419,738)	\$	269,982
\$ 689,720	\$ 689,720	\$ 394,101	\$	(295,619)
-	-	-		-
<u>\$ 689,720</u>	<u>\$ 689,720</u>	<u>\$ 394,101</u>	<u>\$</u>	<u>(295,619)</u>
\$ -	\$ -	\$ (25,637)	\$	(25,637)
-	-	136,626		136,626
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,989</u>	<u>\$</u>	<u>110,989</u>

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

		Industrial Development <u>Authority</u>
ASSETS		
Cash and cash equivalents	\$	59,114
Receivables (net of allowance for uncollectibles):		
Accounts receivable		1,100
Capital assets:		
Land		149,907
Buildings and improvements		598,470
Machinery, equipment and vehicles		14,700
Accumulated depreciation		(306,473)
Total assets	\$	<u>516,818</u>
NET POSITION		
Investment in capital assets	\$	456,604
Unrestricted		60,214
Total net position	\$	<u>516,818</u>

County of Richmond, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2018

	<u>Industrial Development Authority</u>
OPERATING REVENUES	
Charges for services:	
Rents	\$ 33,200
Miscellaneous	12,189
Total operating revenues	\$ 45,389
OPERATING EXPENSES	
Other charges	\$ 24,968
Depreciation	14,909
Total operating expenses	\$ 39,877
Operating income (loss)	\$ 5,512
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 17
Total nonoperating revenues (expenses)	\$ 17
Changes in net position	\$ 5,529
Net position - beginning	511,289
Net position - ending	\$ 516,818

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

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 44,289
Other receipts (payments)	(24,968)
Net cash provided by (used for) operating activities	<u>\$ 19,321</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 17
Net cash provided by (used for) investing activities	<u>\$ 17</u>
Net increase (decrease) in cash and cash equivalents	\$ 19,338
Cash and cash equivalents - beginning	39,776
Cash and cash equivalents - ending	<u><u>\$ 59,114</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 5,512
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	14,909
(Increase) decrease in accounts receivable	(1,100)
Total adjustments	<u>\$ 13,809</u>
Net cash provided by (used for) operating activities	<u><u>\$ 19,321</u></u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 5,450,000	\$ 5,450,000	\$ 5,664,811	\$ 214,811
Real and personal public service corporation taxes	440,000	440,000	579,336	139,336
Personal property taxes	1,600,000	1,600,000	1,904,840	304,840
Mobile home taxes	16,000	16,000	19,148	3,148
Merchant's capital taxes	56,000	56,000	59,438	3,438
Machinery and tools taxes	10,000	10,000	17,313	7,313
Penalties	73,000	73,000	82,041	9,041
Interest	39,000	39,000	42,232	3,232
Total general property taxes	<u>\$ 7,684,000</u>	<u>\$ 7,684,000</u>	<u>\$ 8,369,159</u>	<u>\$ 685,159</u>
Other local taxes:				
Local sales and use taxes	\$ 1,245,000	\$ 1,245,000	\$ 1,289,488	\$ 44,488
Consumers' utility taxes	122,000	122,000	123,051	1,051
Consumption tax	20,000	20,000	21,679	1,679
Taxes on recordation and wills	50,000	50,000	70,725	20,725
Total other local taxes	<u>\$ 1,437,000</u>	<u>\$ 1,437,000</u>	<u>\$ 1,504,943</u>	<u>\$ 67,943</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 6,000	\$ 6,000	\$ 4,371	\$ (1,629)
Transfer fees	350	350	332	(18)
Permits and other licenses	47,250	47,250	75,446	28,196
Total permits, privilege fees, and regulatory licenses	<u>\$ 53,600</u>	<u>\$ 53,600</u>	<u>\$ 80,149</u>	<u>\$ 26,549</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 35,000	\$ 35,000	\$ 50,298	\$ 15,298
Revenue from use of money and property:				
Revenue from use of money	\$ 6,000	\$ 6,000	\$ 40,389	\$ 34,389
Revenue from use of property	6,626	6,626	6,540	(86)
Total revenue from use of money and property	<u>\$ 12,626</u>	<u>\$ 12,626</u>	<u>\$ 46,929</u>	<u>\$ 34,303</u>
Charges for services:				
Sheriff's fees	\$ 1,000	\$ 1,000	\$ 1,643	\$ 643
Charges for courthouse maintenance	4,000	4,000	4,993	993
Charges for courthouse security	16,000	16,000	24,128	8,128
Charges for other court costs	350	350	1,078	728
Charges for Commonwealth's Attorney	500	500	1,022	522
Charges for EMS billings	325,000	325,000	322,531	(2,469)
Charges for correction and detention	-	-	1,028	1,028
Charges for other protection	4,150	4,150	6,199	2,049
Charges for sales of publications	500	500	-	(500)
Charges for DMV fees	-	-	3,030	3,030
Total charges for services	<u>\$ 351,500</u>	<u>\$ 351,500</u>	<u>\$ 365,652</u>	<u>\$ 14,152</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 40,000	\$ 40,000	\$ 165,675	\$ 125,675
Recovered costs:				
Streetlights	\$ -	\$ -	\$ 1,902	\$ 1,902
Court services unit	15,750	15,750	13,731	(2,019)
Other recovered costs	900,000	900,000	886,459	(13,541)
Total recovered costs	<u>\$ 915,750</u>	<u>\$ 915,750</u>	<u>\$ 902,092</u>	<u>\$ (13,658)</u>
Total revenue from local sources	<u>\$ 10,529,476</u>	<u>\$ 10,529,476</u>	<u>\$ 11,484,897</u>	<u>\$ 955,421</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Mobile home titling tax	12,000	12,000	3,640	(8,360)
Rolling stock tax	-	-	1,114	1,114
Motor vehicle rental tax	-	-	10,976	10,976
State recordation tax	14,000	14,000	16,382	2,382
Communications tax	300,000	300,000	281,152	(18,848)
Personal property tax relief funds	803,954	803,954	803,955	1
Total noncategorical aid	<u>\$ 1,130,954</u>	<u>\$ 1,130,954</u>	<u>\$ 1,117,219</u>	<u>\$ (13,735)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 172,000	\$ 172,000	\$ 171,304	\$ (696)
Sheriff	649,098	649,098	661,510	12,412
Commissioner of revenue	74,285	74,285	74,383	98
Treasurer	77,284	77,284	76,613	(671)
Medical examiner	90	90	-	(90)
Registrar/electoral board	45,000	45,000	35,656	(9,344)
Clerk of the Circuit Court	147,833	147,833	166,983	19,150
Total shared expenses	<u>\$ 1,165,590</u>	<u>\$ 1,165,590</u>	<u>\$ 1,186,449</u>	<u>\$ 20,859</u>
Other categorical aid:				
Four for life grant	\$ 9,739	\$ 9,739	\$ -	\$ (9,739)
Fire program funds	19,500	19,500	25,883	6,383
Children's services act	243,500	243,500	340,664	97,164
Public assistance and welfare administration	398,537	398,537	282,659	(115,878)
Litter control grant	6,300	6,300	-	(6,300)

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
DMV selective enforcement	\$ 25,500	\$ 25,500	\$ -	\$ (25,500)
Wireless grant	41,000	41,000	45,894	4,894
PSAP technology grant	-	-	1,449	1,449
Court security grant	22,000	22,000	-	(22,000)
RSAF grant	-	-	131,498	131,498
Victim witness grant	53,000	53,000	29,355	(23,645)
Records preservation grant	-	-	1,768	1,768
Law enforcement grant	10,620	10,620	-	(10,620)
Other state grants	5,600	5,600	2,800	(2,800)
Total other categorical aid	<u>\$ 835,296</u>	<u>\$ 835,296</u>	<u>\$ 861,970</u>	<u>\$ 26,674</u>
Total categorical aid	<u>\$ 2,000,886</u>	<u>\$ 2,000,886</u>	<u>\$ 2,048,419</u>	<u>\$ 47,533</u>
Total revenue from the Commonwealth	<u>\$ 3,131,840</u>	<u>\$ 3,131,840</u>	<u>\$ 3,165,638</u>	<u>\$ 33,798</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 8,817	\$ 8,817	\$ 28,465	\$ 19,648
Categorical aid:				
Law enforcement grant	\$ 22,400	\$ 22,400	\$ 1,454	\$ (20,946)
State and community highway safety	-	-	37,948	37,948
Public assistance and welfare administration	400,000	400,000	546,805	146,805
Children's services act	-	-	4,616	4,616
QSCB interest rate subsidy	216,847	216,847	219,951	3,104
Victim witness grant	-	-	88,065	88,065
USDA equipment grant	33,000	33,000	58,000	25,000
Total categorical aid	<u>\$ 672,247</u>	<u>\$ 672,247</u>	<u>\$ 956,839</u>	<u>\$ 284,592</u>
Total revenue from the federal government	<u>\$ 681,064</u>	<u>\$ 681,064</u>	<u>\$ 985,304</u>	<u>\$ 304,240</u>
Total General Fund	<u>\$ 14,342,380</u>	<u>\$ 14,342,380</u>	<u>\$ 15,635,839</u>	<u>\$ 1,293,459</u>
Special Revenue Funds:				
Sheriff's Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	\$ -	\$ -	\$ 6,132	\$ 6,132
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,132</u>	<u>\$ 6,132</u>
Total Sheriff's Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,132</u>	<u>\$ 6,132</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Workforce Investment Act Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Workforce Investment Act	\$ -	\$ 1,935,556	\$ 1,935,556	\$ -
Total revenue from the federal government	\$ -	\$ 1,935,556	\$ 1,935,556	\$ -
Total Workforce Investment Act Fund	\$ -	\$ 1,935,556	\$ 1,935,556	\$ -
Total Primary Government	\$ 14,342,380	\$ 16,277,936	\$ 17,577,527	\$ 1,299,591
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ -	\$ 660	\$ 660
Miscellaneous:				
Miscellaneous	\$ 292,217	\$ 292,217	\$ 161,206	\$ (131,011)
Total miscellaneous	\$ 292,217	\$ 292,217	\$ 161,206	\$ (131,011)
Recovered costs:				
Cafeteria funds	\$ 291,220	\$ 291,220	\$ -	\$ (291,220)
Other recovered costs	-	-	90,631	90,631
Total recovered costs	\$ 291,220	\$ 291,220	\$ 90,631	\$ (200,589)
Total revenue from local sources	\$ 583,437	\$ 583,437	\$ 252,497	\$ (330,940)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Richmond, Virginia	\$ 4,735,727	\$ 4,906,523	\$ 4,526,247	\$ (380,276)

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,197,840	\$ 1,197,840	\$ 1,133,409	\$ (64,431)
Basic school aid	4,171,740	4,171,740	4,301,012	129,272
At risk payments	177,279	177,279	189,667	12,388
Compensation supplement	41,429	41,429	42,571	1,142
Early reading intervention	33,403	33,403	30,366	(3,037)
English as a second language	37,096	37,096	35,550	(1,546)
Fringe benefits	854,983	854,983	879,494	24,511
GED preparation assistance	7,859	7,859	8,294	435
Gifted and talented	41,438	41,438	42,626	1,188
Industry certification	-	-	1,919	1,919
Lottery	231,818	231,818	238,681	6,863
Mentor teacher program	842	842	1,241	399
Primary class size	224,605	224,605	205,748	(18,857)
Project graduation	3,773	3,773	3,773	-
Regular foster care	-	-	5,623	5,623
Remedial education	216,698	216,698	167,026	(49,672)
Remedial summer education	-	-	39,635	39,635
School food	13,500	13,500	13,544	44
School security	-	-	34,880	34,880
Special education	611,427	611,427	628,956	17,529
Special education - foster children	18,629	18,629	19,507	878
Special education - homebound	1,577	1,577	3,282	1,705
Special education - northern neck regional SPED	-	-	109,802	109,802
Special education - jails	3,926	3,926	2,993	(933)
SOL algebra readiness	22,521	22,521	20,294	(2,227)
Technology	102,000	102,000	102,000	-
Textbook payment	92,839	92,839	95,500	2,661
Vocational education	173,573	173,573	286,272	112,699
VPSI one time grant	-	-	121,140	121,140
Workforce readiness	-	-	445	445
Other state funds	-	-	11,580	11,580
Total categorical aid	<u>\$ 8,280,795</u>	<u>\$ 8,280,795</u>	<u>\$ 8,776,830</u>	<u>\$ 496,035</u>
Total revenue from the Commonwealth	<u>\$ 8,280,795</u>	<u>\$ 8,280,795</u>	<u>\$ 8,776,830</u>	<u>\$ 496,035</u>

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title VI-B, special education flow-through	\$ 329,958	\$ 329,958	\$ 288,503	\$ (41,455)
Preschool	-	-	23,773	23,773
Title VI-B, rural and low income	25,936	25,936	36,056	10,120
Vocational education	21,520	21,520	-	(21,520)
Title I	280,204	280,204	310,415	30,211
Title II, Part A	44,605	44,605	34,546	(10,059)
Title III	5,800	5,800	15,541	9,741
Parent resource center	-	-	391	391
JROTC	46,695	46,695	49,704	3,009
School lunch and breakfast programs	385,000	385,000	399,240	14,240
Total categorical aid	<u>\$ 1,139,718</u>	<u>\$ 1,139,718</u>	<u>\$ 1,158,169</u>	<u>\$ 18,451</u>
Total revenue from the federal government	<u>\$ 1,139,718</u>	<u>\$ 1,139,718</u>	<u>\$ 1,158,169</u>	<u>\$ 18,451</u>
Total School Operating Fund	<u>\$ 14,739,677</u>	<u>\$ 14,910,473</u>	<u>\$ 14,713,743</u>	<u>\$ (196,730)</u>
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 33	\$ 33
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 89,411	\$ 89,411
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 10,051	\$ 10,051
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,495</u>	<u>\$ 99,495</u>
Revenue from the federal government:				
Categorical aid:				
Summer feeding	\$ -	\$ -	\$ 6,453	\$ 6,453
Commodities	-	34,940	34,940	-
Total categorical aid	<u>\$ -</u>	<u>\$ 34,940</u>	<u>\$ 41,393</u>	<u>\$ 6,453</u>
Total School Cafeteria Fund	<u>\$ -</u>	<u>\$ 34,940</u>	<u>\$ 140,888</u>	<u>\$ 105,948</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 14,739,677</u>	<u>\$ 14,945,413</u>	<u>\$ 14,854,631</u>	<u>\$ (90,782)</u>

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of Supervisors	\$ 151,426	\$ 157,926	\$ 155,676	\$ 2,250
General and financial administration:				
County administrator	\$ 193,723	\$ 186,000	\$ 189,869	\$ (3,869)
Information technology	233,447	230,000	230,548	(548)
Commissioner of revenue	190,959	187,000	185,415	1,585
Assessor	30,000	30,000	-	30,000
Treasurer	211,006	216,000	214,713	1,287
Total general and financial administration	<u>\$ 859,135</u>	<u>\$ 849,000</u>	<u>\$ 820,545</u>	<u>\$ 28,455</u>
Board of elections:				
Electoral board and officials	\$ 18,635	\$ 25,051	\$ 25,506	\$ (455)
Registrar	63,379	74,500	74,761	(261)
Total board of elections	<u>\$ 82,014</u>	<u>\$ 99,551</u>	<u>\$ 100,267</u>	<u>\$ (716)</u>
Total general government administration	<u>\$ 1,092,575</u>	<u>\$ 1,106,477</u>	<u>\$ 1,076,488</u>	<u>\$ 29,989</u>
Judicial administration:				
Courts:				
Circuit court	\$ 23,500	\$ 26,138	\$ 26,138	\$ -
General district court	8,860	2,500	2,471	29
Magistrate	100	100	-	100
Court services unit	35,696	35,696	33,329	2,367
Clerk of the circuit court	235,485	228,000	221,899	6,101
Total courts	<u>\$ 303,641</u>	<u>\$ 292,434</u>	<u>\$ 283,837</u>	<u>\$ 8,597</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 293,395	\$ 291,000	\$ 287,696	\$ 3,304
Total judicial administration	<u>\$ 597,036</u>	<u>\$ 583,434</u>	<u>\$ 571,533</u>	<u>\$ 11,901</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,503,121	\$ 1,515,000	\$ 1,529,155	\$ (14,155)
Fire and rescue services:				
Volunteer fire department	\$ 157,000	\$ 162,482	\$ 162,482	\$ -
Volunteer rescue squad	765,373	1,082,185	1,045,317	36,868
Total fire and rescue services	<u>\$ 922,373</u>	<u>\$ 1,244,667</u>	<u>\$ 1,207,799</u>	<u>\$ 36,868</u>
Correction and detention:				
Juvenile group home	\$ 11,698	\$ 11,698	\$ 11,698	\$ -

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 88,372	\$ 86,500	\$ 86,232	\$ 268
Other protection:				
Animal control	\$ 95,233	\$ 107,000	\$ 104,285	\$ 2,715
Medical examiner	400	795	795	-
E-911 system	69,500	122,211	66,339	55,872
Total other protection	\$ 165,133	\$ 230,006	\$ 171,419	\$ 58,587
Total public safety	\$ 2,690,697	\$ 3,087,871	\$ 3,006,303	\$ 81,568
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 4,150	\$ 4,150	\$ 4,424	\$ (274)
Sanitation and waste removal:				
Refuse collection and disposal	\$ 616,100	\$ 660,000	\$ 654,047	\$ 5,953
Maintenance of general buildings and grounds:				
General properties	\$ 340,355	\$ 380,898	\$ 375,784	\$ 5,114
Total public works	\$ 960,605	\$ 1,045,048	\$ 1,034,255	\$ 10,793
Health and welfare:				
Health:				
Supplement of local health department	\$ 136,500	\$ 136,500	\$ 136,500	\$ -
Mental health and mental retardation:				
Community services board	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Welfare:				
Area agency on aging	\$ 7,650	\$ 7,650	\$ 7,650	\$ -
Virginia public assistance	1,758,402	1,700,000	1,769,798	(69,798)
Tax relief for the elderly	-	-	36,378	(36,378)
Children's services act	350,500	525,000	525,588	(588)
Total welfare	\$ 2,116,552	\$ 2,232,650	\$ 2,339,414	\$ (106,764)
Total health and welfare	\$ 2,283,052	\$ 2,399,150	\$ 2,505,914	\$ (106,764)
Education:				
Other instructional costs:				
Contributions to Rappahannock Community College	\$ 10,500	\$ 10,500	\$ 10,500	\$ -
Contribution to County School Board	4,735,727	4,906,523	4,526,247	380,276
Total education	\$ 4,746,227	\$ 4,917,023	\$ 4,536,747	\$ 380,276

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Recreational programs	\$ 35,000	\$ 35,000	\$ 35,000	\$ -
Cultural enrichment:				
Richmond County museum	\$ 18,129	\$ 18,129	\$ 15,372	\$ 2,757
Library:				
Contribution to county library	\$ 92,160	\$ 92,160	\$ 92,160	\$ -
Total parks, recreation, and cultural	\$ 145,289	\$ 145,289	\$ 142,532	\$ 2,757
Community development:				
Planning and community development:				
Planning	\$ 161,664	\$ 157,000	\$ 155,651	\$ 1,349
Economic development	16,650	14,400	14,400	-
Northern Neck planning district commission	9,500	9,500	9,500	-
Total planning and community development	\$ 187,814	\$ 180,900	\$ 179,551	\$ 1,349
Environmental management:				
Contribution to soil and water conservation district	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Wetlands board	3,172	1,800	1,717	83
Litter and recycling program	5,000	3,808	3,808	-
Total environmental management	\$ 20,172	\$ 17,608	\$ 17,525	\$ 83
Cooperative extension program:				
Extension office	\$ 50,084	\$ 43,714	\$ 45,315	\$ (1,601)
Total community development	\$ 258,070	\$ 242,222	\$ 242,391	\$ (169)
Nondepartmental:				
Other nondepartmental	\$ 130,317	\$ 175,000	\$ 49,128	\$ 125,872
Capital projects:				
School construction	\$ -	\$ -	\$ 16,030	\$ (16,030)
EMS project	-	2,000,000	918,054	1,081,946
Bus garage project	-	-	284,270	(284,270)
Other capital projects	-	50,000	94,054	(44,054)
Total capital projects	\$ -	\$ 2,050,000	\$ 1,312,408	\$ 737,592
Debt service:				
Principal retirement	\$ 945,422	\$ 945,422	\$ 945,422	\$ -
Interest and other fiscal charges	806,078	830,878	723,589	107,289
Total debt service	\$ 1,751,500	\$ 1,776,300	\$ 1,669,011	\$ 107,289
Total General Fund	\$ 14,655,368	\$ 17,527,814	\$ 16,146,710	\$ 1,381,104

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

Schedule 2
Page 4 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds:				
Workforce Investment Act Fund:				
Community development:				
Bay Consortium Workforce Investment Board				
Other protection	\$ -	\$ 1,935,556	\$ 1,935,556	\$ -
Total community development	\$ -	\$ 1,935,556	\$ 1,935,556	\$ -
Total Workforce Investment Act Fund	\$ -	\$ 1,935,556	\$ 1,935,556	\$ -
Total Primary Government	\$ 14,655,368	\$ 19,463,370	\$ 18,082,266	\$ 1,381,104
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction costs:				
Instructional costs	\$ 10,938,683	\$ 11,109,479	\$ 10,922,130	\$ 187,349
Operating costs:				
Administration, attendance and health services	\$ 886,006	\$ 886,006	\$ 997,888	\$ (111,882)
Pupil transportation	861,047	861,047	900,135	(39,088)
Operation and maintenance of school plant	1,364,221	1,364,221	1,359,761	4,460
Total operating costs	\$ 3,111,274	\$ 3,111,274	\$ 3,257,784	\$ (146,510)
Total education	\$ 14,049,957	\$ 14,220,753	\$ 14,179,914	\$ 40,839
Debt service:				
Principal retirement	\$ -	\$ -	\$ 136,881	\$ (136,881)
Interest and other fiscal charges	-	-	2,847	(2,847)
Total debt service	\$ -	\$ -	\$ 139,728	\$ (139,728)
Total School Operating Fund	\$ 14,049,957	\$ 14,220,753	\$ 14,319,642	\$ (98,889)
Special Revenue Fund:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 689,720	\$ 689,720	\$ 525,686	\$ 164,034
Commodities	-	34,940	34,940	-
Total school food services	\$ 689,720	\$ 724,660	\$ 560,626	\$ 164,034
Total education	\$ 689,720	\$ 724,660	\$ 560,626	\$ 164,034
Total School Cafeteria Fund	\$ 689,720	\$ 724,660	\$ 560,626	\$ 164,034
Total Discretely Presented Component Unit - School Board	\$ 14,739,677	\$ 14,945,413	\$ 14,880,268	\$ 65,145

County of Richmond, 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	Total
2018	\$ 1,156,714	\$ 702,259	\$ 2,810,860	\$ 1,200,647	\$ 1,655,037	\$ 5,093,707	\$ 142,795	\$ 2,181,334	\$ 676,629	\$ 15,619,982
2017	1,199,922	679,860	2,565,301	1,001,652	1,553,210	5,561,858	128,334	2,336,174	546,455	15,572,766
2016	1,201,406	670,488	2,493,259	1,023,874	1,630,672	7,274,186	88,765	229,255	583,898	15,195,803
2015	1,010,419	672,506	2,387,427	895,848	1,570,764	5,215,355	115,768	233,541	589,396	12,691,024
2014	1,120,423	710,582	2,402,184	846,800	1,690,009	5,642,298	162,972	228,685	575,697	13,379,650
2013	1,073,266	685,595	2,363,407	862,389	1,444,859	5,316,656	614,679	296,212	666,508	13,323,571
2012	1,157,245	701,428	2,205,361	968,585	1,480,014	4,888,913	385,484	210,363	306,399	12,303,792
2011	1,189,224	696,062	2,308,389	818,640	1,521,335	5,390,116	120,655	217,423	185,898	12,447,742
2010	1,247,741	707,540	1,967,062	826,963	1,504,350	4,819,073	165,934	165,662	470,384	11,874,709
2009	887,637	738,746	2,124,489	904,776	1,493,767	4,482,010	124,819	294,235	378,731	11,429,210

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

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES										Total
	Charges for Services	Operating Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Contributions from Richmond IDA					
2018	\$ 496,099	\$ 4,946,946	\$ 8,298,459	\$ 1,504,943	\$ 46,929	\$ 165,675	\$ 1,145,684	\$ -	\$ 16,604,735					
2017	464,313	4,775,138	8,097,044	1,595,454	22,904	80,301	1,118,371	-	16,153,525					
2016	436,188	2,933,962	7,682,309	1,508,226	16,539	149,040	1,144,085	-	13,870,349					
2015	413,529	2,600,508	7,360,601	1,323,118	31,078	184,290	1,204,750	75,000	13,192,874					
2014	421,007	3,055,840	7,157,053	1,491,479	232,585	119,088	1,146,354	-	13,623,406					
2013	434,520	2,353,317	7,171,701	1,368,449	62,614	59,131	1,151,877	-	12,601,609					
2012	475,971	1,977,184	7,099,394	1,274,484	37,213	78,501	1,156,517	-	12,099,264					
2011	499,826	2,200,305	5,812,489	1,306,532	64,972	58,253	1,210,495	-	11,152,872					
2010	321,894	2,457,852	5,503,475	1,209,769	88,122	78,697	1,171,538	-	10,831,347					
2009	390,629	2,133,243	5,484,432	1,605,267	273,471	62,299	844,261	-	10,793,602					

County of Richmond, 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	Non-departmental	Debt Service	Total
2018	\$ 1,076,488	\$ 571,533	\$ 3,006,303	\$ 1,034,255	\$ 2,505,914	\$ 14,751,040	\$ 142,532	\$ 2,177,947	\$ 49,128	\$ 1,808,739	\$ 27,123,879
2017	1,138,798	557,419	2,661,534	991,323	2,174,990	14,691,720	128,386	2,334,403	67,957	1,718,644	26,465,174
2016	1,221,390	629,439	2,732,816	1,041,407	2,222,780	14,466,568	167,886	217,722	66,227	1,633,827	24,400,062
2015	1,001,344	654,643	2,564,027	904,524	2,170,967	13,961,741	146,032	242,690	43,544	1,597,674	23,287,186
2014	1,090,274	632,107	2,590,816	848,147	2,390,932	13,857,177	141,032	228,823	68,970	1,474,862	23,323,140
2013	1,020,637	606,017	2,540,282	864,220	2,060,587	13,279,129	140,886	267,170	168,483	1,057,085	22,004,496
2012	1,108,803	634,017	2,351,954	902,538	1,897,136	12,603,436	141,132	238,211	124,402	3,686,465	23,688,094
2011	1,164,161	608,545	2,279,225	832,318	1,847,211	12,441,861	137,909	274,025	140,371	724,236	20,449,862
2010	1,190,412	662,736	2,488,050	882,014	1,509,373	13,019,411	144,436	275,542	150,988	846,569	21,169,531
2009	945,269	672,311	2,225,390	923,742	1,490,733	12,929,843	138,294	311,486	122,877	740,525	20,500,470

(1) Includes general and special revenue funds of the Primary Government, and its Discretely Presented Component Unit-School Board; excludes capital projects expenditures.

County of Richmond, 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
2018	\$ 8,369,159	\$ 1,504,943	\$ 80,149	\$ 50,298	\$ 47,622	\$ 455,063	\$ 336,932	\$ 992,723	\$ 16,069,022	\$ 27,905,911
2017	8,196,389	1,595,454	46,744	42,184	37,418	472,121	302,813	688,818	15,389,005	26,770,946
2016	7,647,553	1,508,226	54,875	41,110	20,598	460,271	555,726	829,382	13,047,621	24,165,362
2015	7,431,289	1,323,118	58,390	37,152	25,025	436,648	275,897	946,669	12,554,441	23,088,629
2014	7,118,755	1,491,479	53,928	29,785	207,402	447,874	152,141	1,002,971	12,205,371	22,709,706
2013	7,184,262	1,368,449	55,131	26,108	28,612	478,419	206,356	1,186,869	11,059,627	21,593,833
2012	6,972,485	1,274,484	48,535	21,860	25,029	577,097	235,248	904,951	10,752,740	20,812,429
2011	5,955,280	1,306,532	53,247	26,086	65,099	575,620	141,161	738,210	11,003,032	19,864,267
2010	5,324,410	1,209,769	53,083	31,958	88,280	439,430	115,188	629,433	11,760,077	19,651,628
2009	5,427,144	1,605,267	63,041	39,536	188,999	514,400	93,032	423,577	11,322,727	19,677,723

(1) Includes general and special revenue funds of the Primary Government and its Discretely Presented Component Unit-School Board; excludes capital projects funds.

Table 5

County of Richmond, 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 (1,2)	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1, 2)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy	Delinquent Taxes to Tax Levy		
2018	\$ 8,965,692	\$ 8,739,107	97.47%	\$ 248,563	8,987,670	100.25%	\$ 254,106	2.83%	
2017	8,808,383	8,427,059	95.67%	358,576	8,785,635	99.74%	292,770	3.32%	
2016	8,357,577	7,995,339	95.67%	244,771	8,240,110	98.59%	410,884	4.92%	
2015	8,129,588	7,772,456	95.61%	294,468	8,066,924	99.23%	385,381	4.74%	
2014	7,972,187	7,599,200	95.32%	223,201	7,822,401	98.12%	443,024	5.56%	
2013	7,850,271	7,630,099	97.20%	240,504	7,870,603	100.26%	362,749	4.62%	
2012	7,811,023	7,485,794	95.84%	186,686	7,672,480	98.23%	379,082	4.85%	
2011	6,670,585	6,363,482	95.40%	283,844	6,647,326	99.65%	252,172	3.78%	
2010	6,025,304	5,878,951	97.57%	169,423	6,048,374	100.38%	323,834	5.37%	
2009	6,268,800	6,001,076	95.73%	139,341	6,140,417	97.95%	277,366	4.42%	

(1) Exclusive of penalties and interest.

(2) Delinquent tax collections are exclusive of land redemptions.

County of Richmond, 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
					Real Estate	Real Estate	Personal Property	
2018	\$ 802,339,284	\$ 66,559,619	\$ 4,711,590	\$ 1,879,500	\$ 73,189,440	\$ 1,786,937	\$ 950,466,370	
2017	795,835,664	64,488,034	4,049,620	1,827,220	63,132,163	1,614,273	930,946,974	
2016	791,569,124	61,822,591	3,405,019	1,798,680	59,110,301	1,499,177	919,204,892	
2015	782,102,928	60,970,573	3,317,151	1,769,910	61,611,846	1,384,915	911,157,323	
2014	784,551,166	59,139,690	3,485,854	1,736,997	53,094,641	1,530,251	903,538,599	
2013	783,877,464	56,013,615	3,316,309	1,626,543	54,904,120	1,478,343	901,216,394	
2012	784,113,367	56,928,760	2,419,874	1,645,530	45,720,172	1,157,333	891,985,036	
2011	535,213,370	55,959,138	2,926,283	1,647,700	27,847,132	861,618	624,455,241	
2010	531,312,380	53,760,890	3,079,608	1,690,180	37,964,495	1,206,024	629,013,577	
2009	527,089,300	63,387,130	3,265,563	1,665,480	19,514,656	439,498	615,361,627	

(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 Richmond, Virginia
Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital	Public Utility	
					Real Estate	Personal Property
2018	\$ 0.70	\$ 3.75	\$ 0.40	\$ 3.50	\$ 0.70	\$ 3.75
2017	0.70	3.75	0.40	3.50	0.70	3.75
2016	0.67	3.75	0.40	3.50	0.67	3.75
2015	0.67	3.50	0.01	3.50	0.67	3.50
2014	0.67	3.50	0.01	3.50	0.67	3.50
2013	0.67	3.50	0.01	3.50	0.67	3.50
2012	0.67	3.50	0.01	3.50	0.67	3.50
2011	0.79	3.50	0.01	3.50	0.79	3.50
2010	0.70	3.50	0.50	3.50	0.70	3.50
2009	0.70	3.50	0.50	3.50	0.70	3.50

Table 8

County of Richmond, 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)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2018	9,254	\$ 950,466	\$ 14,987,305	1.58%	\$ 1,620
2017	9,254	930,947	15,528,235	1.67%	1,678
2016	9,254	919,205	16,061,983	1.75%	1,736
2015	9,254	911,157	16,588,442	1.82%	1,793
2014	9,254	903,539	17,107,931	1.89%	1,849
2013	9,254	901,216	17,564,950	1.95%	1,898
2012	9,254	891,985	2,959,216	0.33%	320
2011	9,254	624,455	3,207,433	0.51%	347
2010	9,254	629,014	3,458,563	0.55%	374
2009	8,809	615,362	1,061,722	0.17%	121

(1) Center for Weldon Cooper Public Service at the University of Virginia from 2000 and 2010 census.

(2) From Table 6.

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

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

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To The Honorable Members of the Board of Supervisors
County of Richmond
Warsaw, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of County of Richmond 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 Richmond, Virginia's basic financial statements and have issued our report thereon dated November 21, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 21, 2018

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To The Honorable Members of the Board of Supervisors
County of Richmond
Warsaw, Virginia

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of County of Richmond, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Richmond, 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Richmond, Virginia's internal control over compliance.

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

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

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 21, 2018

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
Department of Health and Human Services:				
Pass-Through Payments:				
<i>Department of Social Services:</i>				
Promoting Safe and Stable Families	93.556	0950115/0950116		\$ 7,113
Temporary Assistance for Needy Families	93.558	0400116/0400117		84,651
Refugee and Entrant Assistance - State Administered Programs	93.566	0500116/0500117		127
Low-Income Home Energy Assistance Care	93.568	0600416/0600417		11,783
and Development Fund	93.596	0760116/0760117		14,068
Adoption and Legal Guardianship Incentive Payments	93.603	1130116/1130117		81
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900116/0900117		255
Foster Care - Title IV-E	93.658	1100116/1100117		108,948
Adoption Assistance	93.659	1120116/1120117		23,115
Social Services Block Grant	93.667	1000116/1000117		55,702
Chafee Foster Care Independence Program	93.674	9150116/9150117		738
Children's Health Insurance Program	93.767	0540116/0540117		4,835
Medical Assistance Program	93.778	1200116/1200117		121,492
Total Department of Health and Human Services				\$ 432,908
Department of Agriculture:				
Direct Payments:				
Community Facilities Loans and Grants	10.766	N/A		\$ 108,000
Pass-Through Payments:				
Child Nutrition Cluster:				
<i>Department of Agriculture:</i>				
Food Distribution	10.555	17901-45707	\$ 34,940	
<i>Department of Education:</i>				
National School Lunch Program	10.555	17901-40623	293,286	
			<u>\$ 328,226</u>	
School Breakfast Program	10.553	17901-40591	105,954	
<i>Department of Health:</i>				
Summer Food Service Program for Children	10.559	17901	6,453	\$ 440,633
<i>Department of Social Services:</i>				
State Administrative Matching Grants for the Supplemental				
Nutrition Assistance Program	10.561	0010116/0010117		118,513
Total Department of Agriculture				\$ 667,146

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
Department of Labor:				
Pass Through Payments:				
<i>Virginia Community College System:</i>				
WIOA Cluster:				
WIOA Adult Program	17.258	Not Available	\$ 672,626	\$ 672,626
WIOA Youth Activities	17.259	Not Available	591,751	591,751
WIOA Dislocated Worker Formula Grants	17.278	Not Available	671,179	<u>671,179</u>
				<u>1,935,556</u>
Total Department of Labor				<u>\$ 1,935,556</u>
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	390002-501431		\$ 88,065
Edward Byrne Memorial Justice Assistance Grant Program	16.738	390001-10220		<u>1,454</u>
Total Department of Justice				<u>\$ 89,519</u>
Department of Transportation:				
Pass-Through Payments:				
<i>Department of Motor Vehicles:</i>				
State and Community Highway Safety	20.600	60507-55138/55144		<u>\$ 37,948</u>
Department of Education:				
Pass-Through Payments:				
<i>Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	17901-42901		\$ 288,503
Special Education Cluster:				
Special Education - Grants to States	84.027	17901-43071	\$ 310,806	
Special Education - Preschool Grants	84.173	17901-62501	<u>23,773</u>	334,579
Rural Education	84.358	17901-43481		36,056
English Language Acquisition State Grants	84.365	17901-60512		15,541
Supporting Effective Instruction State Grant	84.367	17901-61480		<u>34,546</u>
Total Department of Education				<u>\$ 709,225</u>
Department of Defense:				
Direct Payments:				
Junior ROTC	12.xxx	N/A		<u>\$ 49,704</u>
Total Department of Defense				<u>\$ 49,704</u>
Total Expenditures of Federal Awards			<u>\$ 1,935,556</u>	<u>\$ 3,922,006</u>

See accompanying notes to schedule of expenditures of federal awards.

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

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 985,304
Special Revenue Funds:	
Workforce Investment Act Fund	1,935,556
Total primary government	\$ 2,920,860

Component Unit School Board:

School Operating Fund	\$ 1,158,169
School Cafeteria Fund	41,393
Total Component Unit School Board	\$ 1,199,562

Total federal expenditures per basic financial statements	\$ 4,120,422
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Add: USDA loan proceeds	\$ 50,000
Less: Federal interest subsidy	(219,951)
Less: Payment in Lieu of Taxes	(28,465)
	(28,465)

Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	\$ 3,922,006
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Note 5 - De Minimis Cost Rate

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

Note 6 - Loan Balances

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

County of Richmond, 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 ✓ _____ no
 Significant deficiency(ies) identified? _____ yes ✓ _____ none reported
 Noncompliance material to financial statements noted? _____ yes ✓ _____ no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? _____ yes ✓ _____ no
 Significant deficiency(ies) identified? _____ yes ✓ _____ none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster
17.258/17.259/17.278	WIOA Cluster

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

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

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

County of Richmond, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

There were no prior year findings.