

# COUNTY OF PAGE, VIRGINIA



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

**COUNTY OF PAGE, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Prepared by  
Dennis Click, Budget Officer  
Page County, Virginia

**COUNTY OF PAGE, VIRGINIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 2018**

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## **INTRODUCTORY SECTION**



## COUNTY OF PAGE

103 South Court Street, Suite F  
Luray, Virginia 22835  
(540) 743-4142  
Fax: (540) 743-4533

Board of Supervisors:  
Morgan Phenix – Chairman – At- Large  
D. Keith Guzy, Jr. – District 1  
David Wiatrowski – District 2  
Mark Stroupe – District 3  
Larry Foltz – District 4  
Jeff Vaughan – District 5

County Administrator:  
Amity Moler

**November 30<sup>th</sup>, 2018**

### **To the Honorable Chairman, Members of the Board of Supervisors, and Citizens of the County of Page, Virginia:**

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the County of Page (County) for the fiscal year ended 2018. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the County. All disclosures necessary to enable the reader to gain an understanding of the County's activities have been included.

The accounting firm of Robinson, Farmer, Cox Associates, Certified Public Accountants, has audited the County's financial statements. The goal of the independent audit is to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by Government Auditing Standards Board and the Specification for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accounts. Based upon this audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

The financial reporting entity (the County) includes all funds of the primary government (i.e., the County of Page, as legally defined), as well as all of its component units. The County provides a full range of services including police and rescue services, sanitation services, recreational activities, cultural events, and welfare services.

Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows, from those of the primary government. The discretely presented component unit included in this report is the Page County School Board.



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

## **The Reporting Entity and Economic Outlook**

The County of Page (County) was created in 1831 from sections of Shenandoah and Rockingham counties and was named for John Page, Governor of Virginia from 1802 to 1805. It covers a total area of 314 square miles (810 square kilometers), of which 311 square miles is land and 3.2 square miles is water. It is nestled between Shenandoah, Warren, Rappahannock, Madison, Greene, and Rockingham counties.

Between the beautiful Blue Ridge and Massanutten Mountains, in Virginia's fabled Shenandoah Valley, the families of Page County developed a heritage of independence, self-reliance, and community which is still evident in our labor force today. A high-quality educational system; inexpensive cost of living and doing business; friendly, quiet community; and our scenic and unspoiled environment are just a few of the qualities that make Page County an ideal place to visit, live or do business. Located 15 minutes from I-81 and 30 minutes from I-66, Page County is also convenient to major interstates.

The County has seen continuous growth since 1840, with a population per the 2010 census of 24,042. The County is empowered to levy a property tax on both real estate and personal property located within its boundaries. Three incorporated town's lay within the borders of Page County, the towns of Luray, Shenandoah, and Stanley.

The County has a County Administrator form of government with an elected Board of Supervisors, which establishes policies for the administration of the County. The Board of Supervisors consists of six members representing the five magisterial districts in the County and one member elected at-large. The Chairman of the Board of Supervisors is elected in a county wide election. The Board of Supervisors appoints a County Administrator to serve as the administrative manager of the County. The County Administrator serves at the pleasure of the Board of Supervisors, carries out the policies established by the Board of Supervisors, and oversees the daily administration of the County.

The Commonwealth of Virginia provides the construction and maintenance of highways, streets, and infrastructure located within the County. In addition to employee performed EMS duties within the county, local volunteer fire and rescue companies provide fire and rescue protection for the citizens, and the County provides support through cash contributions for operations and capital expenditures.

There were 9,305 households out of which 29.60% had children under the age of 18 living with them, 55.80% were married couples living together, 10.50% had a female householder with no husband present, and 28.70% were non-families. 24.40% of all households were made up of individuals and 11.10% had someone living alone who was 65 years of age or older. The average household size was 2.46 and the average family size was 2.91. In the county, the population was spread out with 23.00% under the age of 18, 7.70% from 18 to 24, 28.30% from 25 to 44, 25.30% from 45 to 64, and 15.70% who were 65 years of age or older. The median age was 39 years.

The economic conditions of Page County have remained steady, with slight growth in property tax collections in a year where tax rates were not increased. Transient Occupancy taxes also continue to beat estimates and we have welcomed many new rental properties and service industry locations into the burgeoning tourism industry of Page County. In fact, TLC named Luray #2 on their list of Most Beautiful Wedding Locales in the United States. Many of our most sought-after destinations remain small and independently owned, keeping most of the economic benefits within the community.

## **Major Initiatives and Goals**

The Mission Statement of Page County is as follows:

*To provide our citizens and businesses with a superior quality of life by delivering county services and programs in a fiscally prudent and responsible manner.*

During Fiscal Year 2018, the County completed work on a new cell (Cell 10) at the Battle Creek Landfill. We maintain contracts with several businesses and Warren County to dispose of waste long-term. This has made our landfill operations operationally self-sufficient, however while we are operationally in the black, significant debt service remains (discussed in more detail later as a part of debt, and debt service expenditures). Projections hold that an additional significant waste disposal contract could compensate for this as well. The landfill remains a net gain as the minimal costs incurred far outweigh the expense of tipping fees if the waste were to be hauled elsewhere.

Additionally, an automobile decal fee was levied to assist in funding local landfill operations. The amount estimated for collection associated with this levy is set at \$659,000. The upgrades to the landfill will make our facility competitive into the far-reaching future, where costs for solid waste storage continue to increase.

Our Fire and EMS Division was formed in 2003, and is presently staffed with 30 full-time and part-time employees. Currently, the County operates 3 volunteer rescue stations (one located in each independent town in the County), the Luray, Shenandoah, and Stanley Volunteer Rescue Squads. Additionally, the Department provides emergency medical services and fire response training for the 6 volunteer fire departments and rescue stations in the County. In Fiscal Year 2018, we were able to achieve nearly \$454,600 of revenue while responding to more calls and making minor upgrades to our fleet. Fiscal Year 2019 will focus on expanding career staff and lowering response times.

Page County successfully refunded existing USDA bonds, lowering the interest rate and restructuring the payment schedule to shave eight years and nearly two million dollars in interest off of loans used to initially acquire the Battle Creek Landfill, a boon that has softened mandated expenditure impacts.

An RFP was issued regarding a new public safety radio system, with potential companies currently being reviewed. Soon, the County of Page looks to award a P25 compliant radio system contract in order to bring public safety to the forefront. Operation of a new radio system will reduce dead zones and increase communication capabilities for county, fire, rescue, law enforcement, and school system employees.

## **Financial Information**

The management of the County of Page is responsible for establishing and maintaining internal controls to ensure the protection of the County assets. In developing and evaluating the County of Page's accounting system, consideration is given to the adequacy of internal accounting controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

## **Single Audit**

As a recipient of federal and state financial assistance, the County also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. These internal controls are subject to periodic evaluation by management.

As a part of the County's single audit, described earlier, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2018 provided no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations.

## **Budgeting Controls**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Governmental funds utilize the current financial resources measurement focus and the modified accrual basis of accounting. Revenues and related assets are recorded when measurable and available to finance operations during the year. 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 County 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 County. 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. Proprietary and Fiduciary Funds use the accrual basis of accounting which recognizes revenues when earned and expenses when incurred.

The appropriations resolution places legal restrictions on expenditures at the activity level within each department. Formal budgets are legally adopted for the governmental funds, which include the General, Virginia Public Assistance, Children's Services Act, Capital Projects Funds, Parks and Recreation, Juvenile Community Crime Control, Victim Witness Protection, Water Quality, and Airport Hangar funds of the primary government and component unit – School Board. Budgetary integration is employed as a management control device during the year, and budgets are monitored and reported to the Board of Supervisors on a monthly basis.

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

The County Administrator is authorized to transfer budgeted amounts within general government activities; however, the component unit School Board is authorized to transfer budgeted amounts within the school system's categories.

Appropriations lapse on June 30 for all County departments. Supplemental appropriations are made as necessary throughout the year. Encumbrances and reserved fund balances outstanding at June 30 are re-appropriated in the succeeding year on a case-by-case basis.

### **Relevant Financial Policies**

The County of Page, Virginia has adopted a comprehensive set of financial policies. The County has a policy that requires the adoption of a balance annual operating budget (i.e., estimated revenues equal to appropriations and transfers to other funds). For Fiscal Year 2018, no carryover funds were utilized in order to balance the adopted budget. Several appropriations, as they related to restricted sources of funds and our component unit, re-appropriated carryover funds, but none were required to balance the budget. The County also has a policy in place to maintain a 15% Fund Balance in order to not only meet our debt covenants, but remain agile and adaptive in the current economic climate.

### **Other Information**

#### **Independent Audit**

State statutes require an annual audit by independent certified public accountants. The accounting firm of Robinson, Farmer, Cox Associates, CPA's, was selected by the County. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The auditors' report on the basic financial statements and combining individual fund statements and schedules is included in the Financial Section of this report. The auditors' report related specifically to the single audit is included in the Compliance Section.

#### **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Page, Virginia, for its comprehensive annual financial report for the fiscal year ending June 30, 2017.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

**Acknowledgments**

The preparation of this annual financial report could not have been accomplished without the dedicated effort of Amity Moler, County Administrator, Penny Gray, Treasurer, the School Board and the members of their staff. We would like to express our appreciation to all members of those departments who assisted and contributed to the preparation of this report.

Moreover, without the leadership and support of the Board of Supervisors, preparation of this report would not have been possible.

Sincerely,

A handwritten signature in black ink that reads "Dennis Lee Click". The signature is written in a cursive, flowing style.

Dennis Lee Click  
Budget Office



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**County of Page  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

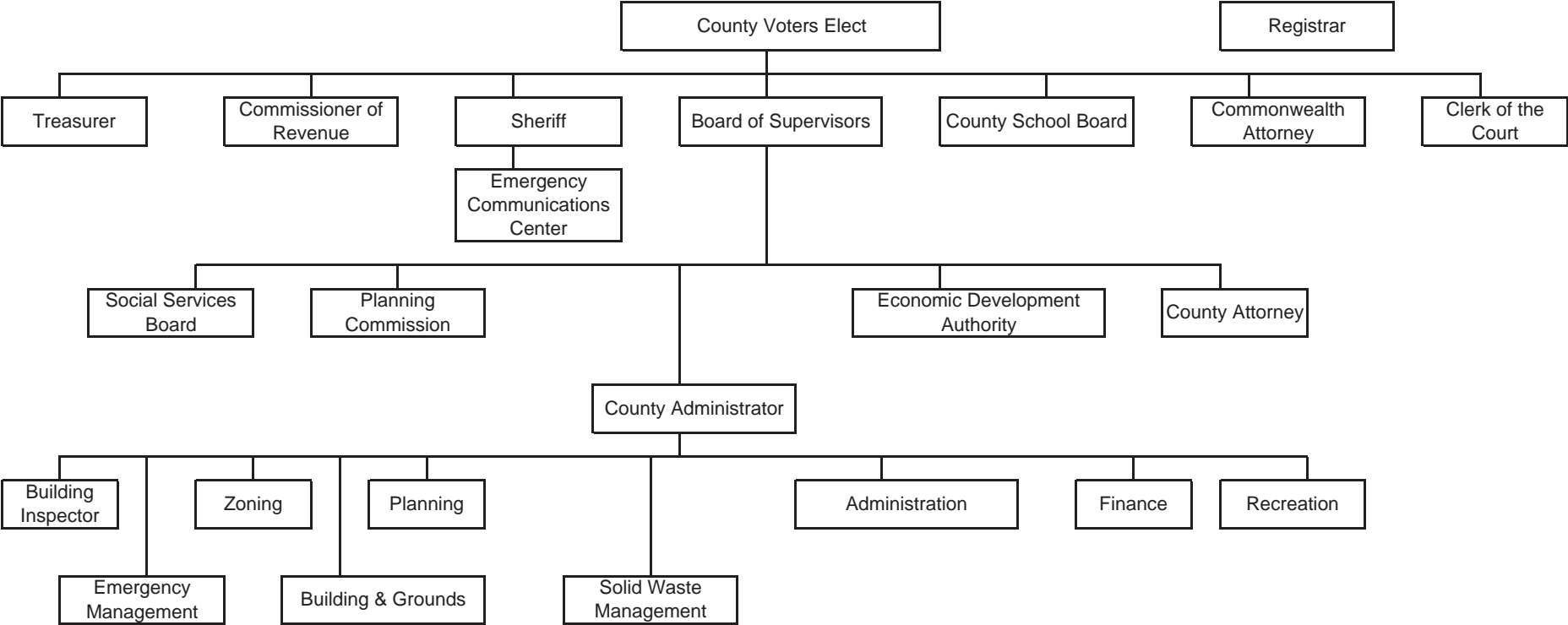
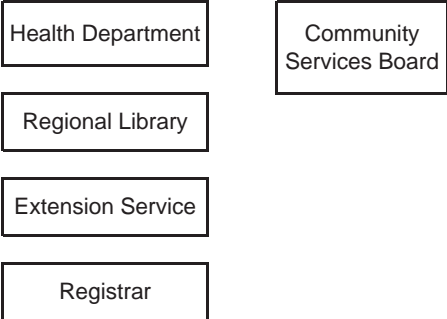
Executive Director/CEO

County of Page, Virginia

Organizational Chart

Fiscal Year 2018

State Regional Agencies



**COUNTY OF PAGE, VIRGINIA**

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**BOARD OF SUPERVISORS**

---

Morgan Phenix, Chairman

Mark Stroupe  
David Wiatrowski  
Jeff Vaughan

Larry Foltz  
D. Keith Guzy, Jr.

Amity Moler, County Administrator

**OFFICIALS**

---

Judge of the Circuit Court ..... James V. Lane  
Judge of the General District Court..... W. Dale Houff  
Judge of the Juvenile & Domestic Relations District Court..... William W. Sharp  
Clerk of the Circuit Court.....C. Grayson Markowitz  
Commonwealth’s Attorney ..... Kenneth L. Alger II  
Commissioner of the Revenue..... Rebecca Smith  
Treasurer ..... Penny Gray  
Sheriff..... Chad Cabbage  
Superintendent of Schools..... Wendy Gonzalez  
Director of Department of Social Services ..... Patricia C. Koontz

**SCHOOL BOARD**

---

Randy Bailey, Chairman

Sharon Lucas, Vice Chairman  
Rolf Gubler  
Jackie Sullivan-Smoot

Tommy Lansberry  
Shawn Printz  
Linda Breeden-Wallace, Clerk

**FINANCE BOARD**

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Members, Page County Board of Supervisors  
Penny Gray, Treasurer  
Dennis Click, Director of Finance

**BOARD OF SOCIAL SERVICES**

---

Louise Kyger, Chairman

Ted Booker  
Donnie Roudabush

Fred Fielding  
Darrell Short

Jan Sletten



## **FINANCIAL SECTION**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## Independent Auditors' Report

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### TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF PAGE, 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 Page, 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 Page, 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 2 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*, 85 *Omnibus 2017*. Our opinion is not modified with respect to this matter.

### ***Restatement of Beginning Balances***

As described in Note 2 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 relating to pension and OPEB funding on pages 4-9, 92, 93-108 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 County of Page, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

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

The introductory section and 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 30, 2018, on our consideration of County of Page, 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 the County of Page, 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 Page, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Staunton, Virginia  
November 30, 2018

## Management's Discussion and Analysis

The following is a narrative overview and analysis of the financial activities of County of Page, Virginia for the fiscal year ended June 30, 2018.

### **Financial Highlights**

The assets of County of Page, Virginia were short of its liabilities at the close of the most recent fiscal year by \$(10,114,972). Of this amount, \$(11,049,988) is unrestricted. The School Board's net position was \$(10,051,498) of which \$(38,307,063) is unrestricted.

At the end of the fiscal year, unassigned fund balance for the general fund was \$9,429,392.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$9,787,274, a decrease of \$105,491 in comparison to the prior year. \$9,429,392 is available for spending at the government's discretion (unassigned fund balance).

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. These statements are comprised of 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.

Local governmental accounting and financial reporting originally focused on funds that were designed to enhance and demonstrate fiscal accountability, as these statements are now accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide financial statements users with both justification from the government that public monies have been used to comply with public decisions and as to whether operating objectives have been met efficiently and effectively and can continue to be met in the future.

### **Government-wide Financial Statements**

Government-wide financial statements provide financial statement users with a general overview of County finances. The statements include all assets and liabilities using the accrual basis of accounting. All current year revenue and expenses are taken into account regardless of when cash is received or paid. Both the financial overview and accrual accounting factors are used in the reporting of a private-sector business. Two financial statements are used to present this information: 1) the statement of net position and 2) the statement of activities.

The statement of net position presents all of the County's permanent accounts, or assets, liabilities deferred inflows/outflows of resources and net position. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other non-financial factors will also need to be considered to determine the overall financial position of the County.

The statement of activities presents information showing how the government's net position changed during the fiscal year. The statement is focused on the gross and net cost of various governmental functions that are supported by general tax and other revenue. The statement of activities presents expenses before revenues, emphasizing that in government revenues are generated for the express purpose of providing services and not as an end unto itself.

Both government-wide financial statements separate governmental activities and business-type activities of the County. Taxes and intergovernmental revenues principally support governmental activities. They include general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation and cultural; and community development. Business-type activities recover all or a significant portion of their costs through user fees and charges. The County currently shows no business-type activities.

The government-wide financial statements include, in addition to the primary government or County, three component units; the Page County School Board, the Page County EDA and the Luray-Page Airport Commission. Although the component units are legally separate entities, the County is financially accountable for them. A primary government is accountable for an organization if the primary government appoints a majority of the organization's governing body. A primary government is financially accountable if, in addition, either the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuance, rate structure and/or provide significant funding for operations of the component unit.

## **Fund Financial Statements**

The fund financial statements will be more familiar to past financial statement users. The only difference from prior year presentation of the fund statements is that only major, or significant, funds will be presented. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance related legal requirements. The County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **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 of the two methods is provided in Exhibits 4 & 6 in this report.

### **Proprietary Funds**

There are two types of proprietary funds: enterprise funds which are established to account for the delivery of goods and services to the general public and internal service funds which account for the delivery of goods and services to other departments or agencies of the government. Proprietary funds use the accrual basis of accounting, similar to private sector business.

The County of Page has one internal service fund, which is retained for purposes of the school board component unit: Health Insurance Fund. The Health Insurance Fund accounts for insurance premiums paid by the School Board for all departments. At June 30<sup>th</sup> the plan surplus was \$148,176 with an overall net position of \$190,802. A thorough explanation and historical claim and settlement data is available in Note 17 of this report.

### **Fiduciary Funds**

Fiduciary funds account for assets held by the government as a trustee or agent for another organization or individual. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statement because the funds are not available to support the County's own activities.

## Notes to the Financial Statements

The notes provide additional information that is needed to fully understand the data provided in the government-wide and fund financial statements.

### **Government-wide Financial Analysis**

As previously noted, net position may serve as a useful indicator of a government's financial position. The County of Page's assets failed to exceed its liabilities and deferred inflows of resources by \$(10,114,972) at the close of the fiscal year.

The County's net position is divided into three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted.

#### **County of Page, Virginia's Net Position**

	<b>2018</b>	<b>2017</b>
Current and Other Assets	\$ 28,151,689	\$ 27,987,735
Capital Assets	47,629,026	49,268,601
Total Assets	<b>\$ 75,780,715</b>	<b>\$ 77,256,336</b>
Pension Related Items	\$ 1,013,071	\$ 1,266,719
OPEB Related Items	36,892	-
Total Deferred Outflows	<b>\$ 1,049,963</b>	<b>\$ 1,266,719</b>
Long Term Liabilities	\$ 70,914,254	\$ 73,533,517
Other Liabilities	4,844,172	5,269,732
Total Liabilities	<b>\$ 75,758,426</b>	<b>\$ 78,803,249</b>
Deferred Revenue-Property Taxes	\$ 10,300,558	\$ 9,811,153
Items Related to Net Pension Liability	821,666	660,736
OPEB Related Items	65,000	-
Total Deferred Inflows	<b>\$ 11,187,224</b>	<b>\$ 10,471,889</b>
Net Investment in Capital Assets	\$ 935,016	\$ 2,205,669
Restricted	-	2,810,507
Unrestricted	(11,049,988)	(15,768,259)
Total Net Position	<b>\$ (10,114,972)</b>	<b>\$ (10,752,083)</b>

The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are needed for governmental operations and cannot be liquidated to repay these liabilities.

Restricted net position represents resources that are subject to external restrictions on how they may be used. There is no restricted net position to report.

At the end of the fiscal year, the County is able to report a smaller negative unrestricted net position, lower liabilities, lower deferred outflows, and higher deferred inflows. Total net position is primarily pushed down by decreased value of capital assets held by the County.

## Governmental Activities

Governmental activities have increased the County's net position by \$637,111 due in large part to keeping expenditure growth low, at 3.3%, and increasing revenues by 2.6% (primarily through general property taxes and charges for services).

### CHANGES IN NET POSITION For the Year Ended June 30, 2018 Governmental Activities

<u>Revenues:</u>	<u>2018</u>	<u>2017</u>
Program Revenues:		
Charges for Services	\$ 2,496,019	\$ 2,412,388
Operating Grants and Contributions	8,202,143	8,754,656
General Revenues:		
General Property Taxes	22,444,117	21,317,725
Other Local Taxes	3,652,426	3,986,406
Use of Money and Property	94,215	46,985
Miscellaneous	296,919	388,957
Grants and Cont. Not Restricted	2,331,350	2,351,768
Total Revenues	<u>\$ 28,819,027</u>	<u>\$ 28,091,841</u>
 <u>Expenses:</u>		
General Government	\$ 2,630,235	\$ 2,350,004
Judicial Administration	1,287,562	1,140,691
Public Safety	8,882,301	8,669,850
Health and Welfare	3,236,871	3,931,959
Education	3,779,627	12,289,299
Parks, Recreation, and Cultural	12,970,892	317,432
Community Development	335,016	3,612,114
Public Works	3,264,067	2,822,940
Interest on Long-Term Debt	2,394,247	2,504,871
Bond Issuance Cost	99,260	-
Total Expenses	<u>\$ 38,880,078</u>	<u>\$ 37,639,160</u>
 Changes in Net Position	\$ 637,111	\$ 1,619,725
Net Position, Beginning	(10,752,083)	(9,609,236)
Cumulative Effect of Change in Accounting Principle	-	(2,762,572)
Net Position, Ending	<u>\$ (10,114,972)</u>	<u>\$ (10,752,083)</u>

## Financial Analysis of the Government's Funds

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

### Governmental Funds

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



At the year end, the County’s governmental funds reported combined ending fund balances of \$9,787,274 a decrease of \$105,491 over the prior year. Both revenues and expenditures were consistent with the prior year and in line with budget estimates. Unassigned fund balance increased \$1,649,537 over the period measured.

The general fund is the chief operating fund of the County. As of June 30, 2018, the total fund balance was \$9,445,901, of which \$9,429,392 was unassigned. The Capital Projects Fund ended the year with a fund balance of \$205,729 as the Battlecreek landfill project came to a close.

**General Fund Budgetary Highlights**

Differences between the original budgeted appropriations and the final amended budgeted appropriations resulted in an increase of \$608,052 in appropriations and can briefly be summarized as follows:

- \$238,600 increase in public safety expenditures due in part to the receipt and expenditures associated with various grant, fire & rescue, and other law enforcement programs including forfeited asset proceeds, PSAP, and two-for-life.
- \$316,256 increase in contributions to the Component Unit School Board.

Differences between the original expenditure budgeted appropriations and the final actual expenditures totaled \$90,381 less than budgeted appropriations. This positive variance is the result of increased efforts by all departments to adhere to the adopted budget.

Final budgeted revenues increased by \$130,946 from the original budget primarily due to the public safety grants discussed above. Actual revenues exceeded the final budget by \$920,508 primarily due to increased property taxes collections.

**Capital Asset and Debt Administration**

Capital Assets

County Investments in capital assets have been made in four different categories, which include land, buildings and major subsystems, machinery and equipment, and construction in process. Governmental capital assets decreased slightly from the prior year, primarily due to a natural curve of depreciation setting in without many high value assets added in this current fiscal year, as opposed to prior years.

**County of Page, Virginia  
Capital Assets for Governmental Activities  
(Net of Depreciation)**

<b>Governmental Activities</b>	<b>2018</b>	<b>2017</b>
Land	\$ 1,970,464	\$ 1,970,464
Buildings and Systems	44,228,955	41,757,439
Machinery and Equipment	1,325,066	1,284,273
Construction in Progress	104,541	4,256,425
<b>Totals</b>	<b>\$ 47,629,026</b>	<b>\$ 49,268,601</b>

Additional information on the County’s assets can be found in Note 8 to the financial statements.

## Long-term debt

The county carried several liabilities that fall into the realm of long-term debt. Among these general categories are General Obligation Bonds and Revenue Bonds, which have financed large scale projects for the county. Included in Revenue Bonds are our Lease Revenue Bonds, a bond secured by payment of lease payments by the party securing the bond. Substantial amounts of debt are related to landfill closure and post closure activities, a liability that is required to be tracked and updated by the county. Capital leases are a useful tool for managing cash flow through (often smaller) debt instruments, and the county held just under \$352,625 of these at year end. Premiums related to the issuance of our existing bonds continue to decrease as we have not had any new bond premiums added in relation to debt issuance. We continue to see the impact of GASB Statement No. 68, and the new pension reporting standards, as part of our long-term debt. GASB 75 has now been implemented and increased the display of OPEB Obligations as a share of outstanding debt. Lastly, we have the balance of leave which is eligible for a financial payment as employee's leave employment with the county. At fiscal year end the County had the following outstanding debt:

### **County of Page, Virginia's Outstanding Debt For the Year Ended June 30, 2018**

<u>Governmental Activities</u>	<u>2018</u>	<u>2017</u>
General Obligation Bonds	\$ 40,690,695	\$ 42,748,467
Revenue Bonds	15,572,683	16,277,776
Landfill Closure/Post-Closure	6,698,818	6,074,073
Capital Leases	352,625	27,255
Premiums on Bond Issuance	509,007	546,210
Net Pension Liability	2,817,472	3,439,979
Net OPEB Obligation	3,594,000	3,548,000
Compensated Absences	678,954	755,185
<b>Total Outstanding Debt</b>	<b>\$ 70,914,254</b>	<b>\$ 73,416,945</b>

Additional information on the County's long-term debt can be found in Note 13 to the financial statements.

## Economic Factors and Next Year's Budgets

As of the end of this reporting period, unemployment sat at 3.8% for Page County, a drop of 0.7% for the same time frame as last year. This is higher in comparison with the state's average of 3.3% for the same period, and just below the national average of 4.0%. These factors will be considered when preparing the County's budget and future plans for expenditures.

## Requests for Information

This financial report is designed to provide readers with a general overview of the County of Page's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to: Finance Department, 103 South Court Street, Suite F, Luray, Virginia, 22835.

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Statement of Net Position  
June 30, 2018

	Primary Government	Component Unit	Component Unit	Component Unit
	Governmental Activities	School Board	Economic Development Authority	Luray-Page Airport Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,186,165	\$ 1,715,202	\$ 267,754	\$ 249,928
Receivables (net of allowance for uncollectibles):				
Taxes receivable	14,318,323	-	-	-
Accounts receivable	616,202	26,090	1,520,414	11,585
Notes receivable	-	-	3,247	-
Due from primary government	-	2,570,810	-	-
Due from other governmental units	1,030,999	610,522	-	239,215
Inventories	-	38,052	-	35,547
Prepaid items	-	-	1,475	-
Capital assets (net of accumulated depreciation):				
Land	1,970,464	977,491	2,751,000	1,936,386
Buildings and improvements	44,228,955	32,620,301	-	7,075,172
Machinery and equipment	1,325,066	1,296,726	-	183,157
Construction in progress	104,541	-	-	4,605,258
Total assets	<u>\$ 75,780,715</u>	<u>\$ 39,855,194</u>	<u>\$ 4,543,890</u>	<u>\$ 14,336,248</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	\$ 1,013,071	\$ 3,828,512	\$ -	\$ -
OPEB related items	36,892	331,980	-	-
Total deferred outflows of resources	<u>\$ 1,049,963</u>	<u>\$ 4,160,492</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,129,281	\$ 257,034	\$ -	\$ 329,704
Accrued liabilities	203,575	3,250,463	-	-
Customers' deposits	-	-	-	1,380
Accrued interest payable	940,506	42,635	-	-
Due to component unit	2,570,810	-	-	-
Long-term liabilities:				
Due within one year	3,385,435	603,048	23,754	-
Due in more than one year	67,528,819	45,048,383	1,496,660	-
Total liabilities	<u>\$ 75,758,426</u>	<u>\$ 49,201,563</u>	<u>\$ 1,520,414</u>	<u>\$ 331,084</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue-property taxes	\$ 10,300,558	\$ -	\$ -	\$ -
Pension related items	821,666	4,536,621	-	-
OPEB related items	65,000	329,000	-	-
Total deferred inflows of resources	<u>\$ 11,187,224</u>	<u>\$ 4,865,621</u>	<u>\$ -</u>	<u>\$ -</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 935,016	\$ 28,255,565	\$ 2,751,000	\$ 13,799,973
Unrestricted	(11,049,988)	(38,307,063)	272,476	205,191
Total net position	<u>\$ (10,114,972)</u>	<u>\$ (10,051,498)</u>	<u>\$ 3,023,476</u>	<u>\$ 14,005,164</u>

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

COUNTY OF PAGE, VIRGINIA

Statement of Activities  
 Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 2,644,872	\$ 73,165	\$ 286,077	\$ -
Judicial administration	1,287,562	83,445	612,600	-
Public safety	8,882,301	773,477	2,580,723	-
Public works	3,236,871	1,518,841	11,710	-
Health and welfare	3,779,627	13,152	2,468,362	-
Education	12,970,892	-	-	-
Parks, recreation, and cultural	335,016	33,939	2,242,671	-
Community development	3,264,067	-	-	-
Interest on long-term debt	2,394,247	-	-	-
Bond issuance costs	99,260	-	-	-
Total governmental activities	<u>\$ 38,894,715</u>	<u>\$ 2,496,019</u>	<u>\$ 8,202,143</u>	<u>\$ -</u>
<b>COMPONENT UNITS:</b>				
School Board	\$ 37,952,460	\$ 2,219,271	\$ 24,451,567	\$ -
Economic Development Authority	78,237	-	65,145	-
Luray-Page Airport Authority	664,425	321,579	-	536,634
Total component units	<u>\$ 38,695,122</u>	<u>\$ 2,540,850</u>	<u>\$ 24,516,712</u>	<u>\$ 536,634</u>

General revenues:  
 General property taxes  
 Local sales tax  
 Motor vehicle licenses  
 Transient occupancy taxes  
 Meals tax  
 Business licenses  
 Tax on recordation and wills  
 Other local taxes  
 Unrestricted revenues from use of money and property  
 Miscellaneous  
 Grants and contributions not restricted to specific programs  
 Total general revenues  
 Change in net position  
 Net position - beginning, as restated  
 Net position - ending

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government	Component Unit	Component Unit	Component Unit	
Governmental		Economic Development	Lurray-Page	
Activities	School Board	Authority	Airport Authority	
\$ (2,285,630)	\$ -	\$ -	\$ -	-
(591,517)	-	-	-	-
(5,528,101)	-	-	-	-
(1,706,320)	-	-	-	-
(1,298,113)	-	-	-	-
(12,970,892)	-	-	-	-
1,941,594	-	-	-	-
(3,264,067)	-	-	-	-
(2,394,247)	-	-	-	-
(99,260)	-	-	-	-
<u>\$ (28,196,553)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
\$ -	\$ (11,281,622)	\$ -	\$ -	-
-	-	(13,092)	-	-
-	-	-	193,788	-
<u>\$ -</u>	<u>\$ (11,281,622)</u>	<u>\$ (13,092)</u>	<u>\$ 193,788</u>	<u>-</u>
\$ 22,444,117	\$ -	\$ -	\$ -	-
1,653,477	-	-	-	-
460,835	-	-	-	-
857,276	-	-	-	-
273,953	-	-	-	-
184,931	-	-	-	-
184,778	-	-	-	-
37,176	-	-	-	-
94,215	45,747	2,191	268	-
311,556	-	50	4,251	-
2,331,350	12,959,331	-	-	-
<u>\$ 28,833,664</u>	<u>\$ 13,005,078</u>	<u>\$ 2,241</u>	<u>\$ 4,519</u>	<u>-</u>
\$ 637,111	\$ 1,723,456	\$ (10,851)	\$ 198,307	-
(10,752,083)	(11,774,954)	3,034,327	13,806,857	-
<u>\$ (10,114,972)</u>	<u>\$ (10,051,498)</u>	<u>\$ 3,023,476</u>	<u>\$ 14,005,164</u>	<u>-</u>

## **FUND FINANCIAL STATEMENTS**



Balance Sheet  
 Governmental Funds  
 June 30, 2018

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,830,837	\$ 217,864	\$ 137,464	\$ 12,186,165
Receivables (net of allowance for uncollectibles):				
Taxes receivable	14,318,323	-	-	14,318,323
Accounts receivable	616,202	-	-	616,202
Due from other funds	169,197	-	60,376	229,573
Due from other governmental units	716,919	-	314,080	1,030,999
	<u>27,651,478</u>	<u>217,864</u>	<u>511,920</u>	<u>28,381,262</u>
Total assets	\$	\$	\$	\$
<b>LIABILITIES</b>				
Accounts payable	\$ 910,812	\$ 11,135	\$ 207,334	\$ 1,129,281
Accrued liabilities	202,830	-	745	203,575
Due to other funds	60,376	-	169,197	229,573
Due to component unit	2,570,810	-	-	2,570,810
	<u>3,744,828</u>	<u>11,135</u>	<u>377,276</u>	<u>4,133,239</u>
Total liabilities	\$	\$	\$	\$
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	\$ 14,460,749	\$ -	\$ -	\$ 14,460,749
<b>FUND BALANCES</b>				
Committed:				
Parks and recreation	\$ -	\$ -	\$ 134,000	\$ 134,000
Assigned:				
Page County water quality	12,411	-	-	12,411
Local dare	2,419	-	-	2,419
Department of Justice VJCAA	360	-	-	360
DHCD	1,319	-	-	1,319
Emergency services	-	-	644	644
Capital projects	-	206,729	-	206,729
Unassigned	9,429,392	-	-	9,429,392
	<u>9,445,901</u>	<u>206,729</u>	<u>134,644</u>	<u>9,787,274</u>
Total fund balances	\$	\$	\$	\$
Total liabilities, deferred inflows of resources and fund balances	<u>27,651,478</u>	<u>217,864</u>	<u>511,920</u>	<u>28,381,262</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 9,787,274

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

Land	\$	1,970,464	
Buildings and improvements		44,228,955	
Machinery and equipment		1,325,066	
Construction in progress		<u>104,541</u>	47,629,026

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

Unavailable revenue - property taxes	\$	<u>4,160,191</u>	4,160,191
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Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$	1,013,071	
OPEB related items		<u>36,892</u>	1,049,963

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

Accrued interest	\$	(940,506)	
General obligation bonds		(40,690,695)	
Bond premium		(509,007)	
Revenue bonds		(15,572,683)	
Capital leases		(352,625)	
Landfill closure and post-closure care costs		(6,698,818)	
Compensated absences		(678,954)	
Net pension liability		(2,817,472)	
Net OPEB liabilities		<u>(3,594,000)</u>	(71,854,760)

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

Pension related items	\$	(821,666)	
OPEB related items		<u>(65,000)</u>	<u>(886,666)</u>

Net position of governmental activities \$ (10,114,972)

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Other Governmental Funds	Total
<b>REVENUES</b>					
General property taxes	\$ 22,039,826	\$ -	\$ -	\$ -	\$ 22,039,826
Other local taxes	3,652,426	-	-	-	3,652,426
Permits, privilege fees, and regulatory licenses	236,575	-	-	-	236,575
Fines and forfeitures	76,451	-	-	-	76,451
Revenue from the use of money and property	94,215	-	-	-	94,215
Charges for services	2,135,902	-	-	47,091	2,182,993
Miscellaneous	311,556	-	-	-	311,556
Intergovernmental:					
Commonwealth	5,501,673	-	-	1,333,605	6,835,278
Federal	320,787	2,242,671	-	1,134,757	3,698,215
Total revenues	<u>\$ 34,369,411</u>	<u>\$ 2,242,671</u>	<u>\$ -</u>	<u>\$ 2,515,453</u>	<u>\$ 39,127,535</u>
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 2,351,897	\$ -	\$ -	\$ -	\$ 2,351,897
Judicial administration	1,330,624	-	-	-	1,330,624
Public safety	8,962,610	-	-	-	8,962,610
Public works	1,962,740	-	-	-	1,962,740
Health and welfare	448,164	-	-	3,321,652	3,769,816
Education	10,487,460	-	-	-	10,487,460
Parks, recreation, and cultural	316,429	-	-	18,888	335,317
Community development	1,022,471	2,242,671	-	-	3,265,142
Nondepartmental	235,199	-	-	-	235,199
Capital projects	-	-	1,612,119	-	1,612,119
Debt service:					
Principal retirement	2,929,071	-	-	-	2,929,071
Interest and other fiscal charges	2,383,331	-	-	-	2,383,331
Bond issuance costs	99,260	-	-	-	99,260
Total expenditures	<u>\$ 32,529,256</u>	<u>\$ 2,242,671</u>	<u>\$ 1,612,119</u>	<u>\$ 3,340,540</u>	<u>\$ 39,724,586</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,840,155</u>	<u>\$ -</u>	<u>\$ (1,612,119)</u>	<u>\$ (825,087)</u>	<u>\$ (597,051)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 469,155	\$ -	\$ 346,556	\$ 840,138	\$ 1,655,849
Transfers out	(840,138)	-	(815,711)	-	(1,655,849)
Issuance of capital leases	-	-	392,300	-	392,300
Issuance of refunding bonds	10,431,000	-	-	-	10,431,000
Payment to refunded bond escrow agent	(10,331,740)	-	-	-	(10,331,740)
Total other financing sources (uses)	<u>\$ (271,723)</u>	<u>\$ -</u>	<u>\$ (76,855)</u>	<u>\$ 840,138</u>	<u>\$ 491,560</u>
Net change in fund balances	\$ 1,568,432	\$ -	\$ (1,688,974)	\$ 15,051	\$ (105,491)
Fund balances - beginning, as restated	7,877,469	-	1,895,703	119,593	9,892,765
Fund balances - ending	<u>\$ 9,445,901</u>	<u>\$ -</u>	<u>\$ 206,729</u>	<u>\$ 134,644</u>	<u>\$ 9,787,274</u>

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

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

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

Net change in fund balances - total governmental funds \$ (105,491)

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

Capital outlays	\$ 1,855,038	
Depreciation expense	(996,544)	
Allocation of debt financed school assets based on current year repayments	<u>(2,483,432)</u>	(1,624,938)

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

Loss on disposal of capital assets	\$ <u>(14,637)</u>	(14,637)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$ <u>404,291</u>	404,291
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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.

Issuance of long-term debt	\$ (392,300)	
Principal repayments	2,929,071	
Refunding bonds issued	(10,431,000)	
Payment to refunded bond escrow agent	10,331,740	
Change in accrued interest	(48,119)	
Amortization of bond premium	37,203	
Change in landfill closure and post-closure care costs	<u>(624,745)</u>	1,801,850

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	\$ 76,231	
Pension expense	207,929	
OPEB expense	<u>(108,124)</u>	<u>176,036</u>

Change in net position of governmental activities \$ 637,111

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2018

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>168,446</u>
Total assets	\$ <u><u>168,446</u></u>
<b>LIABILITIES</b>	
Amounts held for social services clients	\$ 8,823
Amounts held for others	135,179
Amounts held for inmates	<u>24,444</u>
Total liabilities	\$ <u><u>168,446</u></u>

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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**A. Financial Reporting Entity**

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

**Blended component units.** The County has no blended component units.

**Discretely presented component units.** The Page County School Board (Board) is responsible for elementary and secondary education within the government's jurisdiction. The members of the Board's governing board are elected by the voters. However, the government is financially accountable for the Board because the government's council approves the Boards' budget, levies taxes (if necessary), and must approve any debt issuances. The Board is presented as a governmental fund type and does not issue separate financial statements.

The Economic Development Authority of Page County, Virginia is included as a component unit because the Authority's primary use of funds is to provide for economic development of the County, thereby benefiting the County even though it does not provide services directly to the County. The County is financially accountable for the Authority in that the County appoints the Authority's Board of Directors and has a financial indebtedness burden related to the Authority. The Economic Development Authority of Page County, Virginia does prepare separate financial statements. Complete financial statements for the Authority may be obtained at the Authority's administrative office at 440E Kenrick Lane, Front Royal, Virginia 22835.

The Luray-Page Airport Authority is included as a component unit because the Authority's primary use of funds is to provide for airport for the County of Page and County of Luray, VA, thereby benefiting the County even though it does not provide services directly to the County. The County is financially accountable for the Authority in that the County appoints the Authority's Board of Directors and has a financial indebtedness burden related to the Authority. The Luray-Page Airport Authority does prepare separate financial statements. Complete financial statements for the Authority may be obtained at the Authority's administrative offices at 270 Circle View Road, Luray, Virginia 22630.

**B. Government-wide and fund financial statements**

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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**B. Government-wide and fund financial statements (continued)**

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

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

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).

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 are reported as separate columns in the fund financial statements.

**C. Related Organizations**

The County’s officials are also responsible for appointing the members of the boards of other organizations, but the County’s accountability for these organizations does not extend beyond making the appointment.

**D. Jointly Governed Organizations**

A jointly governed organization is a multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility.

Rockingham Library Association — The County of Page, the County of Rockingham, and the City of Harrisonburg participate in the Rockingham County Library Association which provides library services to its participants. The Rockingham Library Association is governed by a Board of Trustees consisting of 19 members, who are elected at the annual meeting each year of the Rockingham Library Association. Each locality’s contribution is set by contractual agreement with the Rockingham Library Association. The County of Page contributed \$237,011 to the Association for operating purposes for the year ended June 30, 2018.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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**D. Jointly Governed Organizations (continued)**

The County, in conjunction with other localities, has created the Northwestern Community Services Board. The School Board participates in the Shenandoah Valley Regional Program for Special Education. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$86,227 to the Northwestern Community Services Board.

**E. Measurement focus, basis of accounting, and financial statement presentation**

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

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

Property taxes, other local 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in another fund. The General Fund includes the activities of Department of Justice VJCCCA, Community Development, Crime Victim Witness Program, Local DARE, and Water Quality Funds.

The *special revenue fund* accounts 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 Workplace Investment Act fund is considered a major fund.

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



**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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**E. Measurement focus, basis of accounting, and financial statement presentation (continued)**

Additionally, the government reports the following nonmajor fund types:

*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. Special revenue funds included Virginia Public Assistance, Comprehensive Services Act, E-911 and Parks and Recreation funds.

Fiduciary Funds account for assets held by governmental unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds account for assets held by the County as an agent or custodian for individuals, private organizations, other governmental units or other funds. The Special Welfare, Cash Bonds, Neutering/Spaying, Jail Inmate, and Luray/Page Airport Hangar are the County's agency funds.

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

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

**F. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance**

**1. Cash and cash equivalents**

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

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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**F. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (continued)**

**2. 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 portion of interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds” (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

**3. Property taxes**

Property is assessed at its value on January 1. Property taxes attached as an enforceable lien on property as of January 1. Taxes are due and collectible semi-annually on June 5<sup>th</sup> and December 5<sup>th</sup>. The County bills and collects its own property taxes.

**4. Allowance for uncollectible accounts**

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$373,306 at June 30, 2018 and is comprised solely of property taxes. This allowance represents 2.5% of outstanding property taxes at June 30, 2018.

**5. Inventories and prepaid items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Quantities on hand at year-end are considered immaterial and have not been recorded, except in the School Cafeteria Fund where it can be easily measured.

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

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

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F. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (continued)

6. Capital assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend 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, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Vehicles	5
Office equipment	5
Computer equipment	5

7. Long-term obligations

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government- financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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**F. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (continued)**

**8. 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 (the Board of Supervisors); to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 15% of the actual GAAP basis expenditures and other financing sources and uses.

**9. Net position**

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

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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**F. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (continued)**

**10. Net position flow assumption**

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g. restricted bond and 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.

**11. Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

**G. 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.

**H. 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.

**I. Deferred Outflows/Inflows of Resources**

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

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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**I. Deferred Outflows/Inflows of Resources (continued)**

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

**J. Pensions**

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

**K. Other Postemployment Benefits (OPEB)**

***Group Life Insurance***

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to 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.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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**K. Other Postemployment Benefits (OPEB) (Continued)**

***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, Dental, and Prescription Insurance – Pay as You Go Program***

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined based on an actuarial valuation. Benefit payments are recognized when due and payable in accordance with the benefit terms.

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**COUNTY OF PAGE, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2018 (Continued)**

**NOTE 2— ADOPTION OF ACCOUNTING PRINCIPLES/RESTATEMENT OF BEGINNING FUND BALANCE AND NET ASSETS:**

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 and the correction of prior year accounts receivable balances resulted in the following restatement of fund balance and net position:

	<u>General Fund</u>	<u>Governmental Activities</u>	<u>Component Unit School Board</u>
Fund Balance/Net Position as reported at June 30, 2017	\$ 8,028,041	\$ (7,989,511)	\$ (4,729,554)
Correction of prior year accounts receivable	(150,572)	(150,572)	-
Implementation of GASB 75:			
To remove OPEB health insurance obligation as reported under GASB 45	-	902,000	2,055,300
To increase the net OPEB liability for health insurance based on revised actuarial valuation	-	(2,893,000)	(4,412,700)
To record the Group Life Insurance net OPEB liability and related deferred outflow of resources as of June 30, 2017	-	(621,000)	(1,855,000)
To record the Health Insurance Credit Program net OPEB liability and related deferred outflow of resources as of June 30, 2017	-	-	(2,833,000)
Fund Balance/Net Position as restated at June 30, 2017	<u>\$ 7,877,469</u>	<u>\$ (10,752,083)</u>	<u>\$ (11,774,954)</u>



## COUNTY OF PAGE, VIRGINIA

### Notes to the Financial Statements June 30, 2018 (Continued)

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#### NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

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##### Budgets and Budgetary Accounting

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the activity level within each department. The appropriation for each department or activity can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government activities and the School Board is authorized to transfer budgeted amounts within the school system's categories. The legal level of control is at the activity level.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Fund and School Cafeteria Fund are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 for all County units.
8. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30.

#### NOTE 4—DEPOSITS AND INVESTMENTS:

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##### Deposits

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

##### Investments

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 4—DEPOSITS AND INVESTMENTS: (CONTINUED)

**Custodial Credit Risk (Investments)**

The County of Page sets forth the following authorized investments to mitigate custodial credit risk. Whereas, authorized investments for public funds are limited to those set forth in Chapter 18, Section 2.2-4501 of the Code of Virginia. Investment vehicles for the County of Page shall be further restricted in consideration of the size of the portfolio and the absence of professional investment personnel.

**Credit Risk of Debt Securities**

The County of Page may invest any and all funds belonging to it or in its control in the following:

1. U.S. Treasury Bills, Notes, Bonds and other direct obligations of the United States Government.
2. Obligations of Agencies of the Federal Government, including but not limited to the Federal Farm Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation and Student Loan Marketing Association.
3. Obligations of the Commonwealth of Virginia and of its local governments and public bodies, provided such obligations have a debt rating of at least "AA" or equivalent by Moody's and/or Standard & Poor's.
4. Repurchase Agreements executed through Federal Reserve Member Banks or Primary Dealers in U.S. Government securities, and collateralized by Treasury or Agency obligations the market value of which is at least 102% of the purchase price of the repo.
5. Certificates of deposit or other deposits of national banks located within the Commonwealth and state-chartered banks under Commonwealth supervision provided such deposits are insured or collateralized as provided by the Virginia Security for Public Deposits Act.
6. U.S. dollar denominated Bankers' Acceptances issued by a domestic bank or a foreign bank with an agency domiciled in the U.S., and rated by Thomson Bankwatch at least B/C (issuing bank) and I (country of origin). Not more than 40% of the total funds available for investment may be invested in banker's acceptances.
7. U.S. dollar denominated Commercial Paper issued by an entity incorporated in the U.S. and rated at least A-1 by Standard & Poor's Corp. and P-1 by Moody's Investors Service. Not more than 35% of the total funds available for investment may be invested in commercial paper, and not more than 5% in the obligations of any one issuer.
8. The County's rated debt investments as of June 30, 2018 were rated by Moody and/or an equivalent national rating organization and the ratings are presented below using the Moody rating scale.

**County's Rated Debt Investments' Values**

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government	
Investment Pool	\$ 10,587,378
Total	<u>\$ 10,587,378</u>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

**NOTE 4—DEPOSITS AND INVESTMENTS: (CONTINUED)**

**Interest Rate Risk**

All County investments must be in securities maturing within five years. Maturities of the County's investments are as follows:

**Investment Maturities (in years)**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than</u>			<u>Greater Than</u>
		<u>1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>10 Years</u>
Local Government Investment Pool	\$ 10,587,378	\$ 10,587,378	\$ -	\$ -	\$ -
Total	\$ 10,587,378	\$ 10,587,378	\$ -	\$ -	\$ -

**External Investment Pools**

The fair value of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As this pool 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.

**DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD:**

Note: All deposits of the health insurance fund were allocated to the component unit school board on the government-wide financial statements — Exhibit 1.

**NOTE 5—INTERFUND OBLIGATIONS:**

<u>Fund</u>	<u>Due From Component Unit</u>	<u>Due To Component Unit</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Primary Government:				
General Fund	\$ -	\$ 2,570,810	\$ 169,197	\$ 60,376
Virginia Public Assistance Fund	-	-	-	169,197
Comprehensive Services Act	-	-	60,376	-
Sub-total	\$ -	\$ 2,570,810	\$ 229,573	\$ 229,573
Discretely Presented Component Units:				
School Fund	\$ 2,570,810	\$ -	\$ -	\$ -
Total reporting entity	\$ 2,570,810	\$ 2,570,810	\$ 229,573	\$ 229,573

Balances due to/from component units resulted from the time lag between the dates that interfund goods and services were provided.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

**NOTE 6—INTERFUND TRANSFERS:**

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 469,155	\$ 840,138
Virginia Public Assistance Fund	408,857	-
Comprehensive Services Act	431,281	-
County Capital Projects Fund	346,556	815,711
Total reporting entity	<u>\$ 1,655,849</u>	<u>\$ 1,655,849</u>

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

**NOTE 7—DUE FROM OTHER GOVERNMENTAL UNITS:**

Due from other governments consists of payments due from federal, and state governmental units at June 30, 2018 as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>	<u>Component Unit Luray-Page Airport Authority</u>
Commonwealth of Virginia:			
State sales taxes	\$ -	\$ 302,039	\$ -
Local sales taxes	320,088	-	-
Compensation board	225,906	-	-
Comprehensive Services Act funds	144,883	-	-
Public assistance and welfare	61,193	-	-
Other funds	168,372	1,143	36,638
Federal Government:			
Public assistance and welfare	108,004	-	-
School funds	-	307,340	-
Other funds	2,553	-	202,577
Total	<u>\$ 1,030,999</u>	<u>\$ 610,522</u>	<u>\$ 239,215</u>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 8—CAPITAL ASSETS:

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

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated				
Land	\$ 1,970,464	\$ -	\$ -	\$ 1,970,464
Construction in progress	4,256,425	1,274,993	(5,426,877)	104,541
Total capital assets not being depreciated	\$ 6,226,889	\$ 1,274,993	\$ (5,426,877)	\$ 2,075,005
Capital assets being depreciated				
Buildings	\$ 49,984,913	\$ 5,308,491	\$ (2,057,772)	\$ 53,235,632
Machinery and equipment	6,908,871	698,431	(156,677)	7,450,625
Total capital assets being depreciated	\$ 56,893,784	\$ 6,006,922	\$ (2,214,449)	\$ 60,686,257
Accumulated depreciation				
Buildings	\$ (8,227,474)	\$ (779,203)	\$ -	\$ (9,006,677)
Machinery and equipment	(5,624,598)	(643,001)	142,040	(6,125,559)
Total accumulated depreciation	\$ (13,852,072)	\$ (1,422,204)	\$ 142,040	\$ (15,132,236)
Total capital assets being depreciated, net	\$ 43,041,712	\$ 4,584,718	\$ (2,072,409)	\$ 45,554,021
Governmental activities capital assets, net	\$ 49,268,601	\$ 5,859,711	\$ (7,499,286)	\$ 47,629,026

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

<b>Governmental activities:</b>	
General government administration	\$ 14,260
Judicial administration	15,362
Public safety	293,899
Public works	664,862
Health and welfare	8,161
Education	425,660
Total depreciation expense-governmental activities:	\$ 1,422,204

Capital assets of the governmental activities in the amount of \$2,057,772 were transferred to the Component Unit School Board, additionally, a net transfer of \$425,660 was transferred in accumulated depreciation from the governmental activities to the Component Unit School Board, due to debt repayments made by the Primary Government for the year ended June 30, 2018 as required by the Code of Virginia.

**COUNTY OF PAGE, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2018 (Continued)**

**NOTE 8—CAPITAL ASSETS: (CONTINUED)**

Capital Leases:

The government has entered into a lease agreement as lessee for financing equipment for the landfill. This lease agreements qualifies as a capital leases for accounting purposes and therefore, has been recorded at the present values of future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset:	Governmental Activities
Equipment	\$ 392,300
Less: Accumulated depreciation	(78,460)
Total	<u>\$ 313,840</u>

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

Year Ended June 30,	Governmental Activities
2019	\$ 87,123
2020	87,123
2021	87,123
2022	88,093
2023	37,724
Total minimum lease payments	\$ 387,186
Less: Amount representing interest	(34,561)
Present value of minimum lease payments	<u>\$ 352,625</u>

**Discretely presented component unit-School Board:**

Activity for the School Board for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 977,491	\$ -	\$ -	\$ 977,491
Construction in progress	12,953	156,964	(169,917)	-
Total capital assets not being depreciated	<u>\$ 990,444</u>	<u>\$ 156,964</u>	<u>\$ (169,917)</u>	<u>\$ 977,491</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 42,900,223	\$ 2,317,140	\$ -	\$ 45,217,363
Machinery and equipment	6,811,325	253,959	-	7,065,284
Total capital assets being depreciated	<u>\$ 49,711,548</u>	<u>\$ 2,571,099</u>	<u>\$ -</u>	<u>\$ 52,282,647</u>
Accumulated depreciation:				
Buildings and improvements	\$ (11,067,859)	\$ (1,954,863)	\$ 425,660	\$ (12,597,062)
Machinery and equipment	(5,391,691)	(376,867)	-	(5,768,558)
Total accumulated depreciation	<u>\$ (16,459,550)</u>	<u>\$ (2,331,730)</u>	<u>\$ 425,660</u>	<u>\$ (18,365,620)</u>
Total capital assets being depreciated, net	<u>\$ 33,251,998</u>	<u>\$ 239,369</u>	<u>\$ 425,660</u>	<u>\$ 33,917,027</u>
School Board capital assets, net	<u>\$ 34,242,442</u>	<u>\$ 396,333</u>	<u>\$ 255,743</u>	<u>\$ 34,894,518</u>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

**NOTE 8—CAPITAL ASSETS: (CONTINUED)**

Capital Leases: (continued)

**Discretely presented component unit-School Board: (Continued)**

Depreciation expense for the Component Unit School Board was \$1,906,070 and a net transfer of \$425,660 was transferred in accumulated depreciation from the primary government due to debt repayments for the year ended June 30, 2018.

The Component Unit School Board has entered into lease agreements to finance energy efficiency building improvements and school buses. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset:	<u>School Board</u>
Building improvements	\$ 7,524,075
School buses	285,583
Less: Accumulated depreciation	(622,870)
Total	<u>\$ 7,186,788</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>School Board</u>
2019	\$ 633,086
2020	575,820
2021	593,333
2022	611,372
2023	629,952
Thereafter	4,974,898
Total minimum lease payments	\$ 8,018,461
Less: Amount representing interest	(1,379,508)
Present value of minimum lease payments	<u>\$ 6,638,953</u>

**Discretely presented component unit-Economic Development Authority of Page County:**

Activity for the Authority for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets				
Land	\$ 2,751,000	\$ -	\$ -	\$ 2,751,000
Capital assets, net	<u>\$ 2,751,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,751,000</u>

**COUNTY OF PAGE, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2018 (Continued)**

**NOTE 8—CAPITAL ASSETS: (CONTINUED)**

Capital Leases: (continued)

**Discretely presented component unit-Luray-Page County Airport Authority:**

Activity for the Authority for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 1,936,386	\$ -	\$ -	\$ 1,936,386
Construction in progress	4,411,358	193,900	-	4,605,258
Total capital assets not being depreciate	<u>\$ 6,347,744</u>	<u>\$ 193,900</u>	<u>\$ -</u>	<u>\$ 6,541,644</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 9,897,830	\$ -	\$ -	\$ 9,897,830
Equipment	381,335	-	-	381,335
Total capital assets being depreciated	<u>\$ 10,279,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,279,165</u>
Accumulated depreciation:				
Buildings and improvements	\$ (2,576,990)	\$ (245,668)	\$ -	\$ (2,822,658)
Machinery and equipment	(172,170)	(26,008)	-	(198,178)
Total accumulated depreciation	<u>\$ (2,749,160)</u>	<u>\$ (271,676)</u>	<u>\$ -</u>	<u>\$ (3,020,836)</u>
Total capital assets being depreciated, net	<u>\$ 7,530,005</u>	<u>\$ (271,676)</u>	<u>\$ -</u>	<u>\$ 7,258,329</u>
Total capital assets, net	<u><u>\$ 13,877,749</u></u>	<u><u>\$ (77,776)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,799,973</u></u>

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COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

**NOTE 9—PENSION PLAN:**

***Plan Description***

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

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

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>About Plan 1 (Cont.)</b></p>	<p><b>About Plan 2 (Cont.)</b></p>	<p><b>About the Hybrid Retirement Plan (Cont.)</b></p> <ul style="list-style-type: none"> <li>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.</li> </ul>
<p><b>Eligible Members</b> 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><b>Hybrid Opt-In Election</b> 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><b>Eligible Members</b> 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><b>Hybrid Opt-In Election</b> 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><b>Eligible Members</b> 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"> <li>Political subdivision employees*</li> <li>School division employees</li> <li>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.</li> </ul> <p><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul>

NOTE 9—PENSION PLAN: (CONTINUED)

*Plan Description (continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Hybrid Opt-In Election (Cont.)</b> 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><b>Hybrid Opt-In Election (Cont.)</b> 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><b>*Non-Eligible Members (Cont.)</b> 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><b>Retirement Contributions</b> 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><b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.</p>	<p><b>Retirement Contributions</b> 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>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

*Plan Description (continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Creditable Service</b> 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><b>Creditable Service</b> Same as Plan 1.</p>	<p><b>Creditable Service</b> <b><u>Defined Benefit Component:</u></b> 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><b><u>Defined Contribution Component:</u></b> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

*Plan Description (continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Vesting</b> 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><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <b><u>Defined Benefit Component:</u></b> 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><b><u>Defined Contribution Component:</u></b> 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>

NOTE 9—PENSION PLAN: (CONTINUED)

*Plan Description (continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p><b>Vesting (Cont.)</b>  <b><u>Defined Contribution Component: (Cont.)</u></b>                      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"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<p><b>Calculating the Benefit</b>                      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><b>Calculating the Benefit</b>                      See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b>  <b><u>Defined Benefit Component:</u></b>                      See definition under Plan 1</p>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Calculating the Benefit (Cont.)</b> 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><b>Calculating the Benefit (Cont.)</b></p>	<p><b>Calculating the Benefit (Cont.)</b> <b><u>Defined Contribution Component:</u></b> 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><b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b> <b>VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> 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><b>Service Retirement Multiplier</b> <b>VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier</b> <b><u>Defined Benefit Component:</u></b> <b>VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

*Plan Description (continued)*

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



COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

*Plan Description (continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p><b>Political subdivisions hazardous duty employees:</b> 50 with at least five years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> 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><b><u>Eligibility:</u></b> 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><b>Cost-of-Living Adjustment (COLA) in Retirement</b> 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><b><u>Eligibility:</u></b> Same as Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> <b><u>Defined Benefit Component:</u></b> Same as Plan 2.</p> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p> <p><b><u>Eligibility:</u></b> Same as Plan 1 and Plan 2.</p>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

*Plan Description (continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b>                      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"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• 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.</li> <li>• 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.</li> </ul>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b>                      Same as Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b>                      Same as Plan 1 and Plan 2.</p>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

*Plan Description (continued)*

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

**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.

**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:

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	109	83
Inactive members:		
Vested inactive members	30	12
Non-vested inactive members	25	35
Inactive members active elsewhere in VRS	<u>83</u>	<u>21</u>
Total inactive members	138	68
Active members	<u>159</u>	<u>115</u>
Total covered employees	<u><u>406</u></u>	<u><u>266</u></u>

**Contributions**

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

The County’s contractually required employer contribution rate for the year ended June 30, 2018 was 8.99% 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 \$637,458 and \$625,053 for the years ended June 30, 2018 and June 30, 2017, respectively.

**COUNTY OF PAGE, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2018 (Continued)**

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**NOTE 9—PENSION PLAN: (CONTINUED)**

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***Contributions (continued)***

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2018 was 8.34% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$155,941 and \$157,424 for the years ended June 30, 2018 and June 30, 2017, respectively.

***Net Pension Liability***

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

***Actuarial Assumptions – General Employees***

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

**COUNTY OF PAGE, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2018 (Continued)**

**NOTE 9—PENSION PLAN: (CONTINUED)**

**Actuarial Assumptions – General Employees (continued)**

Mortality rates: (continued)

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 – Non-Hazardous Duty:

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

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%

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

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NOTE 9—PENSION PLAN: (CONTINUED)

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**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 Employees 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.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

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NOTE 9—PENSION PLAN: (CONTINUED)

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**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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COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

**Long-Term Expected Rate of Return**

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

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

The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.5%

**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 PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 9—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	\$ 27,669,436	\$ 24,229,457	\$ 3,439,979
Changes for the year:			
Service cost	\$ 886,823	\$ -	\$ 886,823
Interest	1,890,382	-	1,890,382
Changes of assumptions	(43,925)	-	(43,925)
Differences between expected and actual experience	531,469	-	531,469
Contributions - employer	-	620,514	(620,514)
Contributions - employee	-	345,147	(345,147)
Net investment income	-	2,941,199	(2,941,199)
Benefit payments, including refunds of employee contributions	(1,327,947)	(1,327,947)	-
Administrative expenses	-	(16,986)	16,986
Other changes	-	(2,618)	2,618
Net changes	\$ 1,936,802	\$ 2,559,309	\$ (622,507)
Balances at June 30, 2017	\$ 29,606,238	\$ 26,788,766	\$ 2,817,472
	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	\$ 8,161,431	\$ 7,005,761	\$ 1,155,670
Changes for the year:			
Service cost	\$ 197,265	\$ -	\$ 197,265
Interest	551,419	-	551,419
Changes of assumptions	(75,606)	-	(75,606)
Differences between expected and actual experience	73,775	-	73,775
Contributions - employer	-	155,415	(155,415)
Contributions - employee	-	88,281	(88,281)
Net investment income	-	838,031	(838,031)
Benefit payments, including refunds of employee contributions	(568,034)	(568,034)	-
Administrative expenses	-	(5,060)	5,060
Other changes	-	(734)	734
Net changes	\$ 178,819	\$ 507,899	\$ (329,080)
Balances at June 30, 2017	\$ 8,340,250	\$ 7,513,660	\$ 826,590

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County			
Net Pension Liability	\$ 6,789,188	\$ 2,817,472	\$ (453,092)
Component Unit School Board (nonprofessional)			
Net Pension Liability	\$ 1,759,514	\$ 826,590	\$ 36,280

**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 \$424,990 and \$84,314, respectively. At June 30, 2017, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 375,613	\$ 413,385	\$ 49,223	\$ 63,638
Changes of assumptions	-	31,044	-	48,013
Net difference between projected and actual earnings on pension plan investments	-	377,237	-	103,970
Employer contributions subsequent to the measurement date	637,458	-	155,941	-
Total	\$ 1,013,071	\$ 821,666	\$ 205,164	\$ 215,621

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

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

\$637,458 and \$155,941 reported as deferred outflows of resources related to pensions resulting from the County’s and Component Unit School Board’s (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the 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 as follows:

<u>Year ended June 30,</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2019	\$ (343,974)	\$ (127,013)
2020	89,801	30,131
2021	59,819	2,319
2022	(251,699)	(71,835)
2023	-	-
Thereafter	-	-

**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 political subdivisions 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 actuarial determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$3,022,348 and \$2,710,027 for the years ended June 30, 2018 and June 30, 2017, respectively.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

**Component Unit School Board (professional) (continued)**

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

At June 30, 2018, the school division reported a liability of \$28,673,000 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 .23316% as compared to .23940% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized pension expense of \$1,826,000. 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	\$ -	\$ 2,029,000
Net difference between projected and actual earnings on pension plan investments	-	1,042,000
Changes of assumptions	418,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	183,000	1,250,000
Employer contributions subsequent to the measurement date	<u>3,022,348</u>	-
Total	<u>\$ 3,623,348</u>	<u>\$ 4,321,000</u>

\$3,022,348 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 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 as follows:

<u>Year ended June 30,</u>	
2019	\$ (1,415,000)
2020	(397,000)
2021	(602,000)
2022	(1,110,000)
2023	(196,000)
Thereafter	-

**COUNTY OF PAGE, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2018 (Continued)**

**NOTE 9—PENSION PLAN: (CONTINUED)**

**Component Unit School Board (professional) (continued)**

***Actuarial Assumptions***

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

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

**Component Unit School Board (professional) (continued)**

***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):

		<b>Teacher Employee Retirement Plan</b>
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.

***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:

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

The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each 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%.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

**Component Unit School Board (professional) (continued)**

***Discount Rate***

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

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

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

	<b>Rate</b>		
	<b>(6.00%)</b>	<b>(7.00%)</b>	<b>(8.00%)</b>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 42,819,000	\$ 28,673,000	\$ 16,972,000

***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.



COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

**NOTE 10—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):**

***Plan Description***

In addition to the pension benefits described in Note 10, the County administers a single-employer defined benefit healthcare plan, the County of Page OPEB Plan. The plan provides post-employment 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.

The School Board also administers a single-employer defined benefit healthcare plan, the Page County School Board OPEB Plan. Similar to the Page County OPEB Plan, this plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the School Board’s pension plans. The School Board plan does not issue a publicly available financial report.

***Benefits Provided***

Post-employment benefits are provided to eligible retirees include Medical, Dental, and Prescription 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 post-employment health care benefits if they have at least 5 years of service with the County. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive post-employment health care benefits if they have at least 10 years of services with the School Board.

***Plan Membership***

At July 1, 2017 (the measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	29	33
Total retirees with coverage	158	506
Total	187	539

***Contributions***

The County and School Board do not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or the School board for the respective plans. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2018 was \$76,000.

The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2018 was \$175,800.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 10—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

**Total OPEB Liability**

The County’s and School Board’s total OPEB liabilities were measured as of July 1, 2017. The total OPEB liabilities were determined by actuarial valuations as of that date.

**Actuarial Assumptions**

The total OPEB liability in the July 1, 2017 actuarial valuations for the County and for the School Board were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Salary Increases	2.5% per year for general salary inflations
Discount Rate	The discount rate has been set to equal 3.56% and represents the Municipal GO AA 20-year yield curve rate as of June 30, 2017
Investment Rate of Return	N/A

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

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

**Discount Rate**

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is selected from a range of 20-Year Municipal Bond Indices and include the Bond Buyer 11-Bond GO Index, the S&P Municipal Bond 20-Year High Grade Rate Index, and the Fidelity 20-Year GO Municipal Bond Index. The final equivalent single discount rate used for this year’s valuation is 3.56% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

**Changes in Total OPEB Liability**

	<b>Primary Government Total OPEB Liability</b>	<b>Component Unit School Board Total OPEB Liability</b>
	<u>                    </u>	<u>                    </u>
Balances at June 30, 2017	\$ 2,893,000	\$ 4,412,700
Changes for the year:		
Service cost	110,000	242,900
Interest	106,000	162,600
Benefit payments	<u>(76,000)</u>	<u>(175,800)</u>
Net changes	<u>140,000</u>	<u>229,700</u>
Balances at June 30, 2018	<u>\$ 3,033,000</u>	<u>\$ 4,642,400</u>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

**NOTE 10—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)**

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

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

	<b>Rate</b>		
	<b>1% Decrease (2.56%)</b>	<b>Current Discount Rate (3.56%)</b>	<b>1% Increase (4.56%)</b>
<b>Primary Government</b>			
\$	3,421,000	\$ 3,033,000	\$ 2,699,000
<b>Component Unit School Board</b>			
\$	5,074,600	\$ 4,642,400	\$ 4,249,600

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

The following presents the total OPEB liabilities of the County and School Board, as well as what the total OPEB liabilities would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current healthcare cost trend rates:

	<b>Rates</b>		
	<b>1% Decrease (6.5% decreasing to 4.00%)</b>	<b>Healthcare Cost Trend (7.50% decreasing to 5.00%)</b>	<b>1% Increase (8.5% decreasing to 6.00%)</b>
<b>Primary Government</b>			
\$	2,763,000	\$ 3,033,000	\$ 3,355,000
<b>Component Unit School Board</b>			
\$	4,094,000	\$ 4,642,400	\$ 5,293,200

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

For the year ended June 30, 2018, the Primary Government recognized OPEB expense in the amount of \$216,000. The School Board recognized OPEB expense in the amount of \$405,500 resources or deferred inflows of resources related to OPEB.

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

**NOTE 11—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN):**

***Plan Description***

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

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

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

<b>GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS</b>
<p><b>Eligible Employees</b></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"> <li>• City of Richmond</li> <li>• City of Portsmouth</li> <li>• City of Roanoke</li> <li>• City of Norfolk</li> <li>• Roanoke City School Board</li> </ul> <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>
<p><b>Benefit Amounts</b></p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> <li>• <b><u>Natural Death Benefit</u></b> - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li> <li>• <b><u>Accidental Death Benefit</u></b> – The accidental death benefit is double the natural death benefit.</li> <li>• <b><u>Other Benefit Provisions</u></b> – 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"> <li>○ Accidental dismemberment benefit</li> <li>○ Safety belt benefit</li> <li>○ Repatriation benefit</li> <li>○ Felonious assault benefit</li> <li>○ Accelerated death benefit option</li> </ul> </li> </ul>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 11—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

<b>GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (CONTINUED)</b>
<p><b>Reduction in Benefit Amounts</b></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><b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b></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. County contributions to the Group Life Insurance Program from the entity were \$36,892 and \$35,719 for the years ended June 30, 2018 and June 30, 2017, respectively. The Component Unit School Board's contributions to the Group Life Insurance Program for nonprofessional employees were \$9,718 and \$9,527, for the years ended June 30, 2018 and June 30, 2017 respectively. The Component Unit School Board's contributions to the Group Life Insurance Program for professional employees were \$95,758 and \$95,535, 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 \$561,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the participating employer's proportion was 0.03724% as compared to 0.03745% at June 30, 2016.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 11—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

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

At June 30, 2018, the School Board reported liability of \$149,000 for nonprofessional employees and \$1,499,000 for professional employees for its proportionate share of the Net GLI OPEB Liability. At June 30, 2017 and June 30, 2016, the participating employer’s proportion for nonprofessional employees was 0.01040% and .00993, respectively. At June 30, 2017, the participating employer’s proportion for School Board professional employees was 0.09960% as compared to 0.10517% at June 30, 2016.

For the year ended June 30, 2018, the County recognized GLI OPEB expense of \$5,000, while the School Board recognized GLI OPEB expense of \$1,000, and \$12,000 for nonprofessional and professional employees, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Primary Government		Component Unit School Board		Component Unit School Board	
			Nonprofessional Employees		Professional Employees	
	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	\$ -	\$ 12,000	\$ -	\$ 3,000	\$ -	\$ 34,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	21,000	-	6,000	-	56,000
Change in assumptions	-	29,000	-	8,000	-	77,000
Changes in proportion	-	3,000	-	7,000	-	29,000
Employer contributions subsequent to the measurement date	36,892	-	9,718	-	95,758	-
Total	\$ 36,892	\$ 65,000	\$ 9,718	\$ 24,000	\$ 95,758	\$ 196,000

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

**NOTE 11—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)**

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

\$36,892, \$9,718, and \$95,758 for the County, Component Unit School Board-Nonprofessional and Component Unit School Board-Professional respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Primary Government	Component Unit School Board	
	Nonprofessional	Professional
<u>Year Ended June 30,</u>	<u>Year Ended June 30,</u>	<u>Year Ended June 30,</u>
2019	\$ (14,000)	2019 \$ (39,000)
2020	(14,000)	2020 (39,000)
2021	(14,000)	2021 (39,000)
2022	(13,000)	2022 (39,000)
2023	(8,000)	2023 (25,000)
Thereafter	(2,000)	Thereafter (15,000)

***Actuarial Assumptions***

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

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

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 11—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (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%

**Mortality Rates – Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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



**COUNTY OF PAGE, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2018 (Continued)**

**NOTE 11—GROUP LIFE INSURANCE (GLI) 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

**Mortality Rates – SPORS Employees**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 11—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

*Actuarial Assumptions (Continued)*

***Mortality Rates – VaLORS Employees***

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

***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.

**COUNTY OF PAGE, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2018 (Continued)**

**NOTE 11—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)**

***Actuarial Assumptions (Continued)***

***Mortality Rates – JRS 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	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

***Mortality Rates – Largest Ten Locality Employers – General Employees***

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 11—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

*Actuarial Assumptions (Continued)*

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

***Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees***

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

**NOTE 11—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.

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%

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

**NOTE 11—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)**

**NET GLI OPEB Liability**

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

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

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

**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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	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%.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

**NOTE 11—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)**

**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.

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Proportionate share of the Group Life Insurance Program Net OPEB Liability:			
County	\$ 725,000	\$ 561,000	\$ 427,000
School Board-nonprofessional employees	\$ 193,000	\$ 149,000	\$ 114,000
School Board-professional employees	\$ 1,938,000	\$ 1,499,000	\$ 1,142,000

**Group Life Insurance Program Fiduciary Net Position**

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

**NOTE 12—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:

<b>TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS</b>
<p><b>Eligible Employees</b></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"> <li>• Full-time permanent (professional) salaried employees of public school divisions covered under VRS.</li> </ul>
<p><b>Benefit Amounts</b></p> <p>The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> <li>• <b><u>At Retirement</u></b> – 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.</li> <li>• <b><u>Disability Retirement</u></b> – 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"> <li>○ \$4.00 per month, multiplied by twice the amount of service credit, or</li> <li>○ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.</li> </ul> </li> </ul>
<p><b>Health Insurance Credit Program Notes:</b></p> <ul style="list-style-type: none"> <li>• The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.</li> <li>• 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.</li> </ul>



**NOTE 12—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):  
(CONTINUED)**

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***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 \$226,504 and \$203,931 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 \$2,953,000 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 .23279% as compared to .23938% 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 \$229,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

**NOTE 12—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	\$ -	\$ 5,000
Change in assumptions	-	31,000
Change in proportion	-	73,000
Employer contributions subsequent to the measurement date	<u>226,504</u>	<u>-</u>
Total	<u>\$ 226,504</u>	<u>\$ 109,000</u>

\$226,504 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2019	\$ (17,000)
2020	(17,000)
2021	(17,000)
2022	(17,000)
2023	(16,000)
Thereafter	(25,000)

**COUNTY OF PAGE, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2018 (Continued)**

**NOTE 12—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.

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

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

**NOTE 12—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):  
(CONTINUED)**

***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):

		<b>Teacher Employee HIC OPEB Plan</b>
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.

***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:

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

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

**NOTE 12—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):  
(CONTINUED)**

***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.

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 3,296,000	\$ 2,953,000	\$ 2,661,000

***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.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

**NOTE 13—LONG-TERM OBLIGATIONS:**

**Primary Government Obligations**

Changes in Long-Term Liabilities

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

	Balance July 1, 2017, as restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2018
Revenue bonds	\$ 16,277,776	\$ 10,431,000	\$ 11,136,093	\$ 15,572,683
General obligation bonds	42,748,467	-	2,057,772	40,690,695
Premiums on bond issue	546,210	-	37,203	509,007
Capital lease	27,255	392,300	66,930	352,625
Landfill closure and post-closure care costs	6,074,073	624,745	-	6,698,818
Net pension liability	3,439,979	3,328,278	3,950,785	2,817,472
Net OPEB liabilities	3,548,000	221,000	175,000	3,594,000
Compensated absences	755,185	490,158	566,389	678,954
<b>Total</b>	<b>\$ 73,416,945</b>	<b>\$ 15,487,481</b>	<b>\$ 17,990,172</b>	<b>\$ 70,914,254</b>

(1) Note: Section 15.2-1800.1, Code of Virginia, 1950, as amended, was enacted during the year ended June 30, 2002, which affected the reporting of local school capital assets and related debt for financial statement purposes. All debt historically reported by the Discretely Presented Component Unit - School Board, has been assumed by the Primary Government as a result of this legislation.

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

Year Ending June 30,	Governmental Activities	
	Capital Lease	
	Principal	Interest
2019	\$ 73,721	\$ 13,402
2020	76,878	10,245
2021	80,169	6,954
2022	84,569	3,524
2023	37,288	436
<b>Totals</b>	<b>\$ 352,625</b>	<b>\$ 34,561</b>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 13—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government Obligations: (continued)

Year Ending June 30,	Governmental Activities			
	Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2019	\$ 733,062	\$ 540,074	\$ 2,134,076	\$ 1,808,329
2020	755,616	485,048	2,211,272	1,710,443
2021	701,759	466,310	2,294,008	1,608,928
2022	710,881	448,603	2,303,154	1,503,211
2023	728,308	430,422	2,393,098	1,395,000
2024	745,934	411,779	2,493,308	1,283,571
2025	763,765	392,652	2,594,473	1,166,747
2026	781,806	373,053	2,701,836	1,043,735
2027	518,063	352,939	2,815,470	914,200
2028	1,097,489	323,542	2,175,000	798,650
2029	1,026,000	285,724	2,270,000	699,090
2030	1,063,000	246,053	2,375,000	596,536
2031	1,101,000	204,959	2,485,000	488,088
2032	1,143,000	162,346	2,600,000	373,473
2033	1,188,000	118,080	2,720,000	252,310
2034	1,234,000	72,086	750,000	172,500
2035	1,281,000	24,324	785,000	137,195
2036	-	-	825,000	100,165
2037	-	-	860,000	61,410
2038	-	-	905,000	20,815
Totals	\$ 15,572,683	\$ 5,337,994	\$ 40,690,695	\$ 16,134,395

**COUNTY OF PAGE, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2018 (Continued)**

**NOTE 13—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Primary Government Obligations: (continued)**

Details of Long-Term Obligations  
Governmental Activities

	<u>Total Amount Outstanding</u>	<u>Amount Due Within One Year</u>
<u>General Obligation Bonds:</u>		
<u>Virginia Public School Authority (V.P.S.A.) Bonds:</u>		
\$1,500,000 Virginia Public School Authority Bond issued November 16, 2000, due in annual installments of \$80,000 to \$85,000 through July 15, 2020. Interest payable semi-annually at varying interest rates of 4.975% to 5.85%.	\$ 240,000	\$ 80,000
\$30,695,000 Virginia Public School Authority Bond issued November 19, 2006, at a premium of \$305,572 due in annual installments of \$655,000 to \$2,005,000 through November 19, 2032. Interest payable semi-annually at 6.1% to 6.4%.	22,390,000	1,075,000
\$12,019,506 Virginia Public School Authority Bond issued November 19, 2006, at a premium of \$331,039 due in annual installments of \$458,384 to \$740,470 through November 19, 2032. Interest payable semi-annually at 6.1% to 6.4%.	6,080,695	619,076
\$13,790,000 Virginia Public School Authority Bond issued May 2, 2008, at a premium of \$210,714, due in annual installments of \$444,193 to \$925,815 through July 15, 2037. Interest is payable semi-annually at 4.6% to 5.1%.	<u>11,980,000</u>	<u>360,000</u>
Total general obligation bonds	<u>\$ 40,690,695</u>	<u>\$ 2,134,076</u>
<u>Revenue Bonds:</u>		
\$4,000,000 revenue bonds issued October 15, 2012 due in annual installments of \$108,152 to \$316,063 through October 15, 2027. Interest payable annually at 2.65%.	\$ 2,680,683	\$ 249,062
\$10,431,000 revenue refunding bonds issued March 29, 2018 , payments vary throughout the life of the loan. Interest on the bonds is 2.76% through June 2035. These bonds were issued in connection with the Battle Creek landfill.	10,431,000	201,000
\$3,027,000 revenue bonds issued August 31, 2016 , payments vary throughout the life of the loan. Interest on the bonds is 1.82% through August 1, 2026. These bonds were issued in connection with the Phase II of Battle Creek landfill.	<u>2,461,000</u>	<u>283,000</u>
Total revenue bonds	<u>\$ 15,572,683</u>	<u>\$ 733,062</u>
<u>Capital Leases:</u>		
\$52,400 capital lease payable for the purchase of a Caterpillar mini excavator dated July 11, 2017 payable in monthly installments of \$970 including interest at 4.2% through May 2022.	\$ 43,599	\$ 9,997
\$339,000 capital lease payable for the purchase of a Caterpillar track loader dated December 28, 2017 payable in monthly installments of \$6,290 including interest at 4.2% through November 2022.	<u>309,026</u>	<u>63,724</u>
Total capital leases	<u>\$ 352,625</u>	<u>\$ 73,721</u>



COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

**NOTE 13—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Primary Government Obligations: (continued)**

Details of Long-Term Obligations (continued)

Governmental Activities: (continued)

	<u>Total Amount Outstanding</u>	<u>Amount Due Within One Year</u>
Net pension liability (to be liquidated by general fund)	\$ 2,817,472	\$ -
Net OPEB liabilities (to be liquidated by general fund)	\$ 3,594,000	\$ -
Compensated absences (to be liquidated by general fund)	\$ 678,954	\$ 407,373
Landfill closure and post-closure care costs	\$ 6,698,818	\$ -
Unamortized premium on bond issues	\$ 509,007	\$ 37,203
Total Long-term obligations	<u>\$ 70,914,254</u>	<u>\$ 3,385,435</u>

**Component Unit Obligations:**

Change in Component Unit-School Board Long-Term Obligations

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

	<u>Balance July 1, 2017, as restated</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2018</u>
Capital leases	\$ 7,127,407	\$ -	\$ 488,454	\$ 6,638,953
Net pension liability	34,704,670	5,114,253	10,319,333	29,499,590
Compensated absences	268,112	162,243	160,867	269,488
Net OPEB liabilities	9,407,700	647,500	811,800	9,243,400
Total	<u>\$ 51,507,889</u>	<u>\$ 5,923,996</u>	<u>\$ 11,780,454</u>	<u>\$ 45,651,431</u>

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

Year Ending June 30,	<u>Governmental Activities</u>	
	<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 441,355	\$ 191,842
2020	396,703	179,228
2021	425,681	167,763
2022	456,022	155,350
2023	487,782	142,171
Thereafter	4,431,410	543,154
Totals	<u>\$ 6,638,953</u>	<u>\$ 1,379,508</u>

**COUNTY OF PAGE, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2018 (Continued)**

**NOTE 13—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Component Unit Obligations: (continued)**

Details of Component Unit-School Board Long-Term Obligations

	<u>Total Amount Outstanding</u>	<u>Amount Due Within One Year</u>
<u>Capital Leases</u>		
\$285,583 capital lease payable for the purchase of three school buses dated July 6, 2015 payable in annual installments of \$74,269 including interest at 2.696% through August 06, 2018.	\$ 72,320	\$ 72,320
\$7,524,075 capital lease payable for the purchase of energy conservation improvements dated March 9, 2015 payable in semi-annual installments of \$364,885 including interest at 3.05% through September 1, 2030.	<u>6,566,633</u>	<u>369,035</u>
Total capital leases	\$ <u>6,638,953</u>	\$ <u>441,355</u>
Net pension liability (to be liquidated by component unit school board)	\$ <u>29,499,590</u>	\$ <u>-</u>
Net OPEB liabilities (to be liquidated by component unit school board)	\$ <u>9,243,400</u>	\$ <u>-</u>
Compensated absences (to be liquidated by component unit school board)	\$ <u>269,488</u>	\$ <u>161,693</u>
Total Long-term obligations	\$ <u><u>45,651,431</u></u>	\$ <u><u>603,048</u></u>

Details of Long-Term Liabilities Component Unit – Economic Development Authority of Page County, Virginia

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

Series 2009 Revenue Bond

\$1,672,600 Revenue Bond issued on October 14, 2009 by USDA (the lender) with monthly payments of \$7,326, and an interest rate of 4.25%, balance at June 30, 2015	\$ 1,520,414
Less: current portion	<u>(23,754)</u>
Total Long-term obligations, net of current portion	\$ <u><u>1,496,660</u></u>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

NOTE 13—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit Obligations: (continued)

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

Year Ending June 30,	Revenue Bond	
	Principal	Interest
2019	\$ 23,754	\$ 64,158
2020	24,783	63,129
2021	25,857	62,055
2022	26,978	60,934
2023	28,147	59,765
2024	29,367	58,545
2025	30,639	57,273
2026	31,967	55,945
2027	33,352	54,560
2028	34,798	53,114
2029	36,306	51,606
2030	37,879	50,033
2031	39,521	48,391
2032	41,234	46,678
2033	43,021	44,891
2034	44,885	43,027
2035	46,830	41,082
2036	48,860	39,052
2037	50,977	36,935
2038	53,187	34,725
2039	55,492	32,420
2040	57,896	30,016
2041	60,406	27,506
2042	63,023	24,889
2043	65,755	22,157
2044	68,604	19,308
2045	71,577	16,335
2046	74,679	13,233
2047	77,916	9,996
2048	81,293	6,619
2049	84,816	3,096
2050	26,615	224
Total	\$ <u>1,520,414</u>	\$ <u>1,231,697</u>

## COUNTY OF PAGE, VIRGINIA

### Notes to the Financial Statements June 30, 2018 (Continued)

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#### **NOTE 14—RISK MANAGEMENT:**

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The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. The County is also a member of the Virginia Association of Counties Risk Pool for general property liability insurance. These programs are administered by servicing contractors that furnish claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays Virginia Municipal Group and Virginia Association of Counties Risk Pool contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the Association and Risk Pool and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association and Risk Pool 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 Component Unit School Board administers the health insurance program for the Health Insurance Fund (an Internal Service Fund) by charging the various fund types a portion of the premium.

The County continues to carry commercial insurance for all other risks of losses. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

#### **NOTE 15—CONTINGENT LIABILITIES:**

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Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. The Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

#### **NOTE 16—DEFERRED AND UNAVAILABLE REVENUE-PROPERTY TAXES:**

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Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred and unavailable revenue in the government-wide and fund financial statements totaling \$10,300,558 and \$14,460,749 respectively, is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2018, but paid in advance by the taxpayers totaled \$599,891 at June 30, 2018.
- B. Unbilled Property Taxes – Property taxes for the second half of 2018 that had not been billed as of June 30, 2018 amounted to \$9,700,667.
- C. Unavailable Property Taxes – Uncollected tax billings not available for funding of current expenditures totaled \$4,160,191 at June 30, 2018.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements  
June 30, 2018 (Continued)

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**NOTE 17—HEALTH INSURANCE FUND:**

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The School Board maintains an internal service fund entitled Health Insurance Fund that has been included in the fund financial statements. The purpose of this fund is to disclose the School Board self-insured health insurance transactions for the fiscal year as required by GASB 10. The School Board was self-insured for health insurance purposes in prior years, but is no longer self-insured and has retained Anthem to administer the program. The School Board uses Anthem as the administrator of their self-insured plan. The Health Insurance fund pays Anthem an administrative fee for these services. This fund serves the School Board component unit and accounts for the health insurance activities of the aforementioned funds but does not constitute a transfer of risk from the County.

Significant losses, over \$50,000 with a maximum of \$60,000, are covered by commercial insurance. There have been no changes in coverage for the last three years, nor have settlement amounts exceeded coverage during this time period.

The County records an estimated liability for indemnity health care claims. Claims liabilities are based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported (IBNR) based on historical experience.

Anthem has established a surplus (liability) for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. At June 30, 2018 the plan surplus was \$148,176. The net position, \$190,802 of the Plan maintained by the School Board can be found on Exhibit 33. The following represents the change in approximate aggregate liabilities for the fund:

	Beginning of Fiscal Year Surplus (Liability)	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End Surplus (Liability)
2017-2018	\$ 29,629	\$ 4,322,394	\$ 4,203,847	\$ 148,176
2016-2017	68,462	2,858,126	2,896,959	29,629
2015-2016	264,680	3,839,258	4,035,476	68,462
2014-2015	448,235	3,615,957	3,799,512	264,680
2013-2014	28,823	3,837,928	3,418,516	448,235

**NOTE 18—LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS:**

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State and federal laws and regulations require that the County place a final cover on its landfill when closed and to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts wastes. The recognition of these landfill closure and post-closure care costs are based on the amount of the landfill used during the year. The estimated liability for landfill closure and post-closure care cost is attributable to the Stanley landfill, which was closed in February 1999 and Battle Creek landfill which was acquired in June 2005.

**COUNTY OF PAGE, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2018 (Continued)**

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**NOTE 18—LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS: (CONTINUED)**

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The post-closure and thirty year monitoring costs for the Stanley landfill are estimated at \$2,059,236. The estimated total current cost of the landfill closure and post-closure care of \$2,059,236 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were performed as of June 30, 2018. Included in the County's post-closure and thirty year monitoring costs of \$2,059,236 is \$1,429,043 for corrective action costs for exceeding groundwater protection standards. However, the actual cost of closure and post-closure may be different due to inflation, changes in technology, or change in landfill laws and regulations.

During June of 2005, the County acquired Battle Creek landfill. The post-closure and thirty year monitoring costs are estimated at \$10,779,445. The estimated total current cost of the landfill closure and post-closure care of \$4,639,582 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were performed as of June 30, 2018. The estimated useful life of the Battle Creek landfill is 33 years. However, the actual cost of closure and post-closure may be different due to inflation, changes in technology, or change in landfill laws and regulations.

The County will finance the closure and post-closure care from future revenues earned by the General Fund and charges derived from the use of the landfill. No assets have been restricted at this time to pay these costs. The anticipated future inflation costs and additional costs that might arise from changes in post-closure requirements (due to changes in technology or laws and regulations, for example) may need to be covered from future tax revenue.

At June 30, 2018, the County demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Government Financial Assurance Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

**NOTE 19—LITIGATION:**

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

## COUNTY OF PAGE, VIRGINIA

### Notes to the Financial Statements June 30, 2018 (Continued)

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#### **NOTE 20—UPCOMING PRONOUNCEMENTS:**

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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. 86, Certain Debt Extinguishment Issues, improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

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.

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America



General Fund

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 20,738,930	\$ 20,738,930	\$ 22,039,826	\$ 1,300,896
Other local taxes	3,584,000	3,584,000	3,652,426	68,426
Permits, privilege fees, and regulatory licenses	268,291	268,291	236,575	(31,716)
Fines and forfeitures	82,100	82,100	76,451	(5,649)
Revenue from the use of money and property	40,000	40,000	94,215	54,215
Charges for services	2,143,700	2,143,700	2,135,902	(7,798)
Miscellaneous	219,738	278,429	311,556	33,127
Intergovernmental:				
Commonwealth	5,912,107	5,982,216	5,501,673	(480,543)
Federal	329,091	331,237	320,787	(10,450)
Total revenues	<u>\$ 33,317,957</u>	<u>\$ 33,448,903</u>	<u>\$ 34,369,411</u>	<u>\$ 920,508</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 2,494,579	\$ 2,494,706	\$ 2,351,897	\$ 142,809
Judicial administration	1,252,081	1,281,510	1,330,624	(49,114)
Public safety	8,712,523	8,951,123	8,962,610	(11,487)
Public works	2,056,115	2,079,755	1,962,740	117,015
Health and welfare	448,918	448,918	448,164	754
Education	13,760,482	14,076,738	10,487,460	3,589,278
Parks, recreation, and cultural	319,808	319,808	316,429	3,379
Community development	1,090,769	1,090,769	1,022,471	68,298
Nondepartmental	296,458	296,458	235,199	61,259
Debt service:				
Principal retirement	1,579,852	1,579,852	2,929,071	(1,349,219)
Interest and other fiscal charges	-	-	2,383,331	(2,383,331)
Bond issuance costs	-	-	99,260	(99,260)
Total expenditures	<u>\$ 32,011,585</u>	<u>\$ 32,619,637</u>	<u>\$ 32,529,256</u>	<u>\$ 90,381</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,306,372</u>	<u>\$ 829,266</u>	<u>\$ 1,840,155</u>	<u>\$ 1,010,889</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 469,155	\$ 469,155
Transfers out	(1,306,372)	(1,336,372)	(840,138)	496,234
Issuance of refunding bonds	-	-	10,431,000	10,431,000
Payment to refunded bond escrow agent	-	-	(10,331,740)	(10,331,740)
Total other financing sources (uses)	<u>\$ (1,306,372)</u>	<u>\$ (1,336,372)</u>	<u>\$ (271,723)</u>	<u>\$ 1,064,649</u>
Net change in fund balances	\$ -	\$ (507,106)	\$ 1,568,432	\$ 2,075,538
Fund balances - beginning, as restated	-	507,106	7,877,469	7,370,363
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,445,901</u>	<u>\$ 9,445,901</u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>				
Service cost	\$ 886,823	\$ 815,168	\$ 809,771	\$ 734,796
Interest	1,890,382	1,854,324	1,785,565	1,697,830
Changes of assumptions	(43,925)	-	-	-
Differences between expected and actual experience	531,469	(720,271)	(250,007)	-
Benefit payments, including refunds of employee contributions	<u>(1,327,947)</u>	<u>(1,540,242)</u>	<u>(1,185,875)</u>	<u>(1,172,685)</u>
<b>Net change in total pension liability</b>	<b>\$ 1,936,802</b>	<b>\$ 408,979</b>	<b>\$ 1,159,454</b>	<b>\$ 1,259,941</b>
<b>Total pension liability - beginning</b>	<b>27,669,436</b>	<b>27,260,457</b>	<b>26,101,003</b>	<b>24,841,062</b>
<b>Total pension liability - ending (a)</b>	<b><u>\$ 29,606,238</u></b>	<b><u>\$ 27,669,436</u></b>	<b><u>\$ 27,260,457</u></b>	<b><u>\$ 26,101,003</u></b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 620,514	\$ 813,605	\$ 821,522	\$ 818,671
Contributions - employee	345,147	344,074	334,964	337,845
Net investment income	2,941,199	416,341	1,063,556	3,165,273
Benefit payments, including refunds of employee contributions	(1,327,947)	(1,540,242)	(1,185,875)	(1,172,685)
Administrative expense	(16,986)	(15,091)	(14,369)	(16,918)
Other	<u>(2,618)</u>	<u>(178)</u>	<u>(227)</u>	<u>167</u>
<b>Net change in plan fiduciary net position</b>	<b>\$ 2,559,309</b>	<b>\$ 18,509</b>	<b>\$ 1,019,571</b>	<b>\$ 3,132,353</b>
<b>Plan fiduciary net position - beginning</b>	<b>24,229,457</b>	<b>24,210,948</b>	<b>23,191,377</b>	<b>20,059,024</b>
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$ 26,788,766</u></b>	<b><u>\$ 24,229,457</u></b>	<b><u>\$ 24,210,948</u></b>	<b><u>\$ 23,191,377</u></b>
<b>County's net pension liability - ending (a) - (b)</b>	<b>\$ 2,817,472</b>	<b>\$ 3,439,979</b>	<b>\$ 3,049,509</b>	<b>\$ 2,909,626</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	90.48%	87.57%	88.81%	88.85%
<b>Covered payroll</b>	<b>\$ 6,869,047</b>	<b>\$ 6,728,828</b>	<b>\$ 6,732,041</b>	<b>\$ 6,303,718</b>
<b>County's net pension liability as a percentage of covered payroll</b>	41.02%	51.12%	45.30%	46.16%

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>				
Service cost	\$ 197,265	\$ 202,648	\$ 208,803	\$ 205,699
Interest	551,419	548,589	524,808	505,091
Changes of assumptions	(75,606)	-	-	-
Differences between expected and actual experience	73,775	(180,406)	81,432	-
Benefit payments, including refunds of employee contributions	(568,034)	(492,769)	(457,856)	(400,390)
<b>Net change in total pension liability</b>	<u>\$ 178,819</u>	<u>\$ 78,062</u>	<u>\$ 357,187</u>	<u>\$ 310,400</u>
<b>Total pension liability - beginning</b>	8,161,431	8,083,369	7,726,182	7,415,782
<b>Total pension liability - ending (a)</b>	<u><u>\$ 8,340,250</u></u>	<u><u>\$ 8,161,431</u></u>	<u><u>\$ 8,083,369</u></u>	<u><u>\$ 7,726,182</u></u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 155,415	\$ 187,632	\$ 192,884	\$ 224,337
Contributions - employee	88,281	91,246	94,313	94,640
Net investment income	838,031	118,941	313,725	954,930
Benefit payments, including refunds of employee contributions	(568,034)	(492,769)	(457,856)	(400,390)
Administrative expense	(5,060)	(4,451)	(4,403)	(5,162)
Other	(734)	(51)	(65)	50
<b>Net change in plan fiduciary net position</b>	<u>\$ 507,899</u>	<u>\$ (99,452)</u>	<u>\$ 138,598</u>	<u>\$ 868,405</u>
<b>Plan fiduciary net position - beginning</b>	7,005,761	7,105,213	6,966,615	6,098,210
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 7,513,660</u></u>	<u><u>\$ 7,005,761</u></u>	<u><u>\$ 7,105,213</u></u>	<u><u>\$ 6,966,615</u></u>
<b>School Division's net pension liability - ending (a) - (b)</b>	\$ 826,590	\$ 1,155,670	\$ 978,156	\$ 759,567
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	90.09%	85.84%	87.90%	90.17%
<b>Covered payroll</b>	\$ 1,832,173	\$ 1,869,347	\$ 1,913,078	\$ 1,893,445
<b>School Division's net pension liability as a percentage of covered payroll</b>	45.12%	61.82%	51.13%	40.12%

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability	0.23316%	0.23940%	0.23837%	0.24713%
Employer's Proportionate Share of the Net Pension Liability	\$ 28,673,000	\$ 33,549,000	\$ 30,002,000	\$ 29,865,000
Employer's Covered Payroll	\$ 18,386,958	\$ 18,108,798	\$ 17,889,407	\$ 18,032,461
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	156%	185%	168%	166%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.92%	68.28%	70.68%	70.88%

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

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

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
<b>Primary Government</b>					
2018	\$ 637,458	\$ 637,458	\$ -	\$ 7,094,573	8.99%
2017	625,053	625,053	-	6,869,047	9.10%
2016	821,590	821,590	-	6,728,828	12.21%
2015	821,982	821,982	-	6,732,041	12.21%
2014	811,289	811,289	-	6,303,718	12.87%
2013	761,822	761,822	-	5,919,363	12.87%
2012	553,501	553,501	-	5,518,459	10.03%
2011	571,577	571,577	-	5,698,676	10.03%
2010	643,765	643,765	-	6,067,527	10.61%
2009	682,182	682,182	-	6,429,613	10.61%
<b>Component Unit School Board (nonprofessional)</b>					
2018	\$ 155,941	\$ 155,941	\$ -	\$ 1,868,841	8.34%
2017	157,424	157,424	-	1,832,173	8.59%
2016	190,113	190,113	-	1,869,347	10.17%
2015	194,560	194,560	-	1,913,078	10.17%
2014	224,373	224,373	-	1,893,445	11.85%
2013	219,882	219,882	-	1,855,543	11.85%
2012	157,261	157,261	-	1,749,284	8.99%
2011	153,953	153,953	-	1,712,494	8.99%
2010	209,921	209,921	-	1,963,711	10.69%
2009	190,745	190,745	-	1,784,330	10.69%
<b>Component Unit School Board (professional)</b>					
2018	\$ 3,022,348	\$ 3,022,348	\$ -	\$ 18,414,963	16.41%
2017	2,710,027	2,710,027	-	18,386,958	14.74%
2016	2,546,097	2,546,097	-	18,108,798	14.06%
2015	2,593,964	2,593,964	-	17,889,407	14.50%
2014	2,102,585	2,102,585	-	18,032,461	11.66%
2013	2,052,803	2,052,803	-	17,605,515	11.66%
2012	910,242	910,242	-	14,379,815	6.33%
2011	692,637	692,637	-	17,624,345	3.93%
2010	1,219,851	1,219,851	-	13,846,209	8.81%
2009	1,604,824	1,604,824	-	18,215,936	8.81%

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

Notes to Required Supplementary Information-Pension Plans  
 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

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

	<u>2018</u>
<b>Total OPEB liability</b>	
Service cost	\$ 110,000
Interest	106,000
Benefit payments	<u>(76,000)</u>
<b>Net change in total OPEB liability</b>	<b>\$ 140,000</b>
<b>Total OPEB liability - beginning</b>	<b><u>2,893,000</u></b>
<b>Total OPEB liability - ending</b>	<b><u><u>3,033,000</u></u></b>
<b>Covered-employee or Covered payroll</b>	<b>\$ 6,795,000</b>
<b>County's total OPEB liability (asset) as a percentage of covered-employee or covered payroll</b>	<b>44.64%</b>

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

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

	<u>2018</u>
<b>Total OPEB liability</b>	
Service cost	\$ 242,900
Interest	162,600
Benefit payments	<u>(175,800)</u>
<b>Net change in total OPEB liability</b>	<b>\$ 229,700</b>
<b>Total OPEB liability - beginning</b>	<b>4,412,700</b>
<b>Total OPEB liability - ending</b>	<b><u><u>4,642,400</u></u></b>
<b>Covered-employee or Covered payroll</b>	<b>\$ 18,716,200</b>
<b>Town's total OPEB liability (asset) as a percentage of covered-employee or covered payroll</b>	<b>24.80%</b>

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



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

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

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.56% as of June 30, 2017
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 7.5% in 2018, gradually decreasing 0.50% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.5% annually
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Total Dataset Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2017.

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 (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2017	0.03724% \$	561,000 \$	6,869,047	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.

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
<b>Component Unit School Board (nonprofessional)</b>					
2017	0.00993% \$	149,000 \$	1,832,173	8.13%	48.86%
<b>Component Unit School Board (professional)</b>					
2017	0.09960% \$	1,499,000 \$	18,372,187	8.16%	48.86%

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

Schedule of Employer Contributions  
 Group Life Insurance Program  
 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)
<b>Primary Government</b>					
2018	\$ 36,892	\$ 36,892	\$ -	\$ 7,094,573	0.52%
2017	35,719	35,719	-	6,869,047	0.52%
2016	32,298	32,298	-	6,728,828	0.48%
2015	32,314	32,314	-	6,732,041	0.48%
2014	30,258	30,258	-	6,303,718	0.48%
2013	28,413	28,413	-	5,919,363	0.48%
2012	15,452	15,452	-	5,518,459	0.28%
2011	15,956	15,956	-	5,698,676	0.28%
2010	12,324	12,324	-	4,564,576	0.27%
2009	17,360	17,360	-	6,429,613	0.27%
<b>Component Unit School Board (nonprofessional)</b>					
2018	\$ 9,718	\$ 9,718	\$ -	\$ 1,868,841	0.52%
2017	9,527	9,527	-	1,832,173	0.52%
2016	8,973	8,973	-	1,869,347	0.48%
2015	9,183	9,183	-	1,913,078	0.48%
2014	9,112	9,112	-	1,898,254	0.48%
2013	8,918	8,918	-	1,857,851	0.48%
2012	4,901	4,901	-	1,750,192	0.28%
2011	4,798	4,798	-	1,713,416	0.28%
2010	3,946	3,946	-	1,461,388	0.27%
2009	4,822	4,822	-	1,785,963	0.27%
<b>Component Unit School Board (professional)</b>					
2018	\$ 95,758	\$ 95,758	\$ -	\$ 18,414,963	0.52%
2017	95,535	95,535	-	18,372,187	0.52%
2016	87,615	87,615	-	18,253,167	0.48%
2015	85,111	85,111	-	17,731,540	0.48%
2014	86,798	86,798	-	18,082,912	0.48%
2013	84,346	84,346	-	17,572,071	0.48%
2012	49,147	49,147	-	17,552,657	0.28%
2011	49,487	49,487	-	17,673,868	0.28%
2010	37,473	37,473	-	13,878,997	0.27%
2009	49,406	49,406	-	18,298,475	0.27%

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

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

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

**General State Employees**

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

**Teachers**

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

**SPORS Employees**

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

**VaLORS Employees**

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

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

**JRS Employees**

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

**Largest Ten Locality Employers - General Employees**

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

**Non-Largest Ten Locality Employers - General Employees**

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

**Largest Ten Locality Employers - Hazardous Duty Employees**

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

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

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

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

<b>Date (1)</b>	<b>Employer's Proportion of the Net HIC OPEB Liability (2)</b>	<b>Employer's Proportionate Share of the Net HIC OPEB Liability (3)</b>	<b>Employer's Covered Payroll (4)</b>	<b>Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)</b>	<b>Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)</b>
2017	0.23279% \$	2,953,000 \$	18,372,187	16.07%	7.04%

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

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

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<b>Date</b>	<b>Contractually Required Contribution (1)</b>	<b>Contributions in Relation to Contractually Required Contribution (2)</b>	<b>Contribution Deficiency (Excess) (3)</b>	<b>Employer's Covered Payroll (4)</b>	<b>Contributions as a % of Covered Payroll (5)</b>
2018	\$ 226,504	\$ 226,504	\$ -	\$ 18,414,963	1.23%
2017	203,931	203,931	-	18,372,187	1.11%
2016	193,484	193,484	-	18,253,167	1.06%
2015	187,863	187,863	-	17,722,912	1.06%
2014	200,604	200,604	-	18,072,398	1.11%
2013	192,062	192,062	-	17,302,847	1.11%
2012	105,054	105,054	-	17,508,992	0.60%
2011	105,746	105,746	-	17,624,343	0.60%
2010	144,001	144,001	-	13,846,207	1.04%
2009	196,765	196,765	-	18,218,983	1.08%



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

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

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

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

## **OTHER SUPPLEMENTARY INFORMATION**

### **MAJOR CAPITAL PROJECT FUNDS**

Capital Projects Fund – The Capital Projects Fund was created to account for all capital projects constructed with funds from the County.

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

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b>				
Current:				
Capital projects	\$ 1,253,000	\$ 1,283,000	\$ 1,612,119	\$ (329,119)
Total expenditures	\$ 1,253,000	\$ 1,283,000	\$ 1,612,119	\$ (329,119)
Excess (deficiency) of revenues over (under) expenditures	\$ (1,253,000)	\$ (1,283,000)	\$ (1,612,119)	\$ (329,119)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 253,000	\$ 283,000	\$ 346,556	\$ 63,556
Transfers out	-	-	(815,711)	(815,711)
Issuance of capital leases	1,000,000	1,000,000	392,300	(607,700)
Total other financing sources (uses)	\$ 1,253,000	\$ 1,283,000	\$ (76,855)	\$ (1,359,855)
Net change in fund balances	\$ -	\$ -	\$ (1,688,974)	\$ (1,688,974)
Fund balances - beginning	-	-	1,895,703	1,895,703
Fund balances - ending	\$ -	\$ -	\$ 206,729	\$ 206,729

## **Nonmajor Governmental Funds**

### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for and report specific revenues that are legally restricted to expenditures for particular purposes.

Virginia public assistance fund – This fund is used to account for activities related to the operation of the County’s Social Services Department. Funds generated by the Department are committed and used to support operations of the Department.

Comprehensive services act fund – This fund is used to account for activities related to the operation of the County’s Virginia Comprehensive Services Act department. Funds generated by the Department are committed and used to support operations of the Department.

E-911 fund – This fund was created to account for revenues and expenditures associated with operations related to the County’s E-911 services. Funds generated by the Department are committed and used to support operations of the Department. There is no legally adopted budget for this fund.

Park and recreation fund – This fund is issued to account for activities related to the operation of the County’s Parks and Recreation Department. Funds generated by the Department are committed and used to support operations of the Department.

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2018

	<u>Virginia Public Assistance Fund</u>	<u>Comprehensive Services Act Fund</u>	<u>E-911 Fund</u>	<u>Parks and Recreation Fund</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 644	\$ 136,820	\$ 137,464
Due from other funds	-	60,376	-	-	60,376
Due from other governmental units	<u>169,197</u>	<u>144,883</u>	<u>-</u>	<u>-</u>	<u>314,080</u>
Total assets	<u>\$ 169,197</u>	<u>\$ 205,259</u>	<u>\$ 644</u>	<u>\$ 136,820</u>	<u>\$ 511,920</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 204,514	\$ -	\$ 2,820	\$ 207,334
Accrued liabilities	-	745	-	-	745
Due to other funds	<u>169,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,197</u>
Total liabilities	<u>\$ 169,197</u>	<u>\$ 205,259</u>	<u>\$ -</u>	<u>\$ 2,820</u>	<u>\$ 377,276</u>
<b>FUND BALANCES</b>					
Committed:					
Recreation	\$ -	\$ -	\$ -	\$ 134,000	\$ 134,000
Assigned:					
Emergency services	<u>-</u>	<u>-</u>	<u>644</u>	<u>-</u>	<u>644</u>
Total fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 644</u>	<u>\$ 134,000</u>	<u>\$ 134,644</u>
Total liabilities and fund balances	<u>\$ 169,197</u>	<u>\$ 205,259</u>	<u>\$ 644</u>	<u>\$ 136,820</u>	<u>\$ 511,920</u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
Year Ended June 30, 2018**

	Virginia Public Assistance Fund	Comprehensive Services Act Fund	E-911 Fund	Parks and Recreation Fund	Total
<b>REVENUES</b>					
Charges for services	\$ 13,152	\$ -	\$ -	\$ 33,939	\$ 47,091
Intergovernmental:					
Commonwealth	576,599	757,006	-	-	1,333,605
Federal	1,134,757	-	-	-	1,134,757
 Total revenues	 \$ 1,724,508	 \$ 757,006	 \$ -	 \$ 33,939	 \$ 2,515,453
<b>EXPENDITURES</b>					
Current:					
Health and welfare	\$ 2,133,365	\$ 1,188,287	\$ -	\$ -	\$ 3,321,652
Parks, recreation, and cultural	-	-	-	18,888	18,888
 Total expenditures	 \$ 2,133,365	 \$ 1,188,287	 \$ -	 \$ 18,888	 \$ 3,340,540
 Excess (deficiency) of revenues over (under) expenditures	 \$ (408,857)	 \$ (431,281)	 \$ -	 \$ 15,051	 \$ (825,087)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 408,857	\$ 431,281	\$ -	\$ -	\$ 840,138
 Total other financing sources (uses)	 \$ 408,857	 \$ 431,281	 \$ -	 \$ -	 \$ 840,138
 Net change in fund balances	 \$ -	 \$ -	 \$ -	 \$ 15,051	 \$ 15,051
Fund balances - beginning	-	-	644	118,949	119,593
 Fund balances - ending	 \$ -	 \$ -	 \$ 644	 \$ 134,000	 \$ 134,644

COUNTY OF PAGE, VIRGINIA

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

	<b>Virginia Public Assistance Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ 13,152	\$ 13,152
Intergovernmental:				
Commonwealth	895,596	895,596	576,599	(318,997)
Federal	1,275,751	1,275,751	1,134,757	(140,994)
Total revenues	<u>\$ 2,171,347</u>	<u>\$ 2,171,347</u>	<u>\$ 1,724,508</u>	<u>\$ (446,839)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ 2,636,550	\$ 2,636,550	\$ 2,133,365	\$ 503,185
Total expenditures	<u>\$ 2,636,550</u>	<u>\$ 2,636,550</u>	<u>\$ 2,133,365</u>	<u>\$ 503,185</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (465,203)</u>	<u>\$ (465,203)</u>	<u>\$ (408,857)</u>	<u>\$ 56,346</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 465,203	\$ 465,203	\$ 408,857	\$ (56,346)
Total other financing sources (uses)	<u>\$ 465,203</u>	<u>\$ 465,203</u>	<u>\$ 408,857</u>	<u>\$ (56,346)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



<b>Comprehensive Services Act Fund</b>			
<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Original</b>	<b>Final</b>		
\$ -	\$ -	\$ -	\$ -
1,365,866	1,365,866	757,006	(608,860)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>1,365,866</u>	\$ <u>1,365,866</u>	\$ <u>757,006</u>	\$ <u>(608,860)</u>
\$ <u>1,954,035</u>	\$ <u>1,954,035</u>	\$ <u>1,188,287</u>	\$ <u>765,748</u>
\$ <u>1,954,035</u>	\$ <u>1,954,035</u>	\$ <u>1,188,287</u>	\$ <u>765,748</u>
\$ <u>(588,169)</u>	\$ <u>(588,169)</u>	\$ <u>(431,281)</u>	\$ <u>156,888</u>
\$ <u>588,169</u>	\$ <u>588,169</u>	\$ <u>431,281</u>	\$ <u>(156,888)</u>
\$ <u>588,169</u>	\$ <u>588,169</u>	\$ <u>431,281</u>	\$ <u>(156,888)</u>
\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

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

	Parks and Recreation Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 25,000	\$ 25,000	\$ 33,939	\$ 8,939
Total revenues	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 33,939</u>	<u>\$ 8,939</u>
<b>EXPENDITURES</b>				
Current:				
Parks, recreation, and cultural	\$ 25,000	\$ 25,000	\$ 18,888	\$ 6,112
Total expenditures	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 18,888</u>	<u>\$ 6,112</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 15,051	\$ 15,051
Net change in fund balances	\$ -	\$ -	\$ 15,051	\$ 15,051
Fund balances - beginning	-	-	118,949	118,949
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,000</u>	<u>\$ 134,000</u>

## **FIDUCIARY FUNDS**

Special welfare fund – The special welfare fund accounts for funds held in an agency capacity for social service recipients.

Cash bonds fund – The cash bond fund accounts for funds held in an agency capacity for cash bonds held for development purposes.

Neutering/spaying fund – The neutering/spaying fund accounts for funds held in an agency capacity for County neutering and spaying services related to the animal shelter.

Jail inmate fund – The jail inmate fund accounts for funds held in an agency capacity for inmates incarcerated at the County jail.

Luray/Page Airport hangar fund – The Luray/Page Airport hangar fund accounts for funds held in an agency capacity for rental revenues collected by the County for the Luray/Page Airport.

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

	<b>Agency Funds</b>					
	<b>Special Welfare Fund</b>	<b>Cash Bonds Fund</b>	<b>Neutering/ Spaying Fund</b>	<b>Jail Inmate Fund</b>	<b>Luray/Page Airport Hangar Fund</b>	<b>Total</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 8,823	\$ 34,062	\$ 18,993	\$ 24,444	\$ 82,124	\$ 168,446
Total assets	<u>\$ 8,823</u>	<u>\$ 34,062</u>	<u>\$ 18,993</u>	<u>\$ 24,444</u>	<u>\$ 82,124</u>	<u>\$ 168,446</u>
<b>LIABILITIES</b>						
Amounts held for social services clients	\$ 8,823	\$ -	\$ -	\$ -	\$ -	\$ 8,823
Amounts held for others	-	34,062	18,993	-	82,124	135,179
Amounts held for inmates	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,444</u>	<u>-</u>	<u>24,444</u>
Total liabilities	<u>\$ 8,823</u>	<u>\$ 34,062</u>	<u>\$ 18,993</u>	<u>\$ 24,444</u>	<u>\$ 82,124</u>	<u>\$ 168,446</u>

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
<b>Special Welfare Fund:</b>				
ASSETS				
Cash and cash equivalents	\$ 9,977	\$ 36,597	\$ 37,751	\$ 8,823
LIABILITIES				
Amounts held for social services clients	\$ 9,977	\$ 36,597	\$ 37,751	\$ 8,823
<b>Neutering/Spaying Fund:</b>				
ASSETS				
Cash and cash equivalents	\$ 18,524	\$ 509	\$ 40	\$ 18,993
LIABILITIES				
Amounts held for neutering/spaying	\$ 18,524	\$ 509	\$ 40	\$ 18,993
<b>Cash Bonds Fund:</b>				
ASSETS				
Cash and cash equivalents	\$ 34,062	\$ -	\$ -	\$ 34,062
LIABILITIES				
Amounts held for bonds fund	\$ 34,062	\$ -	\$ -	\$ 34,062
<b>Jail Inmate Fund:</b>				
ASSETS				
Cash and cash equivalents	\$ 39,823	\$ 205,738	\$ 221,117	\$ 24,444
LIABILITIES				
Amounts held for inmates	\$ 39,823	\$ 205,738	\$ 221,117	\$ 24,444
<b>Luray/Page Airport Hangar Fund:</b>				
ASSETS				
Cash and cash equivalents	\$ 84,077	\$ 90,460	\$ 92,413	\$ 82,124
LIABILITIES				
Amounts held for Airport	\$ 84,077	\$ 90,460	\$ 92,413	\$ 82,124
<b>Totals - All Agency Funds:</b>				
ASSETS				
Cash and cash equivalents	\$ 186,463	\$ 333,304	\$ 351,321	\$ 168,446
Total assets	\$ 186,463	\$ 333,304	\$ 351,321	\$ 168,446
LIABILITIES				
Amounts held for social services clients	\$ 9,977	\$ 36,597	\$ 37,751	\$ 8,823
Amounts held for others	136,663	90,969	92,453	135,179
Amounts held for inmates	39,823	205,738	221,117	24,444
Total liabilities	\$ 186,463	\$ 333,304	\$ 351,321	\$ 168,446

## **DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD**

### **MAJOR GOVERNMENTAL FUNDS**

School Operating Fund – The school operating fund accounts for the operations of the County’s school system. Financing is provided by the state and federal governments as well as contributions from the general fund.

### **NONMAJOR GOVERNMENTAL FUNDS**

School Cafeteria Fund – The school cafeteria fund is a special revenue fund that accounts for the County’s school lunch program. Financing is provided from lunch sales and state and federal reimbursements.

### **INTERNAL SERVICE FUND**

Health Insurance Fund – The health insurance fund is an internal service fund that accounts for the school board’s agency administered health insurance transactions. Financing is provided by employee and school board contributions.

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

	<b>School Operating Fund</b>	<b>Total Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 255,018	\$ 1,084,806	\$ 1,339,824
Accounts receivable	26,090	-	26,090
Due from primary government	2,570,810	-	2,570,810
Due from other governmental units	610,522	-	610,522
Inventories	-	38,052	38,052
Total assets	<u>\$ 3,462,440</u>	<u>\$ 1,122,858</u>	<u>\$ 4,585,298</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts payable	\$ 67,915	\$ 4,543	\$ 72,458
Accrued liabilities	3,139,507	110,956	3,250,463
Total liabilities	<u>\$ 3,207,422</u>	<u>\$ 115,499</u>	<u>\$ 3,322,921</u>
<b>FUND BALANCES</b>			
Nonspendable			
Inventories	\$ -	\$ 38,052	\$ 38,052
Assigned			
School lunch program	-	969,307	969,307
Designated for capital projects	255,018	-	255,018
Total fund balances	<u>\$ 255,018</u>	<u>\$ 1,007,359</u>	<u>\$ 1,262,377</u>
Total liabilities and fund balances	<u>\$ 3,462,440</u>	<u>\$ 1,122,858</u>	<u>\$ 4,585,298</u>

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

Total fund balances per above	\$ 1,262,377
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 977,491	
Buildings and improvements	32,620,301	
Machinery and equipment	<u>1,296,726</u>	34,894,518

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

Pension related items	\$ 3,828,512	
OPEB related items	<u>331,980</u>	4,160,492

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and Liabilities of the internal service funds are included in governmental activities in the statement of net position.

Health insurance fund	\$ <u>190,802</u>	190,802
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Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest	\$ (42,635)	
Capital leases	(6,638,953)	
Compensated absences	(269,488)	
Net pension liability	(29,499,590)	
Net OPEB liabilities	<u>(9,243,400)</u>	(45,694,066)

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

Pension related items	\$ (4,536,621)	
OPEB related items	<u>(329,000)</u>	(4,865,621)

Net position of governmental activities		<u>\$ (10,051,498)</u>
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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds - Discretely Presented Component Unit - School Board  
Year Ended June 30, 2018**

	<u>School Operating Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 45,449	\$ 298	\$ 45,747
Charges for services	1,620,163	599,108	2,219,271
Intergovernmental:			
Local government	10,475,899	-	10,475,899
Commonwealth	21,360,102	34,301	21,394,403
Federal	1,891,423	1,165,741	3,057,164
Total revenues	<u>\$ 35,393,036</u>	<u>\$ 1,799,448</u>	<u>\$ 37,192,484</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 34,448,239	\$ 1,904,457	\$ 36,352,696
Debt service:			
Principal retirement	488,454	-	488,454
Interest and other fiscal charges	201,325	-	201,325
Total expenditures	<u>\$ 35,138,018</u>	<u>\$ 1,904,457</u>	<u>\$ 37,042,475</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 255,018</u>	<u>\$ (105,009)</u>	<u>\$ 150,009</u>
Net change in fund balances	\$ 255,018	\$ (105,009)	\$ 150,009
Fund balances - beginning	-	1,112,368	1,112,368
Fund balances - ending	<u>\$ 255,018</u>	<u>\$ 1,007,359</u>	<u>\$ 1,262,377</u>

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

Total fund balances per above	\$ 150,009
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 500,374	
Depreciation expense	(2,331,730)	
Allocation of debt financed school assets based on current year repayments	<u>2,483,432</u>	652,076

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 repayments	\$ 488,454	
Change in accrued interest	<u>2,225</u>	490,679

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	\$ (1,376)	
Pension expense	1,210,939	
OPEB expense	<u>(139,720)</u>	1,069,843

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

Health insurance net revenue (expense)	<u>\$ (639,151)</u>	<u>(639,151)</u>
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Change in net position of governmental activities	<u>\$ 1,723,456</u>
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Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
Year Ended June 30, 2018

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 38,000	\$ 38,000	\$ 45,449	\$ 7,449
Charges for services	1,312,634	1,569,857	1,620,163	50,306
Intergovernmental:				
Local government	13,748,921	14,065,177	10,475,899	(3,589,278)
Commonwealth	20,911,584	21,682,797	21,360,102	(322,695)
Federal	1,781,307	1,929,370	1,891,423	(37,947)
Total revenues	<u>\$ 37,792,446</u>	<u>\$ 39,285,201</u>	<u>\$ 35,393,036</u>	<u>\$ (3,892,165)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 33,830,721	\$ 35,323,476	\$ 34,448,239	\$ 875,237
Debt service:				
Principal retirement	1,961,852	1,961,852	488,454	1,473,398
Interest and other fiscal charges	1,999,873	1,999,873	201,325	1,798,548
Total expenditures	<u>\$ 37,792,446</u>	<u>\$ 39,285,201</u>	<u>\$ 35,138,018</u>	<u>\$ 4,147,183</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 255,018	\$ 255,018
Net change in fund balances	\$ -	\$ -	\$ 255,018	\$ 255,018
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,018</u>	<u>\$ 255,018</u>

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

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 298	\$ 298
Charges for services	656,760	663,381	599,108	(64,273)
Intergovernmental:				
Local government	-	-	-	-
Commonwealth	30,000	55,030	34,301	(20,729)
Federal	1,107,250	1,107,250	1,165,741	58,491
Total revenues	<u>\$ 1,794,010</u>	<u>\$ 1,825,661</u>	<u>\$ 1,799,448</u>	<u>\$ (26,213)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 1,794,010	\$ 1,825,661	\$ 1,904,457	\$ (78,796)
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>\$ 1,794,010</u>	<u>\$ 1,825,661</u>	<u>\$ 1,904,457</u>	<u>\$ (78,796)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (105,009)	\$ (105,009)
Net change in fund balances	\$ -	\$ -	\$ (105,009)	\$ (105,009)
Fund balances - beginning	-	-	1,112,368	1,112,368
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,007,359</u>	<u>\$ 1,007,359</u>

Statement of Net Position  
 Internal Service Fund  
 Discretely Presented Component Unit - School Board  
 June 30, 2018

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	<b>Health Insurance Fund</b>
	<u>                    </u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 375,378
Total assets	<u>\$ 375,378</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 184,576
Total liabilities	<u>\$ 184,576</u>
<b>NET POSITION</b>	
Unrestricted	\$ 190,802
Total net position	<u><u>\$ 190,802</u></u>

Statement of Revenues, Expenses, and Changes in Net Position  
 Internal Service Fund  
 Discretely Presented Component Unit - School Board  
 Year Ended June 30, 2018

	<b>Health Insurance Fund</b>
	<u>                    </u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Insurance premiums	\$ 3,172,755
Miscellaneous	<u>4,276</u>
Total operating revenues	<u>\$ 3,177,031</u>
<b>OPERATING EXPENSES</b>	
Insurance claims and expenses	<u>\$ 3,817,466</u>
Total operating expenses	<u>\$ 3,817,466</u>
Operating income (loss)	<u>\$ (640,435)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	<u>\$ 1,284</u>
Total nonoperating revenues (expenses)	<u>\$ 1,284</u>
Change in net position	\$ (639,151)
Total net position - beginning	<u>829,953</u>
Total net position - ending	<u><u>\$ 190,802</u></u>

Statement of Cash Flows  
 Internal Service Fund  
 Discretely Presented Component Unit - School Board  
 Year Ended June 30, 2018

	<u>Health Insurance Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts for insurance premiums	\$ 3,177,031
Payments for premiums	<u>(3,914,823)</u>
Net cash provided by (used for) operating activities	<u>\$ (737,792)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	<u>\$ 1,284</u>
Net cash provided by (used for) investing activities	<u>\$ 1,284</u>
Net increase (decrease) in cash and cash equivalents	\$ (736,508)
Cash and cash equivalents - beginning	<u>1,111,886</u>
Cash and cash equivalents - ending	<u><u>\$ 375,378</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income (loss)	<u>\$ (640,435)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase (decrease) in accounts payable	<u>\$ (97,357)</u>
Total adjustments	<u>\$ (97,357)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (737,792)</u></u>

## **SUPPORTING SCHEDULES**

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 13,308,154	\$ 13,308,154	\$ 13,544,115	\$ 235,961
Real and personal public service corporation taxes	600,000	600,000	1,112,902	512,902
Personal property taxes	6,353,776	6,353,776	6,826,655	472,879
Penalties	240,000	240,000	291,371	51,371
Interest	237,000	237,000	264,783	27,783
Total general property taxes	<u>\$ 20,738,930</u>	<u>\$ 20,738,930</u>	<u>\$ 22,039,826</u>	<u>\$ 1,300,896</u>
Other local taxes:				
Local sales and use taxes	\$ 1,500,000	\$ 1,500,000	\$ 1,653,477	\$ 153,477
Business licenses	150,000	150,000	184,931	34,931
Consumption taxes	45,000	45,000	37,176	(7,824)
Motor vehicle licenses	659,000	659,000	460,835	(198,165)
Taxes on recordation and wills	150,000	150,000	184,778	34,778
Transient occupancy taxes	800,000	800,000	857,276	57,276
Meals taxes	280,000	280,000	273,953	(6,047)
Total other local taxes	<u>\$ 3,584,000</u>	<u>\$ 3,584,000</u>	<u>\$ 3,652,426</u>	<u>\$ 68,426</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 9,500	\$ 9,500	\$ 8,066	\$ (1,434)
Land use application fees	4,000	4,000	2,940	(1,060)
Transfer fees	900	900	918	18
Permits and other licenses	253,891	253,891	224,651	(29,240)
Total permits, privilege fees, and regulatory licenses	<u>\$ 268,291</u>	<u>\$ 268,291</u>	<u>\$ 236,575</u>	<u>\$ (31,716)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 82,100	\$ 82,100	\$ 76,451	\$ (5,649)
Total fines and forfeitures	<u>\$ 82,100</u>	<u>\$ 82,100</u>	<u>\$ 76,451</u>	<u>\$ (5,649)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 53,227	\$ 53,227
Revenue from use of property	40,000	40,000	40,988	988
Total revenue from use of money and property	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 94,215</u>	<u>\$ 54,215</u>
Charges for services:				
Sheriff's fees	\$ 4,000	\$ 4,000	\$ 2,643	\$ (1,357)
Ambulance and rescue service	550,000	550,000	454,599	(95,401)
Charges for Animal Protection	12,000	12,000	7,345	(4,655)
Charges for Commonwealth's Attorney	1,400	1,400	6,994	5,594
Work release and other inmate fees	89,150	89,150	84,239	(4,911)
Charges for sanitation and waste removal	1,481,025	1,481,025	1,518,841	37,816
Other charges for services	6,125	6,125	61,241	55,116
Total charges for services	<u>\$ 2,143,700</u>	<u>\$ 2,143,700</u>	<u>\$ 2,135,902</u>	<u>\$ (7,798)</u>
Miscellaneous:				
Miscellaneous	\$ 219,738	\$ 278,429	\$ 311,556	\$ 33,127
Total miscellaneous	<u>\$ 219,738</u>	<u>\$ 278,429</u>	<u>\$ 311,556</u>	<u>\$ 33,127</u>
Total revenue from local sources	<u>\$ 27,076,759</u>	<u>\$ 27,135,450</u>	<u>\$ 28,546,951</u>	<u>\$ 1,411,501</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 12,000	\$ 12,000	\$ 11,178	\$ (822)
State recordation tax	40,000	40,000	47,519	7,519
Railroad rolling stock tax	40,000	40,000	252	(39,748)
Communication taxes	486,000	486,000	447,489	(38,511)
Motor vehicle rental tax	4,000	4,000	4,855	855
Personal property tax relief funds	1,640,791	1,640,791	1,640,791	-
Total noncategorical aid	<u>\$ 2,222,791</u>	<u>\$ 2,222,791</u>	<u>\$ 2,152,084</u>	<u>\$ (70,707)</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 291,573	\$ 291,573	\$ 294,892	\$ 3,319
Sheriff	2,324,335	2,343,025	2,196,317	(146,708)
Commissioner of revenue	141,346	141,346	131,336	(10,010)
Treasurer	143,203	143,203	110,988	(32,215)
Registrar/electoral board	36,800	36,927	37,399	472
Clerk of the Circuit Court	249,274	249,274	287,691	38,417
Total shared expenses	<u>\$ 3,186,531</u>	<u>\$ 3,205,348</u>	<u>\$ 3,058,623</u>	<u>\$ (146,725)</u>
Other categorical aid:				
CJS GTS grant	\$ -	\$ 6,320	\$ 7,450	\$ 1,130
Virginia Juvenile Community Crime Control Act	30,076	30,076	11,398	(18,678)
Crime prevention education	10,000	10,000	-	(10,000)
PSAP grant	248,242	248,242	104,854	(143,388)
Litter control	24,515	31,424	11,710	(19,714)
Fire programs funds	48,000	48,000	50,431	2,431
Victims witness grant	7,917	7,917	11,078	3,161
Two-for-life grant	25,000	25,000	-	(25,000)
School resource officer grant	50,000	50,000	35,200	(14,800)
Crime against kids grant	40,000	40,000	40,000	-
Other	19,035	57,098	18,845	(38,253)
Total other categorical aid	<u>\$ 502,785</u>	<u>\$ 554,077</u>	<u>\$ 290,966</u>	<u>\$ (263,111)</u>
Total categorical aid	<u>\$ 3,689,316</u>	<u>\$ 3,759,425</u>	<u>\$ 3,349,589</u>	<u>\$ (409,836)</u>
Total revenue from the Commonwealth	<u>\$ 5,912,107</u>	<u>\$ 5,982,216</u>	<u>\$ 5,501,673</u>	<u>\$ (480,543)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	<u>\$ 128,000</u>	<u>\$ 128,000</u>	<u>\$ 179,266</u>	<u>\$ 51,266</u>
Categorical aid:				
Forfeited assets	\$ 50,000	\$ 52,146	\$ 2,146	\$ (50,000)
Local law enforcement	6,000	6,000	2,863	(3,137)
Victim witness assistance	44,313	44,313	18,464	(25,849)
Homeland security	24,500	24,500	98,745	74,245
Triad grant	2,500	2,500	-	(2,500)
Law enforcement initiative	2,036	2,036	-	(2,036)
Byrne grant	2,036	2,036	-	(2,036)
DMV ground transportation safety grant	30,000	30,000	10,104	(19,896)
Bullet proof vest grant	28,306	28,306	7,853	(20,453)
Citizens corp	11,400	11,400	1,346	(10,054)
Total categorical aid	<u>\$ 201,091</u>	<u>\$ 203,237</u>	<u>\$ 141,521</u>	<u>\$ (61,716)</u>
Total revenue from the federal government	<u>\$ 329,091</u>	<u>\$ 331,237</u>	<u>\$ 320,787</u>	<u>\$ (10,450)</u>
Total General Fund	<u>\$ 33,317,957</u>	<u>\$ 33,448,903</u>	<u>\$ 34,369,411</u>	<u>\$ 920,508</u>
<b>Special Revenue Funds:</b>				
<b>Workforce Investment Act Fund:</b>				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Workforce Investment Act	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,242,671</u>	<u>\$ 2,242,671</u>
<b>Virginia Public Assistance Fund:</b>				
Revenue from local sources:				
Charges for services:				
Public assistance and welfare administration	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,152</u>	<u>\$ 13,152</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	<u>\$ 895,596</u>	<u>\$ 895,596</u>	<u>\$ 576,599</u>	<u>\$ (318,997)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	<u>\$ 1,275,751</u>	<u>\$ 1,275,751</u>	<u>\$ 1,134,757</u>	<u>\$ (140,994)</u>
Total Virginia Public Assistance Fund	<u>\$ 2,171,347</u>	<u>\$ 2,171,347</u>	<u>\$ 1,724,508</u>	<u>\$ (446,839)</u>



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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds: (Continued)</b>				
<b>Comprehensive Services Act Fund:</b>				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive Services Act program	\$ 1,363,866	\$ 1,363,866	\$ 755,493	\$ (608,373)
Child support public assistance funds	2,000	2,000	1,513	(487)
Total categorical aid	<u>\$ 1,365,866</u>	<u>\$ 1,365,866</u>	<u>\$ 757,006</u>	<u>\$ (608,860)</u>
Total revenue from the Commonwealth	<u>\$ 1,365,866</u>	<u>\$ 1,365,866</u>	<u>\$ 757,006</u>	<u>\$ (608,860)</u>
Total Comprehensive Services Act Fund	<u>\$ 1,365,866</u>	<u>\$ 1,365,866</u>	<u>\$ 757,006</u>	<u>\$ (608,860)</u>
<b>Parks and Recreation Fund:</b>				
Revenue from local sources:				
Charges for services:				
Parks and recreation fees	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 33,939</u>	<u>\$ 8,939</u>
Total Primary Government	<u>\$ 36,880,170</u>	<u>\$ 37,011,116</u>	<u>\$ 39,127,535</u>	<u>\$ 2,116,419</u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from use of money and property:				
Revenue from the use of property	<u>\$ 38,000</u>	<u>\$ 38,000</u>	<u>\$ 45,449</u>	<u>\$ 7,449</u>
Total revenue from use of money and property	<u>\$ 38,000</u>	<u>\$ 38,000</u>	<u>\$ 45,449</u>	<u>\$ 7,449</u>
Charges for services:				
Charges for education	<u>\$ 1,312,634</u>	<u>\$ 1,569,857</u>	<u>\$ 1,620,163</u>	<u>\$ 50,306</u>
Total revenue from local sources	<u>\$ 1,350,634</u>	<u>\$ 1,607,857</u>	<u>\$ 1,665,612</u>	<u>\$ 57,755</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Page, Virginia	<u>\$ 13,748,921</u>	<u>\$ 14,065,177</u>	<u>\$ 10,475,899</u>	<u>\$ (3,589,278)</u>
Total revenues from local governments	<u>\$ 13,748,921</u>	<u>\$ 14,065,177</u>	<u>\$ 10,475,899</u>	<u>\$ (3,589,278)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,731,766	\$ 3,731,766	\$ 3,379,056	\$ (352,710)
Basic school aid	10,255,329	10,666,254	10,646,677	(19,577)
GED funding	15,717	15,717	16,587	870
Regular foster children education	24,926	25,002	4,116	(20,886)
Remedial summer education	27,864	27,864	40,914	13,050
Gifted and talented	105,938	109,317	109,259	(58)
Remedial education	414,924	428,159	427,932	(227)
Compensation supplement	105,938	103,767	99,370	(4,397)
Special education	779,085	803,936	803,511	(425)
Textbook payments	242,289	250,017	249,885	(132)
Vocational standards of quality payments	448,029	462,320	462,076	(244)
Social security	609,143	628,573	628,241	(332)
Retirement fringe benefits	1,394,849	1,439,342	1,438,581	(761)
Lottery	604,994	624,292	624,531	239
Early reading intervention	55,169	75,857	75,857	-
Group life instructional	41,934	43,271	41,440	(1,831)
Homebound education	5,454	5,454	4,988	(466)
Regional program tuition	564,290	628,479	642,274	13,795

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (continued)				
Categorical aid: (continued)				
At risk payments	\$ 367,240	\$ 382,604	\$ 387,465	\$ 4,861
Primary class size	443,687	443,687	422,144	(21,543)
Technology	258,000	258,000	258,000	-
Standards of learning algebra readiness	51,144	51,144	53,567	2,423
At risk four-year olds	267,344	267,344	267,344	-
Vocational education	65,937	65,937	89,852	23,915
English as a second language	18,916	18,916	18,128	(788)
Special education foster children	-	-	28,233	28,233
Other state funds	11,678	125,778	140,074	14,296
Total categorical aid	<u>\$ 20,911,584</u>	<u>\$ 21,682,797</u>	<u>\$ 21,360,102</u>	<u>\$ (322,695)</u>
Total revenue from the Commonwealth	<u>\$ 20,911,584</u>	<u>\$ 21,682,797</u>	<u>\$ 21,360,102</u>	<u>\$ (322,695)</u>
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 25,000	\$ 25,000	\$ 23,725	\$ (1,275)
Title I	847,360	847,360	828,948	(18,412)
Title VI-B, special education flow-through	693,023	693,023	711,840	18,817
Vocational education	60,057	60,057	63,453	3,396
Title VI-B, special education pre-school	15,518	15,518	11,437	(4,081)
Title II	140,349	140,349	138,742	(1,607)
21st century learning grant	-	68,164	49,471	(18,693)
Title V	-	57,393	42,714	(14,679)
Title IV	-	22,506	21,093	(1,413)
Total categorical aid	<u>\$ 1,781,307</u>	<u>\$ 1,929,370</u>	<u>\$ 1,891,423</u>	<u>\$ (37,947)</u>
Total revenue from the federal government	<u>\$ 1,781,307</u>	<u>\$ 1,929,370</u>	<u>\$ 1,891,423</u>	<u>\$ (37,947)</u>
Total School Operating Fund	<u>\$ 37,792,446</u>	<u>\$ 39,285,201</u>	<u>\$ 35,393,036</u>	<u>\$ (3,892,165)</u>
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 298	\$ 298
Charges for services:				
Cafeteria sales	\$ 656,760	\$ 663,381	\$ 599,108	\$ (64,273)
Total revenue from local sources	<u>\$ 656,760</u>	<u>\$ 663,381</u>	<u>\$ 599,406</u>	<u>\$ (63,975)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 30,000	\$ 55,030	\$ 34,301	\$ (20,729)
Total revenue from the Commonwealth	<u>\$ 30,000</u>	<u>\$ 55,030</u>	<u>\$ 34,301</u>	<u>\$ (20,729)</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 1,107,250	\$ 1,107,250	\$ 1,031,812	\$ (75,438)
USDA commodities	-	-	133,929	133,929
Total categorical aid	<u>\$ 1,107,250</u>	<u>\$ 1,107,250</u>	<u>\$ 1,165,741</u>	<u>\$ 58,491</u>
Total revenue from the federal government	<u>\$ 1,107,250</u>	<u>\$ 1,107,250</u>	<u>\$ 1,165,741</u>	<u>\$ 58,491</u>
Total School Cafeteria Fund	<u>\$ 1,794,010</u>	<u>\$ 1,825,661</u>	<u>\$ 1,799,448</u>	<u>\$ (26,213)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 39,586,456</u>	<u>\$ 41,110,862</u>	<u>\$ 37,192,484</u>	<u>\$ (3,918,378)</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 117,908	\$ 117,908	\$ 114,544	\$ 3,364
General and financial administration:				
County administrator	\$ 323,574	\$ 323,574	\$ 310,707	\$ 12,867
Finance	284,436	284,436	276,269	8,167
Legal services	101,500	101,500	186,574	(85,074)
Commissioner of revenue	478,430	478,430	477,353	1,077
Assessment	160,000	160,000	-	160,000
Geographic information systems	116,730	116,730	113,229	3,501
Treasurer	500,561	500,561	497,643	2,918
Data processing	209,000	209,000	180,410	28,590
Purchasing	48,625	48,625	47,447	1,178
Total general and financial administration	<u>\$ 2,222,856</u>	<u>\$ 2,222,856</u>	<u>\$ 2,089,632</u>	<u>\$ 133,224</u>
Board of elections:				
Electoral board and officials	\$ 49,519	\$ 49,646	\$ 39,158	\$ 10,488
Registrar	104,296	104,296	108,563	(4,267)
Total board of elections	<u>\$ 153,815</u>	<u>\$ 153,942</u>	<u>\$ 147,721</u>	<u>\$ 6,221</u>
Total general government administration	<u>\$ 2,494,579</u>	<u>\$ 2,494,706</u>	<u>\$ 2,351,897</u>	<u>\$ 142,809</u>
Judicial administration:				
Courts:				
Circuit court	\$ 9,250	\$ 9,250	\$ 7,710	\$ 1,540
General district court	8,000	8,000	8,326	(326)
Special magistrates	2,300	2,300	2,488	(188)
Juvenile and domestic relations court	20,050	20,050	18,059	1,991
Sheriff	196,911	225,340	212,690	12,650
Victim witness program	62,705	62,705	72,936	(10,231)
Clerk of the circuit court	432,548	432,548	470,193	(37,645)
Total courts	<u>\$ 731,764</u>	<u>\$ 760,193</u>	<u>\$ 792,402</u>	<u>\$ (32,209)</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 520,317	\$ 521,317	\$ 538,222	\$ (16,905)
Total judicial administration	<u>\$ 1,252,081</u>	<u>\$ 1,281,510</u>	<u>\$ 1,330,624</u>	<u>\$ (49,114)</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,879,099	\$ 4,168,124	\$ 3,960,684	\$ 207,440
Virginia Juvenile Community Crime Control Act	30,076	30,076	17,788	12,288
Total law enforcement and traffic control	<u>\$ 3,909,175</u>	<u>\$ 4,198,200</u>	<u>\$ 3,978,472</u>	<u>\$ 219,728</u>
Fire and rescue services:				
Volunteer fire departments and rescue squads	\$ 617,600	607,542	\$ 496,468	\$ 111,074
Fire and rescue services	879,749	893,307	1,003,344	(110,037)
Total fire and rescue services	<u>\$ 1,497,349</u>	<u>\$ 1,500,849</u>	<u>\$ 1,499,812</u>	<u>\$ 1,037</u>
Correction and detention:				
Jail	\$ 2,690,293	\$ 2,641,574	\$ 2,893,050	\$ (251,476)
Juvenile detention	245,766	245,766	242,522	3,244
Total correction and detention	<u>\$ 2,936,059</u>	<u>\$ 2,887,340</u>	<u>\$ 3,135,572</u>	<u>\$ (248,232)</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Other protection:				
Animal control	\$ 357,739	\$ 352,533	\$ 333,685	\$ 18,848
Medical examiner	500	500	400	100
Building inspections	-	-	2,968	(2,968)
Concern hotline	1,000	1,000	1,000	-
Emergency services	10,701	10,701	10,701	-
Total other protection	<u>\$ 369,940</u>	<u>\$ 364,734</u>	<u>\$ 348,754</u>	<u>\$ 15,980</u>
Total public safety	<u>\$ 8,712,523</u>	<u>\$ 8,951,123</u>	<u>\$ 8,962,610</u>	<u>\$ (11,487)</u>
Public works:				
Sanitation and waste removal:				
Compactor sites	\$ 79,188	\$ 79,188	\$ 84,729	\$ (5,541)
Landfill	1,612,126	1,635,766	1,523,794	111,972
Total sanitation and waste removal	<u>\$ 1,691,314</u>	<u>\$ 1,714,954</u>	<u>\$ 1,608,523</u>	<u>\$ 106,431</u>
Maintenance of general buildings and grounds:				
General properties	\$ 364,801	\$ 364,801	\$ 354,217	\$ 10,584
Total public works	<u>\$ 2,056,115</u>	<u>\$ 2,079,755</u>	<u>\$ 1,962,740</u>	<u>\$ 117,015</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 274,444	\$ 274,444	\$ 274,444	\$ -
Total health	<u>\$ 274,444</u>	<u>\$ 274,444</u>	<u>\$ 274,444</u>	<u>\$ -</u>
Mental health and mental retardation:				
Community services board	\$ 86,227	\$ 86,227	\$ 86,227	\$ -
Choices	5,000	5,000	5,000	-
Total mental health and mental retardation	<u>\$ 91,227</u>	<u>\$ 91,227</u>	<u>\$ 91,227</u>	<u>\$ -</u>
Welfare:				
Welfare administration	\$ 18,247	\$ 18,247	\$ 17,493	\$ 754
Shenandoah Area Agency on Aging	65,000	65,000	65,000	-
Total welfare	<u>\$ 83,247</u>	<u>\$ 83,247</u>	<u>\$ 82,493</u>	<u>\$ 754</u>
Total health and welfare	<u>\$ 448,918</u>	<u>\$ 448,918</u>	<u>\$ 448,164</u>	<u>\$ 754</u>
Education:				
Other instructional costs:				
Contributions to L.F. Community College	\$ 11,561	\$ 11,561	\$ 11,561	\$ -
Contribution to County School Board	13,748,921	14,065,177	10,475,899	3,589,278
Total education	<u>\$ 13,760,482</u>	<u>\$ 14,076,738</u>	<u>\$ 10,487,460</u>	<u>\$ 3,589,278</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Administration	\$ 82,797	\$ 82,797	\$ 79,418	\$ 3,379
Total parks and recreation	<u>\$ 82,797</u>	<u>\$ 82,797</u>	<u>\$ 79,418</u>	<u>\$ 3,379</u>

**Schedule of Expenditures - Budget and Actual  
Governmental Funds  
Year ended June 30, 2018 (Continued)**

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Parks, recreation, and cultural: (Continued)				
Library:				
Regional library	\$ 237,011	\$ 237,011	\$ 237,011	\$ -
Total parks, recreation, and cultural	<u>\$ 319,808</u>	<u>\$ 319,808</u>	<u>\$ 316,429</u>	<u>\$ 3,379</u>
Community development:				
Planning and community development:				
Planning	\$ 360,943	\$ 360,943	\$ 335,511	\$ 25,432
Northern Shenandoah Planning Commission	30,365	30,365	27,321	3,044
Zoning	2,509	2,509	2,107	402
Economic development	283,907	258,907	227,102	31,805
Airport Commission	42,000	42,000	41,750	250
Chamber of Commerce	275,000	300,000	300,000	-
Total planning and community development	<u>\$ 994,724</u>	<u>\$ 994,724</u>	<u>\$ 933,791</u>	<u>\$ 60,933</u>
Environmental management:				
Other environmental management	\$ 94,545	\$ 94,545	\$ 87,180	\$ 7,365
Total environmental management	<u>\$ 94,545</u>	<u>\$ 94,545</u>	<u>\$ 87,180</u>	<u>\$ 7,365</u>
Cooperative extension program:				
4-H center	\$ 1,500	\$ 1,500	\$ 1,500	\$ -
Total cooperative extension program	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ -</u>
Total community development	<u>\$ 1,090,769</u>	<u>\$ 1,090,769</u>	<u>\$ 1,022,471</u>	<u>\$ 68,298</u>
Nondepartmental:				
Miscellaneous	\$ 296,458	\$ 296,458	\$ 235,199	\$ 61,259
Debt service:				
Principal retirement	\$ 1,579,852	\$ 1,579,852	\$ 2,929,071	\$ (1,349,219)
Interest and other fiscal charges	-	-	2,383,331	(2,383,331)
Bond issuance costs	-	-	99,260	(99,260)
Total debt service	<u>\$ 1,579,852</u>	<u>\$ 1,579,852</u>	<u>\$ 5,411,662</u>	<u>\$ (3,831,810)</u>
Total General Fund	<u>\$ 32,011,585</u>	<u>\$ 32,619,637</u>	<u>\$ 32,529,256</u>	<u>\$ 90,381</u>
<b>Special Revenue Funds:</b>				
<b>Workforce Investment Act Fund:</b>				
Community development:				
Shenandoah Valley Workforce Investment Board	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,242,671</u>	<u>\$ (2,242,671)</u>
<b>Virginia Public Assistance Fund:</b>				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,636,550	\$ 2,636,550	\$ 2,133,365	\$ 503,185
Total Virginia Public Assistance Fund	<u>\$ 2,636,550</u>	<u>\$ 2,636,550</u>	<u>\$ 2,133,365</u>	<u>\$ 503,185</u>
<b>Comprehensive Services Act Fund:</b>				
Health and welfare:				
Welfare and social services:				
Comprehensive services	\$ 1,954,035	\$ 1,954,035	\$ 1,188,287	\$ 765,748
Total Comprehensive Services Act Fund	<u>\$ 1,954,035</u>	<u>\$ 1,954,035</u>	<u>\$ 1,188,287</u>	<u>\$ 765,748</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds: (Continued)</b>				
<b>Parks and Recreation Fund:</b>				
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 25,000	\$ 25,000	\$ 18,888	\$ 6,112
Total Parks and Recreation fund	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 18,888</u>	<u>\$ 6,112</u>
<b>Capital Projects Fund:</b>				
<b>County Capital Improvements Fund:</b>				
Capital projects expenditures:				
Battlecreek landfill	\$ 1,136,500	\$ 1,136,500	\$ 1,096,257	\$ 40,243
Landfill equipment	31,000	61,000	450,621	(389,621)
EDP hardware	20,000	20,000	18,575	1,425
Other	65,500	65,500	46,666	18,834
Total capital projects	<u>\$ 1,253,000</u>	<u>\$ 1,283,000</u>	<u>\$ 1,612,119</u>	<u>\$ (329,119)</u>
Total Capital Projects Fund	<u>\$ 1,253,000</u>	<u>\$ 1,283,000</u>	<u>\$ 1,612,119</u>	<u>\$ (329,119)</u>
Total Primary Government	<u>\$ 37,880,170</u>	<u>\$ 38,518,222</u>	<u>\$ 39,724,586</u>	<u>\$ (1,206,364)</u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Education:				
Instructional	\$ 25,782,092	\$ 25,883,759	\$ 25,927,934	\$ (44,175)
Administration, attendance and health services	1,724,778	1,745,465	1,764,640	(19,175)
Pupil transportation	1,703,250	2,277,043	2,292,356	(15,313)
Operation and maintenance	3,537,702	4,323,710	3,366,241	957,469
Facilities	80,000	80,000	80,000	-
Technology	1,002,899	1,013,499	1,017,068	(3,569)
Total education	<u>\$ 33,830,721</u>	<u>\$ 35,323,476</u>	<u>\$ 34,448,239</u>	<u>\$ 875,237</u>
Debt service:				
Principal retirement	\$ 1,961,852	\$ 1,961,852	\$ 488,454	\$ 1,473,398
Interest and other fiscal charges	1,999,873	1,999,873	201,325	1,798,548
Total debt service	<u>\$ 3,961,725</u>	<u>\$ 3,961,725</u>	<u>\$ 689,779</u>	<u>\$ 3,271,946</u>
Total School Operating Fund	<u>\$ 37,792,446</u>	<u>\$ 39,285,201</u>	<u>\$ 35,138,018</u>	<u>\$ 4,147,183</u>
<b>School Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 1,794,010	\$ 1,825,661	\$ 1,904,457	\$ (78,796)
Total School Cafeteria Fund	<u>\$ 1,794,010</u>	<u>\$ 1,825,661</u>	<u>\$ 1,904,457</u>	<u>\$ (78,796)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 39,586,456</u>	<u>\$ 41,110,862</u>	<u>\$ 37,042,475</u>	<u>\$ 4,068,387</u>

## **STATISTICAL SECTION**

## STATISTICAL SECTION

### Contents

### Tables

#### Financial Trends

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

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#### Revenue Capacity

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

6-10

#### Debt Capacity

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

11-13

#### Demographic and Economic Information

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

14-15

#### Operating Information

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

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#### Sources:

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



**COUNTY OF PAGE, VIRGINIA**

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

	<b>Fiscal Year</b>			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities:				
Net investment in capital assets	\$ 3,491,786	\$ 2,392,224	\$ 1,325,386	\$ 1,614,736
Restricted	148,536	148,536	367,629	445,608
Unrestricted	<u>(236,931)</u>	<u>(5,418,086)</u>	<u>(5,624,979)</u>	<u>(4,324,176)</u>
Total governmental activities net position	<u>\$ 3,403,391</u>	<u>\$ (2,877,326)</u>	<u>\$ (3,931,964)</u>	<u>\$ (2,263,832)</u>
Primary government:				
Net investment in capital assets	\$ 3,491,786	\$ 2,392,224	\$ 1,325,386	\$ 1,614,736
Restricted	148,536	148,536	367,629	445,608
Unrestricted	<u>(236,931)</u>	<u>(5,418,086)</u>	<u>(5,624,979)</u>	<u>(4,324,176)</u>
Total primary government net position	<u>\$ 3,403,391</u>	<u>\$ (2,877,326)</u>	<u>\$ (3,931,964)</u>	<u>\$ (2,263,832)</u>

Table 1

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 928,108	\$ 210,465	\$ (124,706)	\$ 2,255,849	\$ 2,205,669	\$ 935,016
518,639	921,716	818,673	741,443	2,810,507	-
<u>(3,435,256)</u>	<u>(5,403,758)</u>	<u>(10,999,476)</u>	<u>(12,606,528)</u>	<u>(15,768,259)</u>	<u>(11,049,988)</u>
<u>\$ (1,988,509)</u>	<u>\$ (4,271,577)</u>	<u>\$ (10,305,509)</u>	<u>\$ (9,609,236)</u>	<u>\$ (10,752,083)</u>	<u>\$ (10,114,972)</u>
\$ 928,108	\$ 210,465	\$ (124,706)	\$ 2,255,849	\$ 2,205,669	\$ 935,016
518,639	921,716	818,673	741,443	2,810,507	-
<u>(3,435,256)</u>	<u>(5,403,758)</u>	<u>(10,999,476)</u>	<u>(12,606,528)</u>	<u>(15,768,259)</u>	<u>(11,049,988)</u>
<u>\$ (1,988,509)</u>	<u>\$ (4,271,577)</u>	<u>\$ (10,305,509)</u>	<u>\$ (9,609,236)</u>	<u>\$ (10,752,083)</u>	<u>\$ (10,114,972)</u>

**COUNTY OF PAGE, VIRGINIA**

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

	Fiscal Year			
	2009	2010	2011	2012
<b>Expenses</b>				
Governmental Activities:				
General government administration	\$ 2,958,084	\$ 2,581,708	\$ 3,036,414	\$ 2,256,222
Judicial administration	1,084,091	1,088,426	1,119,582	1,115,093
Public safety	6,721,986	7,054,231	6,755,169	7,072,258
Public works	3,485,849	1,864,433	3,393,399	1,530,469
Health and welfare	4,864,647	4,450,952	3,804,608	3,582,940
Education	11,381,972	16,248,530	11,261,780	11,437,383
Parks, recreation, and cultural	372,810	280,664	237,294	271,922
Community development	2,394,702	1,009,552	491,427	645,888
Interest on long-term debt	3,000,078	3,130,944	3,038,008	3,057,354
Bond issuance costs	-	-	-	-
Total governmental activities expenses	\$ 36,264,219	\$ 37,709,440	\$ 33,137,681	\$ 30,969,529
<b>Program Revenues</b>				
Governmental Activities:				
Charges for services:				
General government administration	\$ 31,722	\$ 83,534	\$ 100,326	\$ 124,380
Judicial administration	113,713	90,365	80,395	96,469
Public safety	272,475	770,813	680,882	719,369
Public works	1,531,306	1,438,246	1,368,126	1,349,343
Health and welfare	45,582	16,578	35,023	20,589
Education	-	-	-	-
Parks, recreation, and cultural	48,929	43,467	45,768	38,855
Community development	-	-	-	-
Operating grants and contributions	7,122,842	6,183,782	5,951,332	5,546,582
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	\$ 9,166,569	\$ 8,626,785	\$ 8,261,852	\$ 7,895,587
Net (expense) / revenue				
Governmental Activities	\$ <u>(27,097,650)</u>	\$ <u>(29,082,655)</u>	\$ <u>(24,875,829)</u>	\$ <u>(23,073,942)</u>

Table 2

Fiscal Year						
	2013	2014	2015	2016	2017	2018
\$	2,833,213	\$ 2,306,937	\$ 2,423,301	\$ 2,613,493	\$ 2,350,004	\$ 2,644,872
	1,105,308	1,094,479	1,161,227	1,113,134	1,140,691	1,287,562
	7,520,179	8,695,178	8,550,584	8,555,808	8,669,850	8,882,301
	2,384,891	4,283,275	2,647,595	2,524,857	2,822,940	3,236,871
	3,101,854	3,195,361	3,524,666	3,542,736	3,931,959	3,779,627
	11,606,179	12,664,109	13,107,117	12,215,154	12,289,299	12,970,892
	273,795	290,824	303,976	303,900	317,432	335,016
	537,342	745,558	3,315,348	3,667,775	3,612,114	3,264,067
	2,921,300	2,797,872	2,698,894	2,579,296	2,504,871	2,394,247
	-	-	-	-	-	99,260
\$	<u>32,284,061</u>	<u>36,073,593</u>	<u>37,732,708</u>	<u>37,116,153</u>	<u>37,639,160</u>	<u>38,894,715</u>
\$	127,291	\$ 79,321	\$ 71,509	\$ 195,767	\$ 22,971	\$ 73,165
	127,832	110,567	111,285	88,133	86,574	83,445
	855,455	770,108	786,108	792,137	802,672	773,477
	1,305,472	1,390,288	1,323,908	1,390,504	1,452,965	1,518,841
	9,645	14,240	6,787	10,567	17,783	13,152
	-	-	-	-	-	-
	35,589	32,732	24,942	28,352	29,423	33,939
	-	-	-	-	-	-
	5,081,557	5,685,624	8,022,321	8,616,224	8,754,656	8,202,143
	-	-	-	-	-	-
\$	<u>7,542,841</u>	<u>8,082,880</u>	<u>10,346,860</u>	<u>11,121,684</u>	<u>11,167,044</u>	<u>10,698,162</u>
\$	<u>(24,741,220)</u>	<u>(27,990,713)</u>	<u>(27,385,848)</u>	<u>(25,994,469)</u>	<u>(26,472,116)</u>	<u>(28,196,553)</u>

**COUNTY OF PAGE, VIRGINIA**

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

	<b>Fiscal Year</b>			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Taxes				
Property taxes	\$ 17,161,221	\$ 17,648,296	\$ 18,577,570	\$ 19,396,791
Local sales and use taxes	1,378,934	1,315,313	1,355,463	1,432,754
Motor vehicle licenses taxes	294,586	310,968	306,201	319,477
Transient Occupancy Taxes	422,650	417,304	452,261	491,143
Meals Tax	256,840	245,978	235,138	237,664
Business Licenses	-	-	-	-
Tax on Recordation and Wills	167,674	136,542	106,896	119,169
Other Local Taxes	773,987	713,216	692,425	732,204
Unrestricted revenues from use of money and property	609,855	69,153	61,410	58,428
Miscellaneous	291,172	191,687	204,922	144,457
Grants and Contributions - Not Restricted	<u>1,940,272</u>	<u>1,846,918</u>	<u>1,828,905</u>	<u>1,809,987</u>
Total governmental activities	\$ <u>23,297,191</u>	\$ <u>22,895,375</u>	\$ <u>23,821,191</u>	\$ <u>24,742,074</u>
<b>Change in Net Position</b>				
Governmental Activities	\$ <u>(3,800,459)</u>	\$ <u>(6,187,280)</u>	\$ <u>(1,054,638)</u>	\$ <u>1,668,132</u>

Table 2

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ 19,586,968	\$ 20,239,090	\$ 19,813,686	\$ 20,735,519	\$ 21,317,725	\$ 22,444,117	
1,424,298	1,386,698	1,478,959	1,596,463	1,605,724	1,653,477	
312,916	316,256	332,612	316,043	442,855	460,835	
605,616	645,627	743,834	822,208	1,150,605	857,276	
269,595	217,163	272,757	283,245	371,091	273,953	
-	175,233	147,747	161,851	179,484	184,931	
151,932	163,513	136,311	150,271	172,219	184,778	
209,797	46,737	48,429	49,105	64,428	37,176	
-	-	-	-	-	-	
59,792	63,474	56,285	32,357	46,985	94,215	
49,754	39,250	86,328	178,058	388,957	311,556	
<u>2,345,875</u>	<u>2,414,604</u>	<u>2,349,089</u>	<u>2,365,622</u>	<u>2,351,768</u>	<u>2,331,350</u>	
\$ <u>25,016,543</u>	\$ <u>25,707,645</u>	\$ <u>25,466,037</u>	\$ <u>26,690,742</u>	\$ <u>28,091,841</u>	\$ <u>28,833,664</u>	
<u>\$ 275,323</u>	<u>\$ (2,283,068)</u>	<u>\$ (1,919,811)</u>	<u>\$ 696,273</u>	<u>\$ 1,619,725</u>	<u>\$ 637,111</u>	

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Local sales and use Tax</b>	<b>Transient Occupancy Tax</b>	<b>Motor Vehicle License Tax</b>	<b>Recordation and Wills Tax</b>	<b>Meals Tax</b>	<b>Business License Tax</b>	<b>Total</b>
2009	\$ 17,161,221	\$ 1,378,934	\$ 422,650	\$ 294,586	\$ 167,674	\$ 256,840	- \$	19,681,905
2010	17,648,296	1,315,313	417,304	310,968	136,542	245,978	-	20,074,401
2011	18,577,570	1,355,463	452,261	306,201	106,896	235,138	-	21,033,529
2012	19,396,791	1,432,754	491,143	319,477	119,169	237,664	-	21,996,998
2013	19,586,968	1,424,298	605,616	312,916	151,932	269,595	-	22,351,325
2014	20,239,090	1,386,698	645,627	316,256	163,513	217,163	175,233	23,143,580
2015	19,813,686	1,478,959	743,834	332,612	136,311	272,757	147,747	22,925,906
2016	20,735,519	1,596,463	822,208	316,043	150,271	283,245	161,851	24,065,600
2017	21,317,725	1,605,724	1,037,203	442,855	172,219	333,921	179,484	25,089,131
2018	22,444,117	1,653,477	857,276	460,835	184,778	273,953	184,931	26,059,367

**COUNTY OF PAGE, VIRGINIA**

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

	Fiscal Year			
	2009	2010	2011	2012
General fund				
Unreserved	\$ 5,484,487	\$ 2,811,586	\$ -	\$ -
Nonspendable	-	-	-	-
Assigned	-	-	29,301	33,401
Unassigned	-	-	3,306,575	5,825,396
<b>Total general fund</b>	<b>\$ 5,484,487</b>	<b>\$ 2,811,586</b>	<b>\$ 3,335,876</b>	<b>\$ 5,858,797</b>
All other governmental funds				
Reserved	\$ 148,536	\$ 148,536	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	131,603	44,459	-	-
Capital projects funds	8,433,844	5,853,756	-	-
Nonspendable				
Prepaid Items	-	-	-	-
Restricted, reported in:				
Debt Service	-	-	367,629	445,608
Capital projects funds	-	-	-	-
Committed, reported in:				
Parks and Recreation	-	-	55,468	68,063
Assigned, reported in:				
Capital projects funds	-	-	5,511,516	3,703,805
Emergency Services	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 8,713,983</b>	<b>\$ 6,046,751</b>	<b>\$ 5,934,613</b>	<b>\$ 4,217,476</b>

Note: The County implemented GASB Statement 54 beginning with fiscal year 2011-see Note 1 in the Notes to Basic Financial Statements section of the report.



Table 4

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
127,400	109,100	51,557	-	7,860	-	-
39,390	44,848	29,268	35,402	33,597	16,509	-
<u>6,986,977</u>	<u>7,962,516</u>	<u>7,298,683</u>	<u>5,671,302</u>	<u>7,986,584</u>	<u>9,429,392</u>	-
<u>\$ 7,153,767</u>	<u>\$ 8,116,464</u>	<u>\$ 7,379,508</u>	<u>\$ 5,706,704</u>	<u>\$ 8,028,041</u>	<u>\$ 9,445,901</u>	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-	-
-	-	-	13,843	-	-	-
518,639	921,716	818,673	741,443	815,711	-	-
3,564,664	-	-	-	1,994,796	206,729	-
80,892	91,582	100,034	95,251	118,949	134,000	-
2,472,525	2,060,182	752,621	209,572	(914,804)	-	-
<u>-</u>	<u>644</u>	<u>644</u>	<u>644</u>	<u>644</u>	<u>644</u>	<u>644</u>
<u>\$ 6,636,720</u>	<u>\$ 3,074,124</u>	<u>\$ 1,671,972</u>	<u>\$ 1,060,753</u>	<u>\$ 2,015,296</u>	<u>\$ 341,373</u>	-

**COUNTY OF PAGE, VIRGINIA**

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

	Fiscal Year			
	2009	2010	2011	2012
<b>Revenues</b>				
General property taxes	\$ 16,636,631	\$ 17,076,620	\$ 18,277,353	\$ 19,256,025
Other local taxes	3,294,671	3,139,321	3,148,384	3,332,411
Permits, privilege fees and regulatory licenses	240,406	200,275	181,311	162,688
Fines and forfeitures	112,288	89,120	78,282	91,632
Revenue from use of money and property	609,855	69,153	61,410	58,428
Charges for services	1,917,356	2,153,608	2,050,927	2,094,685
Miscellaneous	291,172	191,687	204,922	144,457
Intergovernmental:				
Commonwealth	7,051,079	6,549,653	6,205,701	6,024,312
Federal	2,012,035	1,486,284	1,574,536	1,332,257
<b>Total revenues</b>	<b>\$ 32,165,493</b>	<b>\$ 30,955,721</b>	<b>\$ 31,782,826</b>	<b>\$ 32,496,895</b>
<b>Expenditures</b>				
General government administration	\$ 2,749,489	\$ 2,320,872	\$ 2,788,787	\$ 2,039,067
Judicial administration	1,074,252	1,064,870	1,101,332	1,103,368
Public safety	6,628,711	6,809,527	6,534,815	7,252,991
Public works	3,121,167	2,325,513	2,099,341	2,437,670
Health and welfare	4,863,039	4,424,999	3,779,579	3,599,674
Education	9,105,934	10,683,229	9,035,876	9,116,517
Parks, recreation and cultural	370,641	282,782	237,294	271,698
Community development	2,391,289	1,004,646	514,911	643,068
Nondepartmental	175,749	218,375	189,029	138,650
Capital projects	24,465,085	2,266,640	17,171	314,935
Debt service:				
Principal	1,961,338	1,901,656	1,947,591	1,900,636
Interest and other fiscal charges	3,057,332	3,199,675	3,124,948	2,872,837
Bond issuance costs	-	-	-	-
<b>Total expenditures</b>	<b>\$ 59,964,026</b>	<b>\$ 36,502,784</b>	<b>\$ 31,370,674</b>	<b>\$ 31,691,111</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (27,798,533)</b>	<b>\$ (5,547,063)</b>	<b>\$ 412,152</b>	<b>\$ 805,784</b>
<b>Other financing sources (uses)</b>				
Transfers in	\$ 1,602,769	\$ 1,241,375	\$ 1,000,408	\$ 2,349,910
Transfers out	(1,602,769)	(1,241,375)	(1,000,408)	(2,349,910)
Bonds issued	725,210	281,879	-	-
Refunding bonds issued	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Capital leases	104,395	23,725	-	-
Issuance of lease revenue bonds	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ 829,605</b>	<b>\$ 305,604</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net change in fund balances</b>	<b>\$ (26,968,928)</b>	<b>\$ (5,241,459)</b>	<b>\$ 412,152</b>	<b>\$ 805,784</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>14.20%</b>	<b>14.41%</b>	<b>16.23%</b>	<b>15.59%</b>

Table 5

							Fiscal Year					
2013		2014		2015		2016		2017		2018		
\$	19,510,388	\$	20,075,105	\$	19,961,029	\$	20,528,963	\$	21,051,318	\$	22,039,826	
	2,974,154		2,951,227		3,160,649		3,379,186		3,986,406		3,652,426	
	249,634		147,891		193,298		220,787		223,187		236,575	
	124,325		106,746		106,910		82,344		81,788		76,451	
	59,792		63,474		56,285		32,357		46,985		94,215	
	2,087,325		2,142,619		2,024,331		2,202,329		2,107,413		2,182,993	
	49,754		39,250		86,328		188,285		388,957		311,556	
	6,251,815		6,740,066		6,724,642		6,994,739		6,945,372		6,835,278	
	1,175,617		1,360,162		3,646,768		3,987,107		4,161,052		3,698,215	
\$	<u>32,482,804</u>	\$	<u>33,626,540</u>	\$	<u>35,960,240</u>	\$	<u>37,616,097</u>	\$	<u>38,992,478</u>	\$	<u>39,127,535</u>	
\$	2,102,193	\$	2,041,202	\$	2,428,333	\$	2,389,476	\$	2,200,628	\$	2,351,897	
	1,110,754		1,097,386		1,151,505		1,161,784		1,211,995		1,330,624	
	7,556,394		8,824,594		8,593,685		8,682,830		8,293,850		8,962,610	
	2,403,072		2,005,315		2,229,313		2,398,985		2,046,617		1,962,740	
	3,101,293		3,155,666		3,502,681		3,537,466		3,924,594		3,769,816	
	9,049,489		8,970,471		9,385,334		9,296,816		9,628,769		10,487,460	
	272,914		291,338		300,817		304,211		318,086		335,317	
	537,342		741,485		3,284,697		3,684,031		3,631,505		3,265,142	
	104,938		182,281		368,134		240,588		141,416		235,199	
	1,674,799		3,651,838		1,486,480		2,999,246		1,822,326		1,612,119	
	2,172,308		2,378,284		2,438,370		2,542,192		2,918,094		2,929,071	
	2,993,394		2,886,579		2,779,245		2,662,495		2,605,718		2,383,331	
	-		-		-		-		-		99,260	
\$	<u>33,078,890</u>	\$	<u>36,226,439</u>	\$	<u>37,948,594</u>	\$	<u>39,900,120</u>	\$	<u>38,743,598</u>	\$	<u>39,724,586</u>	
\$	<u>(596,086)</u>	\$	<u>(2,599,899)</u>	\$	<u>(1,988,354)</u>	\$	<u>(2,284,023)</u>	\$	<u>248,880</u>	\$	<u>(597,051)</u>	
\$	778,424	\$	619,712	\$	768,523	\$	3,089,732	\$	2,121,110	\$	1,655,849	
	(778,424)		(619,712)		(768,523)		(3,089,732)		(2,121,110)		(1,655,849)	
	-		-		-		-		3,027,000		-	
	-		-		-		-		-		10,431,000	
	-		-		-		-		-		(10,331,740)	
	310,300		-		-		-		-		392,300	
	4,000,000		-		-		-		-		-	
\$	<u>4,310,300</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>3,027,000</u>	\$	<u>491,560</u>	
\$	<u>3,714,214</u>	\$	<u>(2,599,899)</u>	\$	<u>(1,988,354)</u>	\$	<u>(2,284,023)</u>	\$	<u>3,275,880</u>	\$	<u>(105,491)</u>	
	16.77%		15.83%		14.06%		14.27%		14.94%		14.03%	

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Local sales and use Tax</b>	<b>Transient Occupancy Tax</b>	<b>Motor Vehicle License Tax</b>	<b>Recordation and Wills Tax</b>	<b>Meals Tax</b>	<b>Business License Tax</b>	<b>Total</b>
2009	\$ 16,636,631	\$ 1,378,934	\$ 422,650	\$ 294,586	\$ 167,674	\$ 256,840	\$ 166,724	\$ 19,324,039
2010	17,076,620	1,315,313	417,304	310,968	136,542	245,978	152,166	19,654,891
2011	18,277,353	1,355,463	452,261	306,201	106,896	235,138	123,426	20,856,738
2012	19,256,025	1,432,754	491,143	319,477	119,169	237,664	141,397	21,997,629
2013	19,510,388	1,424,298	605,616	312,916	151,932	269,595	157,439	22,432,184
2014	20,075,105	1,386,698	645,627	316,256	163,513	217,163	175,233	22,979,595
2015	19,961,029	1,478,959	743,834	332,612	136,311	272,757	147,747	23,073,249
2016	20,528,963	1,596,463	822,208	316,043	150,271	283,245	161,851	23,859,044
2017	21,051,318	1,605,724	1,037,203	442,855	172,219	333,921	179,484	24,822,724
2018	22,039,826	1,653,477	857,276	460,835	184,778	273,953	184,931	25,655,076

**COUNTY OF PAGE, VIRGINIA**

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

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Fiscal Year	Real Estate (1)	Personal Property & Mobile Homes	Machinery and Tools	Public Service	
				Real Estate	Personal Property
2009	\$ 2,264,983,200	\$ 174,593,871	\$ 24,618,443	\$ 67,861,578	\$ 23,725
2010	2,280,983,900	181,124,448	24,955,483	72,698,741	16,025
2011	2,134,124,400	168,781,100	24,648,928	75,016,471	16,025
2012	1,981,271,373	172,938,572	24,212,520	56,601,652	474,580
2013	1,987,973,023	173,845,772	22,857,550	67,700,556	482,994
2014	1,997,411,018	171,783,252	20,757,580	85,325,231	755,802
2015	2,003,154,535	172,342,920	19,939,210	87,334,603	762,895
2016	2,005,957,130	176,888,303	21,311,870	90,437,690	611,143
2017	2,012,899,488	182,157,270	23,275,670	90,092,972	788,193
2018	2,022,492,450	186,119,302	23,901,950	98,665,423	739,106

Source: Commissioner of Revenue

- (1) Real estate assessed at 100% of fair market value.
- (2) Assessed values are established by the State Corporation Commission.
- (3) Source: Virginia Department of Taxation.

**Table 7**

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	<b>Total Taxable Assessed Value</b>	<b>Estimated Actual Taxable Value</b>	<b>State Sales Assessment Ratio (3)</b>	<b>Total Direct Rate</b>
\$	2,532,080,817	\$ 2,261,998,229	111.94%	\$ 10.10
	2,559,778,597	2,560,802,918	99.96%	10.10
	2,402,586,924	2,162,349,855	111.11%	10.42
	2,235,498,697	2,043,977,962	109.37%	10.42
	2,252,859,895	2,014,900,183	111.81%	10.42
	2,276,032,883	2,074,590,177	109.71%	10.42
	2,283,534,163	2,083,516,572	109.60%	10.42
	2,295,206,136	2,094,166,182	109.60%	10.46
	2,309,213,593	2,106,946,709	109.60%	10.46
	2,331,918,231	2,127,662,620	109.60%	10.49

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

Fiscal Year	Direct Rates						Total Direct Rate
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Aircraft	Motor Carrier	
2008	\$ 0.48	\$ 3.90	\$ 0.48	\$ 2.00	\$ 0.50	\$ 2.00	\$ 9.36
2009	0.48	4.64	0.48	2.00	0.50	2.00	10.10
2010	0.48	4.64	0.48	2.00	0.50	2.00	10.10
2011	0.64	4.64	0.64	2.00	0.50	2.00	10.42
2012	0.64	4.64	0.64	2.00	0.50	2.00	10.42
2013	0.64	4.64	0.64	2.00	0.50	2.00	10.42
2014	0.64	4.64	0.64	2.00	0.50	2.00	10.42
2015	0.64	4.64	0.64	2.00	0.50	2.00	10.42
2016	0.66	4.64	0.66	2.00	0.50	2.00	10.46
2017	0.66	4.64	0.66	2.00	0.50	2.00	10.46
2018	0.70	4.59	0.70	2.00	0.50	2.00	10.49

Source: County Commissioner of Revenue

(1) Per \$100 of assessed value

Principal Property Taxpayers  
 Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2018		Fiscal Year 2009	
		2018 Assessed Valuation	% of Total Assessed Valuation	2009 Assessed Valuation	% of Total Assessed Valuation
KVK Precision Specialties	Manufacturing	\$ 9,936,290	0.43%	\$ 8,222,940	0.32%
VF Jeanswear	Manufacturing	4,998,180	0.22%	4,224,070	0.17%
Emco Enterprises	Manufacturing	3,314,490	0.14%	3,746,965	0.15%
Masonite Corporation	Manufacturing	3,197,180	0.14%	3,077,490	0.12%
DNC Parks & Resorts	Tourism	2,243,770	0.10%	-	0.00%
Comcast	Communications	1,140,310	0.05%	713,850	0.03%
Wal-Mart	Retail	907,790	0.04%	1,092,985	0.04%
Shenandoah Machine Shop	Manufacturing	609,070	0.03%	450,180	0.02%
PE Hydro Generation	Energy	539,820	0.02%	885,940	0.03%
Mountain View Resorts	Tourism	443,370	0.02%	-	0.00%
Gray Television Group	Communications	426,000	0.02%	347,065	0.01%
Noah Turner Landscaping	Services	305,490	0.01%	13,030	0.00%
		<u>\$ 28,061,760</u>	<u>1.21%</u>	<u>\$ 22,774,515</u>	<u>0.90%</u>

Source: Commissioner of Revenue



Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax (1,3) Levy for Fiscal Year	Collected within the Fiscal Year of the Levy (1,3)		Collections in Subsequent Years (2)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 18,041,342	\$ 16,605,832	92.04%	\$ 1,334,455	\$ 17,940,287	99.44%
2010	18,389,681	17,476,832	95.04%	802,047	18,278,879	99.40%
2011	19,403,213	18,204,086	93.82%	1,084,514	19,288,600	99.41%
2012	18,716,329	17,595,707	94.01%	958,118	18,553,825	99.13%
2013	18,978,746	17,803,281	93.81%	979,295	18,782,576	98.97%
2014	19,152,140	18,063,097	94.31%	826,327	18,889,424	98.63%
2015	19,250,147	18,216,468	94.63%	670,620	18,887,088	98.11%
2016	19,852,376	18,739,739	94.40%	606,190	19,345,929	97.45%
2017	20,654,381	19,414,989	94.00%	152,628	19,567,617	94.74%
2018	21,311,251	20,114,593	94.38%	-	20,114,593	94.38%

Source: Commissioner of Revenue, County Treasurer's office

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Does not include PPTRA reimbursements from the Commonwealth of Virginia.

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2009	\$ 68,981,457	\$ 560,600	\$ 67,668	\$ 69,609,725	9.82%	\$ 2,900
2010	67,465,056	498,533	50,085	68,013,674	9.22%	2,827
2011	65,621,718	436,466	7,899	66,066,083	8.54%	2,735
2012	63,791,048	374,399	-	64,165,447	10.55%	2,650
2013	61,859,642	4,167,159	276,638	66,303,439	11.50%	2,754
2014	59,833,166	3,880,485	211,504	63,925,155	7.70%	2,654
2015	46,638,047	14,693,377	155,360	61,486,784	7.25%	2,592
2016	44,733,233	14,119,124	92,235	58,944,592	7.12%	2,499
2017	43,294,677	16,277,776	27,255	59,599,708	6.99%	2,478
2018	41,199,702	15,572,683	352,625	57,125,010	6.73%	2,375

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

(1) See the Schedule of Demographic and Economic Statistics - Table 13

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

<b>Fiscal Year</b>	<b>Gross Bonded Debt</b>	<b>Less: Amounts Reserved for Debt Service</b>	<b>Net Bonded Debt (3)</b>	<b>Ratio of Net General Obligation Debt to Assessed Value (2)</b>	<b>Net Bonded Debt per Capita (1)</b>
2009	\$ 69,542,057	\$ -	\$ 69,542,057	2.75%	\$ 2,897
2010	67,963,589	-	67,963,589	2.66%	2,825
2011	66,058,184	-	39,818,273	1.66%	1,648
2012	64,165,447	-	64,165,447	2.87%	2,650
2013	66,026,801	-	66,026,801	2.93%	2,742
2014	63,713,651	-	63,713,651	2.80%	2,646
2015	61,331,424	-	61,331,424	2.69%	2,586
2016	58,852,357	-	58,852,357	2.56%	2,495
2017	59,572,453	-	59,572,453	2.58%	2,477
2018	56,772,385	-	56,772,385	2.43%	2,360

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

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7 capital leases, and compensated absences.

Direct and Overlapping Governmental Activities Debt  
 June 30, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage</u>	<u>Amount Applicable to Primary Government</u>
Town of Luray, Virginia	\$ 1,756,959	20.03%	\$ 351,859
County of Page, Virginia direct debt			<u>57,125,010</u>
			<u>\$ 57,476,869</u>

Sources: Outstanding debt and applicable percentages provided by the Town of Luray, Virginia.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the County of Page, Virginia. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Demographic and Economic Statistics  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2009	24,004	\$ 708,886,128	\$ 29,532	42.5	3,687	11.80%
2010	24,058	737,642,338	30,661	43.0	3,638	11.60%
2011	24,155	773,370,635	32,017	43.5	3,697	11.10%
2012	24,215	607,990,220	25,108	43.8	3,669	10.20%
2013	24,079	576,595,734	23,946	44.2	3,624	9.20%
2014	24,083	830,189,176	34,472	44.4	3,541	8.10%
2015	23,719	848,333,754	35,766	44.8	3,506	6.90%
2016	23,586	828,316,734	35,119	44.6	3,459	5.60%
2017	24,053	852,498,453	35,443	44.7	3,438	4.80%
2018	24,053	848,607,880	35,281	44.7	3,438	5.30%

Sources: Weldon Cooper Center, Virginia Employment Commission, and Bureau of Economic Analysis, Virginia Department of Education

Principal Employers  
 Current Year and Nine Years Prior

Employer	Fiscal Year 2018		Fiscal Year 2009		County Employment
	Employees	Rank	Employees	Rank	
Page County School Board	500 to 999	1	500 to 999	1	8.80%
Masonite Corp.	250 to 499	2	100 to 249	3	5.30%
County of Page	100 to 249	3	100 to 249	7	5.30%
Valley Health System	100 to 249	4	100 to 249	-	5.30%
VF Jeanswear	100 to 249	5	100 to 249	2	2.60%
Wal-Mart	100 to 249	6	100 to 249	6	5.30%
Emco Enterprises	100 to 249	7	100 to 249	4	
Luray Caverns Coffee Shop	100 to 249	8	100 to 249	-	2.60%
Montvue Nursing Home	100 to 249	9	100 to 249	-	5.30%
U.S. National Park Service	100 to 249	10	100 to 249	10	5.30%
Page Memorial Hospital	-	-	100 to 249	5	
VDOT	-	-	100 to 249	8	
Genie Company	-	-	100 to 249	9	

Source: Virginia LMI (Labor Market Information) - Based on LMI Tools: Industry for 2nd quarter of each (June 30 end date)

The percentage of County employment that each employer comprises is not currently available but will be presented when available.

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

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government administration	34	31	29	28	26	27	27	29	28	28
Judicial administration	12	12	12	12	12	12	11	11	11	11
Public safety:										
Sheriff's department	54	57	56	57	58	60	57	57	58	58
Fire and rescue	6	6	5	6	5	10	10	12	11	11
Building inspections	2	2	2	2	2	2	2	2	2	2
Animal shelter	2	2	2	2	2	2	2	2	2	2
Animal control	0	0	0	0	0	2	2	2	2	2
Emergency communications	10	10	11	10	10	10	9	9	11	11
Public works:										
General maintenance	4	3	3	3	3	3	3	3	3	2
Landfill	15	14	13	11	14	14	14	13	12	12
Health and welfare:										
Children's Services	1	1	1	1	1	1	0	1	0	0
Culture and recreation:										
Parks and recreation	1	1	1	1	1	1	1	1	1	1
Community development:										
Planning & Community Development	5	6	3	3	3	4	3	3	3	3
Economic Development	1	1	0	0	0	1	1	1	1	1
Totals	<u>147</u>	<u>146</u>	<u>138</u>	<u>136</u>	<u>137</u>	<u>149</u>	<u>142</u>	<u>146</u>	<u>145</u>	<u>144</u>

Source: Individual County departments

Operating Indicators by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety										
Sheriffs department:										
Physical arrests										
Traffic violations/arrests	1943	1230	935	1502	1463	1669	912	784	1394	1428
Civil papers	15096	14656	14605	13463	14611	14771	14790	14452	14720	15020
Fire and rescue:										
Number of calls answered	4740	4842	5013	4808	5121	5193	5280	5586	6075	4400
Building inspections:										
Permits issued	411	446	370	312	332	276	321	408	405	456
Animal control:										
Number of calls answered	1572	1543	1565	1483	1393	1310	1144	1310	1434	1439
Public works										
Landfill:										
Refuse collected (tons/day)	167.161	162.066	152.106	146.58	149.301	155.029	146.425	153.323	132.092	159.24
Recycling (tons/day)	4.90599	4.76073	6.91134	3.93465	3.71293	4.61393	2.9258	3.97869	3.34058	5.87
Health and welfare										
Department of Social Services:										
Caseload	5462	7049	7345	7663	7358	7239	6671	6337	6666	6658
Culture and recreation										
Parks and recreation:										
Youth sports participants	879	1012	985	977	898	849	789	779	689	681
Community development										
Planning:										
Zoning permits issued	242	252	230	211	196	177	194	195	260	294
Component Unit - School Board										
Education:										
School age population	3541.7	4429	4497	4436	4324	4352	4223	4096	4096	4109
Number of teachers	293	300	310	317	303	303	295	294	285	282
Local expenditures per pupil	3421	3670	3018	2756	2942	3005	3121	2958	3057	3059

Source: Individual County departments

\* Information unavailable

\*\*Fire and Rescue Call Monitoring System Transition Occurred This Fiscal Year



Capital Asset Statistics by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	8	8	8	8	8	8	8	8	8	9
Public safety										
Sheriffs department:										
Patrol units	69	69	69	69	69	69	69	69	71	71
Building inspections:										
Vehicles	3	3	3	3	3	3	3	3	3	3
Animal control:										
Vehicles	2	2	2	2	2	2	2	2	2	2
Animal Shelter										
Vehicles	1	1	1	1	1	1	1	1	1	1
Administration buildings	1	1	1	1	1	1	1	1	1	1
Public works										
General maintenance:										
Trucks/vehicles	4	4	4	4	4	4	4	4	4	4
Landfill:										
Vehicles	2	2	2	2	2	2	2	2	2	2
Equipment	14	14	14	14	14	14	14	15	15	15
Sites	2	2	2	2	2	2	2	2	2	2
Health and welfare										
Department of Social Services:										
Vehicles	4	4	4	4	4	4	4	4	4	4
Culture and recreation										
Parks and recreation:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Community development										
Planning:										
Vehicles	2	2	2	2	2	2	2	2	2	2
Component Unit - School Board										
Education:										
Schools	9	9	9	9	9	9	9	9	10	12
School buses	84	84	84	84	84	84	84	84	84	87

Source: Individual County departments

## **COMPLIANCE SECTION**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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### TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF PAGE, 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 Page, Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise County of Page, Virginia's basic financial statements, and have issued our report thereon dated November 30, 2018.

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Page, 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 Page, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Page, 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 Page, 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, Farnum, Cox Associates*

Staunton, Virginia  
November 30, 2018

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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### TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF PAGE, VIRGINIA

#### Report on Compliance for Each Major Federal Program

We have audited County of Page, 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 Page, Virginia's major federal programs for the year ended June 30, 2018. County of Page, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

County of Page Virginia's basic financial statements include the operations of the Component Unit Luray-Page Airport Authority, which received \$412,174 in federal awards which is not included in the schedule of federal awards during the year ended June 30, 2018. Our audit, described below, did not include the operations of the Component Unit Luray-Page Airport Authority because the Authority issued its own audit of compliance with the Uniform Guidance.

#### **Management's Responsibility**

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of County of Page, 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 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 Page, 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 Page, Virginia's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, County of Page, 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 Page, 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 Page, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Page, 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*

Staunton, Virginia  
November 30, 2018

COUNTY OF PAGE, VIRGINIA

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

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Expenditures to Subrecipients
<b>PRIMARY GOVERNMENT:</b>				
Department of Agriculture:				
Pass Through Payments:				
Department of Social Services:				
State Administrative Matching Grants For the Supplemental Nutrition Assistance Program	10.561	0010110	\$ 232,040	
Total Department of Agriculture			\$ 232,040	
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
Foster Care - Title IV-E	93.658	1100111	\$ 150,427	
Adoption Assistance	93.659	1120111	107,064	
Temporary Assistance for Needy Families	93.558	0400111	185,482	
Refugee and Entrant Assistance - State Administered Programs	93.566	0500111	278	
Low-Income Home Energy Assistance	93.568	0600411	25,713	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900110	586	
Social Services Block Grant	93.667	1000111	135,930	
Chafee Foster Care Independence Program	93.674	9150110	2,226	
Promoting Safe and Stable Families	93.556	0950110	17,256	
Medical Assistance Program	93.778	1200111	238,140	
Children's Health Insurance Program	93.767	0540111	9,646	
Child Care - Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760111	29,969	
Total Department of Health and Human Services			\$ 902,717	
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Services:				
Bullet Proof Vest Partnership Program	16.607	Not Available	\$ 7,853	
Local Law Enforcement Block Grant	16.592	Not Available	2,863	
Public Safety Partnerships and Community Policing Grants	16.710	Not Available	1,346	
Crime Victim Assistance	16.575	15VAGX0043	18,464	
Equitable Sharing Program	16.922	Not Available	2,146	
Total Department of Justice			\$ 32,672	
Department of Labor:				
Pass Through Payments:				
Virginia Community College System:				
Workforce Innovation and Opportunity Act Cluster:				
WIOA Adult Program	17.258	LWA 4-16-01T/4-17-04	\$ 993,315	\$ 812,576
WIOA Dislocated Formula Grants	17.278	LWA 4-16-01T/4-17-04	479,502	360,001
WIOA Youth Activities	17.259	LWA 4-16-03/4-17-04	769,854	568,814
Total Workforce Innovation and Opportunity Act Cluster			\$ 2,242,671	\$ 1,741,391
Total Department of Labor			\$ 2,242,671	\$ 1,741,391

COUNTY OF PAGE, VIRGINIA

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

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Management:				
Homeland Security Grant Program	97.067	DEM6270500	\$ 66,732	
Emergency Management Performance Grants	97.042	Not Available	<u>32,013</u>	
Total Department of Homeland Security			\$ <u>98,745</u>	
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	56054	\$ 5,664	
National Priority Safety Programs	20.616	57182	<u>2,036</u>	
Total Highway Safety Cluster			\$ 7,700	
Alcohol Open Container Requirements	20.607	57149	<u>2,404</u>	
Total Department of Transportation			\$ <u>10,104</u>	
Total Expenditures of Federal Awards - Primary Government			\$ <u>3,518,949</u>	
<b><u>COMPONENT UNIT SCHOOL BOARD:</u></b>				
Department of Agriculture:				
Pass Through Payments:				
Child Nutrition Cluster:				
Department of Education:				
School Breakfast Program	10.553	Not Available	\$ 238,265	
National School Lunch Program	10.555	Not Available	793,547	
Department of Agriculture:				
Commodities-School Lunch	10.555	Not Available	<u>133,929</u>	
Subtotal CFDA 10.555			\$ <u>927,476</u>	
Total Child Nutrition Cluster			\$ <u>1,165,741</u>	
Schools and Roads-Grants to States	10.665	Not Available	<u>23,725</u>	
Total Department of Agriculture			\$ <u>1,189,466</u>	
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	Not Available	\$ 828,948	
Twenty-First Century Community Learning Centers	84.287	Not Available	49,471	
Special Education (IDEA) Cluster:				
Special Education - Grants to States	84.027	Not Available	711,840	
Special Education - Preschool Grants	84.173	Not Available	11,437	
Career and Technical Education				
Basic Grants to States	84.048	Not Available	63,453	
Student Support and Enrichment Program	84.424	Not Available	21,093	
Higher Education Institutional Aid	84.031	Not Available	42,714	
Supporting Effective Instruction State Grants	84.367	Not Available	<u>138,742</u>	
Total Department of Education			\$ <u>1,867,698</u>	
Total Expenditures of Federal Awards - Component Unit School Board			\$ <u>3,057,164</u>	
Total Expenditures of Federal Awards - Reporting Entity			\$ <u>6,576,113</u>	\$ <u>1,741,391</u>



COUNTY OF PAGE, VIRGINIA

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

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Notes to Schedule of Expenditures of Federal Awards

**NOTE 1-BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Page, Virginia under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Page, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Page, 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) County of Page, Virginia has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

**NOTE 3-FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2018, the County had food commodities totaling \$38,052 in inventory.

**NOTE 4- MATCHING COSTS**

Matching costs, the nonfederal share of certain program costs are not included in the Schedule.

**NOTE 5- LOANS**

County of Page had no federal loans required to be presented in the Schedule.

**NOTE 6-RELATIONSHIP TO FINANCIAL STATEMENTS**

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 320,787
Department of the Interior-Payment in Lieu of Taxes	(179,266)
Special Revenue Funds:	
Workforce Investment Act Fund	2,242,671
Virginia Public Assistance Fund	1,134,757
Total primary government	<u>\$ 3,518,949</u>
Discretely presented component unit - School Board:	
School operating fund	\$ 1,891,423
School cafeteria fund	1,165,741
Total discretely presented component unit - School Board	<u>\$ 3,057,164</u>
Total federal expenditures per the Schedule of Expenditures of Federal awards	<u>\$ 6,576,113</u>

COUNTY OF PAGE, VIRGINIA

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

Section I-Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ yes [x] no

- Significant deficiency(ies) identified? \_\_\_ yes [x] no

Noncompliance material to financial statements noted? \_\_\_ yes [x] none reported

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ yes [x] no

- Significant deficiency(ies) identified? \_\_\_ yes [x] none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? \_\_\_ yes [x] no

Identification of major programs:

CFDA Numbers Name of Federal Program or Cluster

Child Nutrition Cluster:

- 10.553 School Breakfast Program
10.555 National School Lunch Program
10.555 Food Distribution

Special Education Cluster:

- 84.027 Special Education-Grants to States
84.173 Special Education-Preschool Grants
10.561 State Administration Matching Grants for the Supplemental Nutrition Assistance Program

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

Auditee qualified as low-risk auditee? [x] yes \_\_\_ no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Summary of Prior Findings

None