

COUNTY OF CLARKE, VIRGINIA



FINANCIAL REPORT FOR YEAR ENDED JUNE 30, 2017

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FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017

COUNTY OF CLARKE, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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COUNTY OF CLARKE, VIRGINIA

Board of Supervisors

David Weiss, Chairman
Beverly B. McKay, Vice Chairman

Barbara J. Byrd

Mary L. C. Daniel

Terri T. Catlett

County School Board

Tom Parker, Chairman
Charles "Chip" Schutte, Vice-Chairman
Renée F. Weir, Clerk

Monica Singh-Smith

Jonathan Turkel

Chuyen Kochinsky

Board of Social Services

Gerald Dodson, Chairman
Alan Melusen, Vice-Chairman

Barbara Byrd

James Smith

Lynn Gray

Other Officials

Judge of the Circuit Court Clark Andrew Ritchie
Judge of the Circuit Court Ronald Lewis Napier
Judge of the Circuit Court Alexander R. Iden
Judge of the Circuit Court Thomas J. Wilson, IV
Judge of the Circuit Court Clifford Lynwood Athey, Jr.
Judge of the Circuit Court Dennis L. Hupp
Judge of the Circuit Court Bruce D. Albertson
Judge of the Circuit Court Neil Randolph Bryant
Clerk of the Circuit Court Helen Butts
Judge of the General District Court Amy Beth Tisinger
Judge of the General District Court William W. Eldridge, IV
Judge of the General District Court W. Dale Houff
Judge of the General District Court John Stanley Hart, Jr.
Judge of the General District Court Ian R.D. Williams
Judge of the Juvenile and Domestic Relations Court Kimberly Marion Athey
Commonwealth's Attorney Anne M. Williams
Commissioner of the Revenue Donna Peake
Treasurer Sharon Keeler
Sheriff Anthony W. Roper
Superintendent of Schools Dr. Chuck Bishop
County Administrator David L. Ash
Director of Joint Administrative Services Thomas J. Judge
Director of Department of Social Services Angie W. Jones

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

To the Honorable Members of
the Board of Supervisors
County of Clarke, 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 the County of Clarke, Virginia, as of and for the year ended June 30, 2017, 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 the County of Clarke, Virginia, as of June 30, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-10, 70-71, and 72-76 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.

Other Information

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

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 other 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2017, on our consideration of the County of Clarke, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Clarke, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
November 24, 2017

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County of Clarke, Virginia Management's Discussion and Analysis

As management of the County of Clarke (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2017.

Financial Highlights

- The assets and deferred outflows of resources of the County (excluding component units) exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$37.0 million (*net position*). Of this amount, \$10.5 million (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$0.9 million, of which the governmental activities accounted for 100% of the increase.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$347,108. The Fiscal Policy of Clarke County requires that certain financial designations of General Fund balance be maintained. These financial designations are reported as assigned fund balance of \$11,081,558 and are comprised of the numerous designations. Liquidity and stabilization funds comprise \$4,288,396. Saving for pay-as-you-go capital expenditures comprises \$4,411,471. A total of (\$50,762) is assigned for carryover requests from unexpended FY 16 funds. \$100,000 is assigned for compensated absences.
- The County's total long-term obligations decreased by \$1,914,783 (5%) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide the readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of the County's assets, liabilities and deferred inflows of resources with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of how the financial position of the County may be changing. Increases in net position may indicate an improved financial position; however, even decreases in net position may reflect a changing manner in which the County may have used previously accumulated funds.

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

Overview of the Financial Statements (Continued)

Government-wide financial statements: (Continued)

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government administration, judicial administration, public safety, public works, health and welfare, parks, recreation and cultural, community development, and education. The County did not operate any business-type activities.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate school board, a legally separate industrial development authority and a legally separate sanitary authority for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 11 through 13 of this report.

Fund financial statements

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

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The County reports ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Virginia Public Assistance Fund and the School Debt Service Fund, all of which are considered to be major funds. Data from the other County funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Overview of the Financial Statements (Continued)

Fund financial statements: (Continued)

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 15 through 17 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund statement can be found on page 18 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 through 69 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary comparisons for the general fund and VPA special revenue fund. Required supplementary information can be found on page 70 through 76 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found starting on page 77 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$37.0 million at the close of the most recent fiscal year. A large portion of the County's net position (\$26.5 million, 72% of total) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

Government-Wide Financial Analysis (Continued)

The following table provides a comparative summary of the County's Statement of Net Position:

**County of Clarke, Virginia
Summary of Net Position
As of June 30, 2017 and 2016**

	Governmental Activities	
	2017	2016
Current and other assets	\$ 26,785,355	\$ 29,871,095
Capital assets	56,441,951	55,264,369
Total assets	\$ 83,227,306	\$ 85,135,464
Deferred outflows of resources	\$ 838,498	\$ 466,768
Long-term liabilities outstanding	\$ 33,296,996	\$ 35,211,779
Other liabilities	2,940,090	3,047,048
Total liabilities	\$ 36,237,086	\$ 38,258,827
Deferred inflows of resources	\$ 10,837,859	\$ 11,284,227
Net position:		
Net investment in capital assets	\$ 26,494,520	\$ 22,639,790
Restricted	6,510	5,255
Unrestricted	10,490,112	13,414,133
Total net position	\$ 36,991,142	\$ 36,059,178

An additional portion of the County's net position (\$6,510) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$10.5 million) may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net position.

As noted previously, the County's net position increased by \$0.9 million during the current fiscal year. This is largely attributable to paying principal due on long-term debt obligations.

Government-Wide Financial Analysis (Continued)

Governmental activities increased the County's net position by \$0.9 million. The following table summarizes the County's Statement of Activities:

County of Clarke, Virginia Changes in Net Position Years Ended June 30, 2017 and 2016

	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 1,747,773	\$ 1,562,964
Operating grants and contributions	2,795,014	2,706,176
Capital grants and contributions	1,088,052	371,215
General revenues:		
Property taxes	19,862,341	19,814,919
Other taxes	1,969,108	1,921,422
Unrestricted revenues from the use of money and property	125,089	87,662
Miscellaneous	254,982	205,626
Grants and contributions not restricted to specific programs	3,002,922	3,018,096
Total revenues	<u>\$ 30,845,281</u>	<u>\$ 29,688,080</u>
Expenses:		
General governmental administration	\$ 1,756,158	\$ 2,236,563
Judicial administration	691,496	602,451
Public safety	4,312,322	4,094,648
Public works	1,149,657	1,076,881
Health and welfare	2,859,737	2,646,112
Parks, recreation, and cultural	1,740,882	1,046,408
Community development	1,786,425	866,154
Interest on long-term debt	1,333,403	1,453,276
Education	14,283,237	12,342,621
Total expenses	<u>\$ 29,913,317</u>	<u>\$ 26,365,114</u>
Increase (decrease) in net position	\$ 931,964	\$ 3,322,966
Net position - beginning of year	36,059,178	32,736,212
Net position - end of year	<u>\$ 36,991,142</u>	<u>\$ 36,059,178</u>

Generally, net asset changes are for the difference between revenues and expenses. Key elements of this net increase are as follows:

- Overall stabilization in operating expenses.
- Increase in capital grants.
- Increase in transfers out to School Board reported as education expense. These transfers represent a change in long-term assets and liability transferred between Component Unit School Board and the County, as well as unexpended local transfer at year end.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$12.2 million, a decrease of 2.9 million in comparison with the prior year. Of this total amount, \$11.5 million or 95% constitutes *assigned and unassigned fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is *nonspendable, restricted, or committed* to indicate that it is not available for new spending because it has already been committed to a specific purpose.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, assigned and unassigned fund balance of the General Fund was \$11.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Assigned and unassigned fund balance represents 44% of total General Fund expenditures. This is a common measure for the strength of the County's equity and an overall indicator of a healthy financial condition.

Restricted fund balance of \$6,510 for the swim team and pool in the Parks Construction Fund is included in other governmental funds.

General Fund Budgetary Highlights

There was an increase of \$2,965,238 between the original budget and the final amended budgeted expenditures. The majority of this increase was for local transfer to the School Board.

Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental activities as of June 30, 2017 amounts to \$56.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment and construction in progress. Major capital asset events during the current fiscal year included the following:

- Purchase of several Sheriff and administrative vehicles and radio equipment.
- Park and courts updates
- Spout Run Improvements
- Systems integration
- Citizens Convenience Center

Capital Asset and Debt Administration (Continued)

Capital assets, net of accumulated depreciation, are illustrated in the following table:

	Governmental Activities	
	2017	2016
Land	\$ 857,713	\$ 745,500
Buildings	43,849,522	44,595,496
Improvements	659,403	632,446
Machinery & Equipment	863,922	934,341
Construction in progress	10,211,391	8,356,586
Total	\$ 56,441,951	\$ 55,264,369

Additional information on the County's capital assets can be found in note 6 on pages 36 through 37 of this report.

Long-term debt: At the end of the current fiscal year, the County had total outstanding debt of \$33.3 million and details are summarized in the following table:

	Governmental Activities	
	2017	2016
Bonds payable:		
General obligation bonds	\$ 24,995,000	\$ 27,400,000
Premiums and discounts	207,475	237,185
Lease revenue bond	4,085,905	4,167,233
Note payable	-	-
Capital leases	659,051	820,161
Net pension liability	2,691,562	1,969,166
Compensated absences	658,003	618,034
Total	\$ 33,296,996	\$ 35,211,779

Additional information on the County's long-term debt can be found in Note 8.

Economic Factors and Next Year's Budgets and Rates

- Revenue from the Commonwealth and Federal Government will continue to be weak.
- Employee benefit costs will continue to rise.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Joint Administrative Services, County of Clarke, 524 Westwood Road, Berryville, VA 22611.

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BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Position
June 30, 2017

	Primary Government Governmental Activities	Component Units		
		School Board	Clarke County Sanitary Authority	Industrial Development Authority
ASSETS				
Cash and cash equivalents	\$ 11,915,971	\$ 6,040	\$ 256,370	\$ 101,529
Receivables (net of allowance for uncollectibles):				
Taxes receivable	12,404,069	-	-	-
Accounts receivable	157,035	38,952	120,127	-
Notes receivable	3,079	-	-	-
Due from other funds	386,110	-	-	-
Due from primary government	-	1,961,089	-	-
Due from other governmental units	1,629,336	959,573	-	-
Inventories	20,432	-	-	-
Prepaid items	56,434	117,798	-	1,333
Restricted assets:				
Cash and cash equivalents	201,360	-	-	-
Notes receivable - net of current portion	11,529	-	-	-
Net pension asset	-	8	-	-
Capital assets (net of accumulated depreciation):				
Land	857,713	3,054,699	13,200	-
Buildings	43,849,522	2,977,581	-	-
Improvements other than buildings	659,403	444,929	-	-
Equipment	863,922	1,925,519	-	-
Utility plant in service	-	-	8,001,941	-
Construction in progress	10,211,391	-	1,289,842	-
Total assets	\$ 83,227,306	\$ 11,486,188	\$ 9,681,480	\$ 102,862
DEFERRED OUTFLOW OF RESOURCES				
Pension contribution subsequent to measurement date	\$ 388,862	\$ 1,714,897	\$ 3,770	\$ -
Net difference between projected and actual pension earnings	449,636	1,309,757	4,358	-
Total deferred outflows of resources	\$ 838,498	\$ 3,024,654	\$ 8,128	\$ -
LIABILITIES				
Accounts payable	\$ 210,042	\$ 719,770	\$ 45,161	\$ 1,635
Accrued liabilities	6,103	2,358,468	-	-
Customers' deposits	-	-	6,150	-
Accrued interest payable	538,929	-	4,418	-
Due to other funds	2,184,733	-	-	-
Long-term liabilities:				
Due within one year	1,997,370	49,926	329,617	-
Due in more than one year	31,299,626	21,885,335	3,917,976	-
Total liabilities	\$ 36,236,803	\$ 25,013,499	\$ 4,303,322	\$ 1,635
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	\$ 10,719,192	\$ -	\$ -	\$ -
Changes to proportionate share of net pension liability	-	208,000	-	-
Items related to measurement of net pension liability	118,667	753,341	1,151	-
Total deferred inflows of resources	\$ 10,837,859	\$ 961,341	\$ 1,151	\$ -
NET POSITION				
Net investment in capital assets	\$ 26,494,520	\$ 8,402,728	\$ 5,083,480	\$ -
Restricted				
Swim team	4,851	-	-	-
Pool	1,659	-	-	-
Unrestricted	10,490,112	(19,866,726)	301,655	101,227
Total net position	\$ 36,991,142	\$ (11,463,998)	\$ 5,385,135	\$ 101,227

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

COUNTY OF CLARKE, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,756,158	\$ 101,072	\$ 206,943	\$ -
Judicial administration	691,496	1,835	354,461	-
Public safety	4,312,322	908,773	939,339	200,000
Public works	1,149,657	337,774	-	-
Health and welfare	2,859,737	-	1,289,271	-
Education	14,283,238	-	-	123,526
Parks, recreation, and cultural	1,740,882	398,319	-	-
Community development	1,786,425	-	5,000	764,526
Interest on long-term debt	1,333,403	-	-	-
Total governmental activities	<u>\$ 29,913,317</u>	<u>\$ 1,747,773</u>	<u>\$ 2,795,014</u>	<u>\$ 1,088,052</u>
Total primary government	<u>\$ 29,913,317</u>	<u>\$ 1,747,773</u>	<u>\$ 2,795,014</u>	<u>\$ 1,088,052</u>
COMPONENT UNITS:				
School Board	\$ 26,735,256	\$ 654,795	\$ 9,981,538	\$ -
Clarke County Sanitary Authority	864,755	571,935	-	23,661
Clarke County Industrial Development Authority	9,484	-	-	-
Total component units	<u>\$ 27,609,495</u>	<u>\$ 1,226,730</u>	<u>\$ 9,981,538</u>	<u>\$ 23,661</u>
General revenues:				
General property taxes				
Other local taxes:				
Local sales and use tax				
Consumer utility tax				
Taxes on recordation and wills				
Motor vehicle licenses				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Contribution from County of Clarke				
Total general revenues				
Change in net position				
Net position - beginning				
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 Units			
Governmental Activities	School Board	Clarke County Sanitary Authority	Industrial Development Authority	
\$ (1,448,143)	\$ -	\$ -	\$ -	\$ -
(335,200)	-	-	-	-
(2,264,210)	-	-	-	-
(811,883)	-	-	-	-
(1,570,466)	-	-	-	-
(14,159,712)	-	-	-	-
(1,342,563)	-	-	-	-
(1,016,899)	-	-	-	-
(1,333,403)	-	-	-	-
<u>\$ (24,282,478)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (24,282,478)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (16,098,923)	\$ -	\$ -	\$ -
-	-	(269,159)	-	-
-	-	-	(9,484)	-
<u>\$ -</u>	<u>\$ (16,098,923)</u>	<u>\$ (269,159)</u>	<u>\$ (9,484)</u>	<u>\$ -</u>
\$ 19,862,341	\$ -	\$ -	\$ -	\$ -
898,361	-	-	-	-
346,094	-	-	-	-
315,886	-	-	-	-
325,439	-	-	-	-
83,328	-	-	-	-
125,089	61,058	1,358	451	-
254,982	103,328	135,679	-	-
3,002,922	-	-	-	-
-	16,075,854	207,000	-	-
<u>\$ 25,214,442</u>	<u>\$ 16,240,240</u>	<u>\$ 344,037</u>	<u>\$ 451</u>	<u>\$ -</u>
931,964	141,317	74,878	(9,033)	-
36,059,178	(11,605,315)	5,310,257	110,260	-
<u>\$ 36,991,142</u>	<u>\$ (11,463,998)</u>	<u>\$ 5,385,135</u>	<u>\$ 101,227</u>	<u>\$ -</u>

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Fund Financial Statements

Balance Sheet
Governmental Funds
June 30, 2017

	General	Virginia Public Assistance	School Debt Service	Other Govern- mental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 11,426,127	\$ -	\$ -	\$ 489,844	\$ 11,915,971
Receivables (net of allowance for uncollectibles):					
Taxes receivable	12,404,069	-	-	-	12,404,069
Accounts receivable	152,035	-	-	5,000	157,035
Due from other funds	370,765	-	-	15,345	386,110
Due from other governmental units	1,431,048	135,296	-	62,992	1,629,336
Inventories	20,432	-	-	-	20,432
Prepaid items	33,695	8,475	14,264	-	56,434
Restricted assets:					
Cash and cash equivalents	201,360	-	-	-	201,360
Total assets	<u>\$ 26,039,531</u>	<u>\$ 143,771</u>	<u>\$ 14,264</u>	<u>\$ 573,181</u>	<u>\$ 26,770,747</u>
LIABILITIES					
Accounts payable	\$ 108,270	\$ 14,267	\$ -	\$ 87,505	\$ 210,042
Accrued liabilities	6,103	-	-	-	6,103
Due to other funds	2,040,965	129,504	14,264	-	2,184,733
Total liabilities	<u>\$ 2,155,338</u>	<u>\$ 143,771</u>	<u>\$ 14,264</u>	<u>\$ 87,505</u>	<u>\$ 2,400,878</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable property tax revenue	<u>\$ 12,200,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,200,240</u>
FUND BALANCES:					
Nonspendable:					
Prepaid items	\$ 33,695	\$ 8,475	\$ 14,264	\$ -	\$ 56,434
Inventory	20,432	-	-	-	20,432
Restricted:					
Swim team	-	-	-	4,851	4,851
Pool	-	-	-	1,659	1,659
Debt service	201,360	-	-	-	201,360
Committed:					
Animal care expenditures	-	-	-	-	-
Community development	-	-	-	226,970	226,970
Public safety expenditures	-	-	-	118,739	118,739
Assigned:					
Capital projects	-	-	-	133,457	133,457
Other (Note 15)	11,081,358	-	-	-	11,081,358
Unassigned	347,108	(8,475)	(14,264)	-	324,369
Total fund balances	<u>\$ 11,683,953</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 485,676</u>	<u>\$ 12,169,629</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,039,531</u>	<u>\$ 143,771</u>	<u>\$ 14,264</u>	<u>\$ 573,181</u>	<u>\$ 26,770,747</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, 2017

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	12,169,629
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		56,441,951
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unavailable property taxes	\$	1,481,048
Items related to measurement of net pension liability		<u>(118,667)</u>
		1,362,381
Long-term note receivable is not available to pay for current period expenditures and, therefore, is not reported in the funds.		14,608
Interest on long-term debt is not accrued in governmental funds, but rather is recognized when paid.		(538,929)
Pension contribution subsequent to measurement date - deferred outflow		388,862
Net difference between projected and actual pension earnings - deferred outflow		449,636
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(33,296,996)</u>
Net position of governmental activities	\$	<u><u>36,991,142</u></u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2017

	General	Virginia Public Assistance	School Debt Service	Total Nonmajor Governmental Funds	Total
REVENUES					
General property taxes	\$ 19,911,438	\$ -	\$ -	\$ 70,077	\$ 19,981,515
Other local taxes	1,969,108	-	-	-	1,969,108
Permits, privilege fees, and regulatory licenses	393,891	-	-	-	393,891
Fines and forfeitures	352,279	-	-	-	352,279
Revenue from the use of money and property	123,924	-	-	1,165	125,089
Charges for services	1,001,603	-	-	-	1,001,603
Miscellaneous	68,845	-	58,075	131,051	257,971
Recovered costs	83,926	50,004	-	-	133,930
Intergovernmental:					
Commonwealth	4,373,592	277,301	-	797,694	5,448,587
Federal	128,421	712,855	123,526	472,599	1,437,401
Total revenues	<u>\$ 28,407,027</u>	<u>\$ 1,040,160</u>	<u>\$ 181,601</u>	<u>\$ 1,472,586</u>	<u>\$ 31,101,374</u>
EXPENDITURES					
Current:					
General government administration	\$ 1,903,602	\$ -	\$ -	\$ -	\$ 1,903,602
Judicial administration	698,294	-	-	-	698,294
Public safety	4,194,952	-	-	70,635	4,265,587
Public works	1,169,117	-	-	-	1,169,117
Health and welfare	656,708	1,478,944	-	756,714	2,892,366
Education	15,707,544	-	-	-	15,707,544
Parks, recreation, and cultural	973,326	-	-	-	973,326
Community development	577,600	-	-	695,891	1,273,491
Nondepartmental	5,144	-	-	-	5,144
Capital projects	-	-	-	1,045,735	1,045,735
Debt service:					
Principal retirement	-	-	2,566,110	81,328	2,647,438
Interest and other fiscal charges	-	-	1,249,001	170,372	1,419,373
Total expenditures	<u>\$ 25,886,287</u>	<u>\$ 1,478,944</u>	<u>\$ 3,815,111</u>	<u>\$ 2,820,675</u>	<u>\$ 34,001,017</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,520,740</u>	<u>\$ (438,784)</u>	<u>\$ (3,633,510)</u>	<u>\$ (1,348,089)</u>	<u>\$ (2,899,643)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 12,125	\$ 438,174	\$ 3,633,510	\$ 1,279,731	\$ 5,363,540
Transfers out	<u>(5,351,415)</u>	<u>-</u>	<u>-</u>	<u>(12,125)</u>	<u>(5,363,540)</u>
Total other financing sources (uses)	<u>\$ (5,339,290)</u>	<u>\$ 438,174</u>	<u>\$ 3,633,510</u>	<u>\$ 1,267,606</u>	<u>\$ -</u>
Net change in fund balances	\$ (2,818,550)	\$ (610)	\$ -	\$ (80,483)	\$ (2,899,643)
Fund balances - beginning	<u>14,502,503</u>	<u>610</u>	<u>-</u>	<u>566,159</u>	<u>15,069,272</u>
Fund balances - ending	<u>\$ 11,683,953</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 485,676</u>	<u>\$ 12,169,629</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
For the Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds \$ (2,899,643)

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 outlay	\$	2,275,110	
Depreciation expense		(747,896)	
Joint tenancy asset transfer		(384,750)	1,142,464

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. 35,118

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

Property taxes \$ (119,174)

(Increase) decrease in deferred inflows related to pension expected and actual experience and earnings 433,415

The issuance of notes receivable requires the use of current financial resources, while the receipt of payments on these notes provides current financial resources to governmental funds. However, these transactions have no effect on net position. This amount is the net effect of these differences in the treatment of long-term assets.

Principal payments received (2,989)

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 retired	\$	2,647,438	
Bond discount amortization		(2,404)	
Bond premium amortization		32,114	2,677,148

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.

(Increase)/decrease in compensated absences	\$	(39,969)	
(Increase)/decrease in net pension liability		(722,396)	
Increase (decrease) in deferred outflows related to pension contributions subsequent to measurement date		(77,906)	
Increase (decrease) in deferred outflows related to projected and actual pension earnings		449,636	
(Increase)/decrease in accrued interest payable		56,260	(334,375)

Change in net position of governmental activities \$ 931,964

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2017

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 224,686
Accounts receivable	294
Due from other governments	<u>205,492</u>
Total assets	<u><u>\$ 430,472</u></u>
LIABILITIES	
Accounts payable	\$ 2,560
Amounts held for Town	92,083
Sales tax payable to other towns	42,732
Due to other funds	162,760
Amounts held for social services clients	43,194
Accrued liabilities	<u>87,143</u>
Total liabilities	<u><u>\$ 430,472</u></u>

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017

Note 1—Summary of Significant Accounting Policies:

The County of Clarke, Virginia (the "County") is governed by an elected five member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and volunteer fire protection and rescue service, sanitation services, recreational activities, cultural events, education, and social services.

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit: The Conservation Easement Authority is reported as a blended component unit.

Discretely Presented Component Units:

The School Board members are elected by the citizens of Clarke County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding of the School Board is from the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2017.

The Clarke County Sanitary Authority is responsible for water and sewer treatment for many citizens in Clarke County. The Sanitary Authority consists of five members appointed by the Board of Supervisors. The Board of Supervisors has the ability to impose its will on the Sanitary Authority and therefore it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2017. The Sanitary Authority does not issue a separate financial report.

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

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units: (Continued)

The Clarke County Industrial Development Authority is responsible for industrial and commercial development in the County. The Authority consists of seven members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2017. The Authority does not issue a separate financial report.

C. Other Related Organizations

Included in the County's Financial Report

None

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

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

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

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

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

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

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

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

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

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

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

1. Governmental Funds

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

a. General Fund

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

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

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

1. Governmental Funds: (Continued)

b. Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Virginia Public Assistance Fund is considered a major fund. The CSA Fund, Drug Enforcement Fund, Animal Care Fund, Shenandoah Farms Sanitary District, and Conservation Easement Fund are considered nonmajor funds.

c. Capital Projects Fund

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

d. Debt Service Funds

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

2. Fiduciary Funds (Trust and Agency Funds)

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds consisting of the Special Welfare Fund, Town of Berryville, Undistributed Local Sales Tax, Cafeteria Plan Withholding, and the Unemployment Compensation Benefits. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. These funds utilize the accrual basis of accounting.

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

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

3. Component Unit:

The Clarke County School Board has the following funds:

Governmental Funds:

School Operating Fund - This fund is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Clarke and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

School Food Service Fund - This fund accounts for the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales and state and federal grants. This fund is considered a major fund.

School Capital Projects Proffers Fund: Capital projects funds account for and report 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. This fund is considered a nonmajor fund.

School Capital Projects Fund - This fund accounts for all financial resources used for the acquisition or construction of major capital needs. This fund is considered a major fund.

E. Cash and Cash Equivalents:

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

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

F. Investments

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

G. Receivables and Payables

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

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

G. Receivables and Payables: (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$337,950 at June 30, 2017 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	June 5/December 5 (50% each date)	June 5/December 5 (50% each date)
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

H. Capital Assets

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

The Component Unit, Clarke County Sanitary Authority, a proprietary fund type, is required to capitalize its capital assets including the infrastructure constructed.

The Component Unit, Industrial Development Authority of Clarke County, does not have any capital assets to report.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets as of June 30, 2017 was immaterial.

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

H. Capital Assets: (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-40
Plant, equipment and system	20-45
Motor vehicles	5-10
Equipment	5-15
Infrastructure	25-50

I. Compensated Absences

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

J. Use of Estimates

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

K. Net Position

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

L. Net Position Flow Assumption

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

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

M. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued 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.

N. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

O. Fund Equity

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

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

In accordance with GASB Statement 54, 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.

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

O. Fund Equity: (Continued)

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board 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).

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two types that qualify for reporting in this category. Pension contributions made subsequent to the measurement date of the net pension liability will be recognized as a reduction to the net pension liability next fiscal year. It is also comprised of certain items related to the net pension liability. These include differences between expected and actual experience, the net difference between projected and actual earnings on pension plan investments, and changes in proportionate share of employer contributions.

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

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County of Clarke, Virginia's Retirement Plan and the additions to/deductions from the County of Clarke, Virginia's Retirement Plan 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.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 2—Stewardship, Compliance, and Accounting:

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

1. Prior to March 15th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the Component Unit School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds of the Primary Government and Component Unit - School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. Several Supplemental Appropriations were necessary during the fiscal year.

Note 3—Deposits and Investments:

Deposits

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

As of June 30, 2017 the County does not have a formal investment policy addressing the various types of risks related to investments.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 3—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2017 were rated by *Standard and Poor's* and the ratings are presented below using the *Standard and Poor's* rating scale.

<u>County's Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ <u>1,408,269</u>
Total	\$ <u><u>1,408,269</u></u>

External Investment Pools

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

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

<u>Investment Type</u>	<u>Investment Maturity (in years)</u>	
	<u>Maturity</u>	
	<u>Fair Value</u>	<u>1</u>
Local Government Investment Pool	\$ <u>1,408,269</u>	\$ <u>1,408,269</u>
Total	\$ <u><u>1,408,269</u></u>	\$ <u><u>1,408,269</u></u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 4—Due from Other Governments:

At June 30, 2017, the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
Virginia Public Assistance funds	\$ 44,429	\$ -
State sales tax	-	419,289
Constitutional officer reimbursements	107,706	-
PPTRA	1,212,896	-
Communication taxes	66,632	-
Comprehensive Services Act	62,145	-
School fund grants	-	257,663
Other general grants	8,449	-
Federal Government:		
Virginia Public Assistance funds	90,867	-
Other general grants	36,212	-
School fund grants	-	282,621
Total due from other governments	<u>\$ 1,629,336</u>	<u>\$ 959,573</u>

Note 5—Interfund Obligations:

Details of the Primary Government's interfund receivables and payables as of June 30, 2017, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Primary Government:		
General	\$ 370,765	\$ 2,040,965
Comprehensive Services Act	3,261	-
County Capital Projects Fund	12,084	-
Virginia Public Assistance	-	129,504
School Debt Service Fund	-	14,264
Total Primary Government	<u>\$ 386,110</u>	<u>\$ 2,184,733</u>
Component Unit:		
School Fund	\$ 1,699,393	\$ -
School Capital Projects Fund	261,696	-
Total Component Unit	<u>\$ 1,961,089</u>	<u>\$ -</u>
Agency Funds:		
Unemployment Compensation Fund	\$ 294	\$ -
Undistributed Local Sales Tax Fund	-	162,760
Total Agency Funds	<u>\$ 294</u>	<u>\$ 162,760</u>
Grand Total	<u>2,347,493</u>	<u>2,347,493</u>

The above interfund obligations represent temporary advances between funds or amounts allocable to one fund and not yet transferred between the funds.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 6—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2017:

	Balance July 1, 2016	Additions	Deletions	Joint Tenancy Transfer (Net)	Balance June 30, 2017
<u>Primary Government:</u>					
Capital assets not being depreciated:					
Land	\$ 877,713	\$ -	\$ 20,000	\$ -	\$ 857,713
Construction in Progress	8,356,586	1,854,805	-	-	10,211,391
Total capital assets not being depreciated	<u>\$ 9,234,299</u>	<u>\$ 1,854,805</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 11,069,104</u>
Capital assets being depreciated:					
Buildings	\$ 51,601,818	\$ 52,002	\$ 86,175	\$ (405,000)	\$ 51,162,645
Improvements other than buildings	1,717,587	119,272	102,523	-	1,734,336
Equipment	4,386,984	249,031	913,053	-	3,722,962
Total capital assets being depreciated	<u>\$ 57,706,389</u>	<u>\$ 420,305</u>	<u>\$ 1,101,751</u>	<u>\$ (405,000)</u>	<u>\$ 56,619,943</u>
Accumulated depreciation:					
Buildings	\$ 7,006,322	\$ 395,598	\$ (68,547)	\$ (20,250)	\$ 7,313,123
Improvements other than buildings	1,217,354	64,900	(207,321)	-	1,074,933
Equipment	3,452,643	287,398	(881,001)	-	2,859,040
Total accumulated depreciation	<u>\$ 11,676,319</u>	<u>\$ 747,896</u>	<u>\$ (1,156,869)</u>	<u>\$ (20,250)</u>	<u>\$ 11,247,096</u>
Total capital assets being depreciated, net	<u>\$ 46,030,070</u>	<u>\$ (327,591)</u>	<u>\$ (55,118)</u>	<u>\$ (384,750)</u>	<u>\$ 45,372,847</u>
Net capital assets governmental activities	<u>\$ 55,264,369</u>	<u>\$ 1,527,214</u>	<u>\$ (35,118)</u>	<u>\$ (384,750)</u>	<u>\$ 56,441,951</u>
<u>Component Unit-School Board:</u>					
Capital assets not being depreciated:					
Land	\$ 3,054,699	\$ -	\$ -	\$ -	\$ 3,054,699
Total capital assets not being depreciated	<u>\$ 3,054,699</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,054,699</u>
Capital assets being depreciated:					
Buildings	\$ 16,319,198	\$ 470,036	\$ 726,201	\$ 405,000	\$ 16,468,033
Improvements other than buildings	503,534	50,021	-	-	553,555
Equipment	5,403,477	1,091,610	863,876	-	5,631,211
Total capital assets being depreciated	<u>\$ 22,226,209</u>	<u>\$ 1,611,667</u>	<u>\$ 1,590,077</u>	<u>\$ 405,000</u>	<u>\$ 22,652,799</u>
Accumulated depreciation:					
Buildings	\$ 12,811,179	\$ 1,160,509	\$ (501,486)	\$ 20,250	\$ 13,490,452
Improvements other than buildings	89,630	18,996	-	-	108,626
Equipment	4,209,828	303,029	(807,165)	-	3,705,692
Total accumulated depreciation	<u>\$ 17,110,637</u>	<u>\$ 1,482,534</u>	<u>\$ (1,308,651)</u>	<u>\$ 20,250</u>	<u>\$ 17,304,770</u>
Total capital assets being depreciated, net	<u>\$ 5,115,572</u>	<u>\$ 129,133</u>	<u>\$ 281,426</u>	<u>\$ 384,750</u>	<u>\$ 5,348,029</u>
Net capital assets component unit school board	<u>\$ 8,170,271</u>	<u>\$ 129,133</u>	<u>\$ 281,426</u>	<u>\$ 384,750</u>	<u>\$ 8,402,728</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 6—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 354,272
Public safety	216,788
Public works	15,100
Health and welfare	5,789
Parks, recreation and cultural	121,642
Community development	34,306
	<u>747,896</u>
Total Governmental activities	\$ <u>747,896</u>
Component Unit School Board	\$ <u>1,482,534</u>

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the new law, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Clarke, Virginia for the year ended June 30, 2016 is that school financed assets in the amount of \$36,738,288 are reported in the Primary Government for financial reporting purposes. Unspent bond proceeds reported as restricted cash and proceeds from the issuance of long-term debt are reported in the School Capital Projects Fund of the Component Unit School Board in the fund financial statements, and are reported within the Primary Government in the government-wide financial statements.

Component Unit-Sanitary Authority:

A summary of the component unit Sanitary Authority property, plant, and equipment at June 30, 2017 follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 13,200	\$ -	\$ -	\$ 13,200
Construction in progress	1,260,980	28,862	-	1,289,842
Total capital assets not being depreciated	<u>\$ 1,274,180</u>	<u>\$ 28,862</u>	<u>\$ -</u>	<u>\$ 1,303,042</u>
Capital Assets being depreciated:				
Utility plant and equipment	\$ 12,085,222	\$ -	\$ -	\$ 12,085,222
Accumulated depreciation	(3,780,784)	(302,497)	-	(4,083,281)
Total capital assets being depreciated, net	<u>\$ 8,304,438</u>	<u>\$ (302,497)</u>	<u>\$ -</u>	<u>\$ 8,001,941</u>
Capital assets, net	<u>\$ 9,578,618</u>	<u>\$ (273,635)</u>	<u>\$ -</u>	<u>\$ 9,304,983</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 7—Interfund Transfers:

Interfund transfers for the year ended June 30, 2017, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 12,125	\$ 5,351,415
Conservation Easement Fund	10,000	2,500
Animal Care Fund	-	9,625
School Debt Service	3,633,510	-
Public Safety Fund	4,760	-
County Capital Improvements	555,672	-
Virginia Public Assistance	438,174	-
Comprehensive Services Act	457,599	-
General Debt Service	251,700	-
	<u>5,363,540</u>	<u>5,363,540</u>
Total	<u>\$ 5,363,540</u>	<u>\$ 5,363,540</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 8—Long-Term Obligations:

Primary Government:

A summary of long-term obligations is as follows:

	<u>Balance July 1, 2016</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2017</u>	<u>Amounts Due Within One Year</u>
Governmental Activities Obligations:					
Incurred by County:					
Compensated absences	\$ 618,034	\$ 39,969	\$ -	\$ 658,003	\$ 65,800
Net pension liability	1,969,166	1,761,951	1,039,555	2,691,562	-
Lease revenue bond	4,167,233	-	81,328	4,085,905	84,747
Total incurred by County	<u>\$ 6,754,433</u>	<u>\$ 1,801,920</u>	<u>\$ 1,120,883</u>	<u>\$ 7,435,470</u>	<u>\$ 150,547</u>
Incurred by School Board:					
General obligation bonds	\$ 27,400,000	-	\$ 2,405,000	\$ 24,995,000	\$ 1,655,000
Capital leases	820,161	-	161,110	659,051	167,709
Total Incurred by School Board	<u>\$ 28,220,161</u>	<u>\$ -</u>	<u>\$ 2,566,110</u>	<u>\$ 25,654,051</u>	<u>\$ 1,822,709</u>
Premiums on bonds issued	\$ 258,686	-	\$ 32,114	\$ 226,572	\$ 26,518
Discount on bonds issued	(21,501)	-	(2,404)	(19,097)	(2,404)
Total Governmental Activities Obligations	<u>\$ 35,211,779</u>	<u>\$ 1,801,920</u>	<u>\$ 3,716,703</u>	<u>\$ 33,296,996</u>	<u>\$ 1,997,370</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	County		School Board			
	RDA Lease Revenue Bond		Bonds and Literary Loans		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 84,747	\$ 166,953	\$ 1,655,000	\$ 1,122,592	\$ 167,709	24,363
2019	88,310	163,390	1,700,000	1,048,292	174,579	17,493
2020	92,022	159,678	1,345,000	980,535	181,751	10,323
2021	95,891	155,809	1,395,000	920,349	52,145	4,909
2022	99,922	151,778	1,450,000	856,051	54,402	2,652
2023-2027	566,263	692,237	8,160,000	3,193,705	28,465	450
2028-2032	695,726	562,774	9,290,000	1,063,525	-	-
2033-2037	854,787	403,713	-	-	-	-
2038-2042	1,050,213	208,287	-	-	-	-
2043-2044	458,024	18,926	-	-	-	-
Total	<u>\$ 4,085,905</u>	<u>2,683,545</u>	<u>\$ 24,995,000</u>	<u>\$ 9,185,049</u>	<u>\$ 659,051</u>	<u>\$ 60,190</u>

Details of long-term indebtedness:

	<u>Amount Outstanding</u>
<u>Lease Revenue Bond:</u>	
\$4,822,000 lease revenue bond for capital projects issued May 16, 2007 due in monthly installments of \$20,975 commencing May 16, 2009 payable through May 16, 2044 including interest at 4.125%.	\$ <u>4,085,905</u>
<u>Virginia Public School Authority (VPSA) Bonds:</u>	
\$410,000 Series A issued November 10, 2004 due in annual principal installments of varying amounts through July 15, 2024, and interest payments between 4.6% and 5.6% due July 15 and January 15 of each year through July 15, 2024	\$ 160,000
\$29,200,000 plus a premium of \$635,208 Series 2006B issued November 9, 2006 due in annual principal installments varying from \$800,000 to \$1,565,000 through January 26, 2026; interest payable at rates between 4.225% to 5.1% due January 15 and July 15 each year through January 26, 2026	16,630,000
\$8,185,000 Series B bonds issued November 20, 1998, due in annual principal installments of varying amounts on July 15 of each year and interest payments between 4.10% and 5.10% due July 15 and January 15 of each year through July 15, 2018	810,000

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness:

	<u>Amount Outstanding</u>
<u>Virginia Public School Authority (VPSA) Bonds: (Continued)</u>	
\$7,395,000 less a discount of \$35,137 Series 2010 B Build America Bonds issued under the American Recovery and Reinvestment Act of 2009 on May 13, 2010. Interest only payments due semi-annually through January 15, 2017; principal and interest payments due semi-annually beginning July 15, 2017 through July 15, 2030. Interest rate varies between 3.854% to 5.562% and is offset by a 35% federal interest subsidy received semi-annually.	\$ <u>7,395,000</u>
Total Virginia Public School Authority Bonds	\$ <u>24,995,000</u>
<u>Capital Leases:</u>	
\$1,525,605 School Energy Management Lease dated June 21, 2005 due in quarterly installments of principal and interest of \$33,755, interest at 3.95%	\$ 380,229
\$630,000 capital lease for elementary school gym, dated October 4, 2007 due in quarterly installments of principal and interest of \$14,264, interest at 4.26%	<u>278,822</u>
Total Capital Leases	\$ <u>659,051</u>
Compensated absences	\$ <u>658,003</u>
Net pension liability	\$ <u>2,691,562</u>
Premium on bonds issued	\$ <u>226,572</u>
Discount on bonds issued	\$ <u>(19,097)</u>
Total Primary Government	\$ <u><u>33,296,996</u></u>

The assets acquired through capital leases are as follows:

Asset:	
Machinery and equipment	\$ 284,380
Building improvements	2,155,605
Less: Accumulated depreciation	<u>(1,522,763)</u>
Total	\$ <u><u>917,222</u></u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017, were as follows:

<u>Year ending June 30</u>	<u>Component Unit - School Board</u>	
2018	\$	192,073
2019		192,073
2020		192,073
2021		57,054
2022-2023		85,968
Total minimum lease payments		<u>719,241</u>
Less: amount representing interest		<u>(60,190)</u>
Present value of minimum lease payments	\$	<u><u>659,051</u></u>

Component Unit—School Board:

The following is a summary of long-term debt transactions of the Component Unit—School Board for the year ended June 30, 2017:

	<u>Balance July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2017</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 500,297	\$ -	\$ 1,036	\$ 499,261	\$ 49,926
Net pension liability	<u>19,319,000</u>	<u>4,698,413</u>	<u>2,581,413</u>	<u>21,436,000</u>	<u>-</u>
Total	<u><u>\$ 19,819,297</u></u>	<u><u>\$ 4,698,413</u></u>	<u><u>\$ 2,582,449</u></u>	<u><u>\$ 21,935,261</u></u>	<u><u>\$ 49,926</u></u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 8—Long-Term Obligations: (Continued)

Component Unit—Sanitary Authority:

The following is a summary of long-term debt transactions of the Component Unit—Sanitary Authority for the year ended June 30, 2017:

Changes in Long-Term Obligations:

	<u>Balance July 1, 2016</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2017</u>
General Obligation Bond	\$ 530,238	\$ -	\$ 33,140	\$ 497,098
Net pension liability	19,090	17,079	10,079	26,090
Notes payable	4,019,670	-	295,265	3,724,405
Totals	<u>\$ 4,568,998</u>	<u>\$ 17,079</u>	<u>\$ 338,484</u>	<u>\$ 4,247,593</u>

Details of long-term indebtedness:

Water Operating Fund:

General Obligation Bond:

\$997,000 water system revenue bonds issued August 21, 2001 due in semi-annual installments of \$16,570 beginning September 1, 2002 through August 1, 2031. No interest.

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
	\$ 497,098	\$ 33,140

Notes Payable:

Note payable to VRA for the grouting project. Due June 2032. \$940 payable semiannually. No interest.

	29,141	1,880
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Note payable to VRA for new Boyce to Millwood line. Due June 2032. \$3,125 payable semiannually. No interest.

	100,000	6,250
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\$600,000 note payable to Bank of Clarke County issued February 27, 2015, due in semiannual installments of \$27,647 - \$20,259 payable through February 27, 2030, including 2.57% interest

	520,000	40,000
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\$787,546 note payable to VRA issued September 2, 2005 due in semiannual installments of \$26,792 payable through July 1, 2026, including 3.00% interest

	419,901	41,295
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Net pension liability

	<u>13,045</u>	<u>-</u>
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Total Water Fund

	<u>\$ 1,579,185</u>	<u>\$ 122,565</u>
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COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 8—Long-Term Obligations: (Continued)

Component Unit—Sanitary Authority: (Continued)

Details of long-term indebtedness: (Continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Boyce Wastewater Facility		
Note payable to VRA for the Millwood Sewer project. Due June 2032. \$9,602 payable semiannually. No interest.	\$ 307,272	\$ 19,205
\$3,761,429 note payable to VRA issued October 1, 2008 due in semi- annual installments of \$93,924 payable through November 1, 2029. No interest.	2,348,091	187,847
<u>Net pension liability</u>	13,045	-
Total Boyce Wastewater Facility	<u>\$ 2,668,408</u>	<u>\$ 207,052</u>
Total Clarke County Sanitary Authority	<u>\$ 4,247,593</u>	<u>\$ 329,617</u>

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

Year Ending June 30,	General Obligation Bond		Notes Payable	
	Principal	Interest	Principal	Interest
2018	\$ 33,140	\$ -	\$ 296,477	\$ 25,394
2019	33,140	-	297,725	23,118
2020	33,140	-	299,011	20,805
2021	33,140	-	300,335	18,453
2022	33,140	-	301,700	16,059
2023-2027	165,700	-	1,476,474	43,318
2028-2032	165,698	-	726,291	5,391
2033	-	-	26,393	-
Total	<u>\$ 497,098</u>	<u>\$ -</u>	<u>\$ 3,724,405</u>	<u>\$ 152,538</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 9—Unearned/Deferred/Unavailable Revenue:

The following is a summary of unearned/deferred/unavailable revenue for the year ended June 30, 2017:

	Government- wide Statements <u>Governmental Activities</u>	Balance Sheet <u>Governmental Funds</u>
Primary Government:		
General Fund:		
Deferred/unavailable property tax revenue:		
Deferred/unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 1,481,048
2nd half assessments due in December 2017	10,705,639	10,705,639
Prepaid property taxes due in December 2017, but paid in advance by the taxpayers	13,553	13,553
Total deferred/unavailable revenue	<u>\$ 10,719,192</u>	<u>\$ 12,200,240</u>

Note 10—Commitments and Contingencies:

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Uniform Guidance. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

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

Note 11—Pension Plan:

Plan Description

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

Note 11—Pension Plan:

Plan Description

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for 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>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see “Eligible Members”)</p> <ul style="list-style-type: none"> • The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Note 11—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 11—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016.</p>	<p>Retirement Contributions A member’s retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee’s creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member’s total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member’s total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance</p>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 11—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 11—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting: (Cont.)	Vesting: (Cont.)	<p>Vesting: (Cont.) <u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 11—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 11—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Service Retirement Multiplier (Cont.)</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier (Cont.)</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier (Cont.)</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 11—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Unreduced Retirement Eligibility (Cont.)</p>	<p>Earliest Unreduced Retirement Eligibility (Cont.)</p>	<p>Earliest Unreduced Retirement Eligibility (Cont.) <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 11—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 11—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 11—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage</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>Purchase of Prior Service</p> <p>Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service</p> <p>Same as Plan 1.</p>	<p>Purchase of Prior Service</p> <p><u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 11—Pension Plan: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2015 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government (1)	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	58	38
Inactive members:		
Vested inactive members	17	13
Non-vested inactive members	15	25
Inactive members active elsewhere in VRS	39	3
Total inactive members	71	41
Active members	86	42
Total covered employees	215	121

(1) Includes Component Unit Clarke County Sanitary Authority

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 and Component Unit Clarke County Sanitary Authority's contractually required contribution rate for the year ended June 30, 2017 was 8.49% 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 Primary Government were \$388,862 and \$462,287 and Component Unit Clarke County Sanitary Authority were \$3,770 and \$4,481 for the years ended June 30, 2017 and June 30, 2016, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2017 was 5.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 11—Pension Plan: (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$35,810 and \$55,293 for the years ended June 30, 2017 and June 30, 2016, respectively.

Net Pension Liability (Assets)

The County's, Component Unit Sanitary Authority and Component Unit School Board's (nonprofessional) net pension liabilities (assets) were measured as of June 30, 2016. The total pension liabilities used to calculate the net pension liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's, Component Unit Clarke County Sanitary Authority 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 expense, including inflation*

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

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

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 11—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the County's 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% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 11—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees (Continued)

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 11—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>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 11—Pension Plan: (Continued)

Discount Rate

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

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	\$ 18,907,647	\$ 16,938,481	\$ 1,969,166
Changes for the year:			
Service cost	\$ 452,697	\$ -	\$ 452,697
Interest	1,298,718	-	1,298,718
Differences between expected and actual experience	(60,723)	-	(60,723)
Contributions - employer	-	466,664	(466,664)
Contributions - employee	-	213,350	(213,350)
Net investment income	-	298,818	(298,818)
Benefit payments, including refunds of employee contributions	(709,058)	(709,058)	-
Administrative expenses	-	(10,410)	10,410
Other changes	-	(126)	126
Net changes	\$ 981,634	\$ 259,238	\$ 722,396
Balances at June 30, 2016	\$ 19,889,281	\$ 17,197,719	\$ 2,691,562

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 11—Pension Plan: (Continued)

Changes in Net Pension Liability (Asset)

	Clarke County Sanitary Authority		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	\$ 183,273	\$ 164,183	\$ 19,090
Changes for the year:			
Service cost	\$ 4,388	\$ -	\$ 4,388
Interest	12,588	-	12,588
Differences between expected and actual experience	(590)	-	(590)
Contributions - employer	-	4,524	(4,524)
Contributions - employee	-	2,068	(2,068)
Net investment income	-	2,896	(2,896)
Benefit payments, including refunds of employee contributions	(6,872)	(6,872)	-
Administrative expenses	-	(100)	100
Other changes	-	(2)	2
Net changes	<u>\$ 9,514</u>	<u>\$ 2,514</u>	<u>\$ 7,000</u>
Balances at June 30, 2016	<u>\$ 192,787</u>	<u>\$ 166,697</u>	<u>\$ 26,090</u>

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2015	\$ 3,213,422	\$ 3,279,793	\$ (66,371)
Changes for the year:			
Service cost	\$ 75,698	\$ -	\$ 75,698
Interest	218,560	-	218,560
Differences between expected and actual experience	(87,838)	-	(87,838)
Contributions - employer	-	55,293	(55,293)
Contributions - employee	-	31,776	(31,776)
Net investment income	-	55,073	(55,073)
Benefit payments, including refunds of employee contributions	(182,286)	(182,286)	-
Administrative expenses	-	(2,061)	2,061
Other changes	-	(24)	24
Net changes	<u>\$ 24,134</u>	<u>\$ (42,229)</u>	<u>\$ 66,363</u>
Balances at June 30, 2016	<u>\$ 3,237,556</u>	<u>\$ 3,237,564</u>	<u>\$ (8)</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 11—Pension Plan: (Continued)

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County of Clarke - Primary Government Net Pension Liability (Asset)	\$ 5,186,018	\$ 2,691,562	\$ 607,895
Component Unit Clarke County Sanitary Authority Net Pension Liability (Asset)	\$ 50,268	\$ 26,090	\$ 5,892
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ 328,285	\$ (8)	\$ (280,415)

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

For the year ended June 30, 2017, the County, Component Unit Clarke County Sanitary Authority, and Component Unit School Board (nonprofessional) recognized pension expense of \$306,010, \$2,966 and (\$44,131), 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)		Component Unit Clarke County Sanitary Authority	
	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	\$ -	\$ 118,667	\$ -	\$ 59,341	\$ -	\$ 1,151
Net difference between projected and actual earnings on pension plan investments	449,636	-	85,757	-	4,358	-
Employer contributions subsequent to the measurement date	388,862	-	35,810	-	3,770	-
Total	\$ 838,498	\$ 118,667	\$ 121,567	\$ 59,341	\$ 8,128	\$ 1,151

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 11—Pension Plan: (Continued)

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

\$388,862, \$35,810, and \$3,770 reported as deferred outflows of resources related to pensions resulting from the County's, Component Unit School Board's (nonprofessional), and Component Unit Clarke County Sanitary Authority contributions, respectively, subsequent to the measurement date will be recognized as a reduction or component of the Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>	<u>Component Unit Clarke County Sanitary Authority</u>
2018	\$ (58,283)	\$ (54,186)	\$ (564)
2019	(35,654)	(3,209)	(346)
2020	247,809	49,588	2,402
2021	177,097	34,223	1,715
2022	-	-	-
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 options provided to school divisions 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.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 11—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Each School Division’s contractually required contribution rate for the year ended June 30, 2017 was 14.66% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects for the transfer in June 2015 of \$296,000 as an accelerated payback of the deferred contribution in the 2010-2012 biennium. The actuarial rate for the Teacher Retirement Plan was 18.20%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 89.84% of the actuarial rate for the year ended June 30, 2016. Contributions to the pension plan from the School Board were \$1,679,087 and \$1,679,413 for the years ended June 30, 2017 and June 30, 2016, respectively.

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

At June 30, 2017, the school division reported a liability of \$21,436,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 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, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the school division’s proportion was 0.15296% as compared to 0.15349% at June 30, 2015.

For the year ended June 30, 2017, the school division recognized pension expense of \$1,770,000. Since there was a change in proportionate share between June 30, 2015 and June 30, 2016, 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, 2017, 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	\$ -	\$ 694,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	208,000
Net difference between projected and actual earnings on pension plan investments	1,224,000	-
Employer contributions subsequent to the measurement date	<u>1,679,087</u>	<u>-</u>
Total	<u>\$ 2,903,087</u>	<u>\$ 902,000</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 11—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

\$1,679,087 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2018	\$ (217,000)
2019	(217,000)
2020	483,000
2021	326,000
2022	(53,000)
Thereafter	-

Actuarial Assumptions

The total pension liability for the VRS Teacher 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% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 11—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2016, NPL amounts for the VRS total state-wide Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	44,182,326
Plan Fiduciary Net Position		<u>30,168,211</u>
Employers' Net Pension Liability (Asset)	\$	<u><u>14,014,115</u></u>

Plan Fiduciary Net Position as a Percentage
of the Total Pension Liability 68.28%

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 11—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Net Pension Liability: (Continued)

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:

<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>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 11—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Discount Rate

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

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 30,557,000	\$ 21,436,000	\$ 13,923,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 12—Litigation:

At June 30, 2017, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 13—Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries a broad range of insurance coverages, which management considers prudent for the protection of the County's assets and operations. Coverages currently include \$2,000,000 commercial general liability, \$2,000,000 automobile liability, and \$3,000,000 public official's liability. The property policy provides insurance coverage for all of the County's real and personal property up to the replacement cost value of the asset.

Note 14—Conduit Debt:

The County has issued economic development revenue bonds through the Clarke County Industrial Development Authority. All responsibility for the payment of this debt rests with the Borrower. The County and the Authority have no responsibility for the payment of this debt. Outstanding conduit debt obligations are as follows at June 30, 2017:

Description	Original Issue	Outstanding June 30, 2017
Heritage Child Development Center, Inc.	\$ 450,000	\$ -
Grafton School, Inc.	9,925,000	4,415,000
R-1 Berryville Town bond	2,327,000	2,083,205
R-2 Clarke County bond	4,822,000	4,085,905
	<u>\$ 17,524,000</u>	<u>\$ 10,584,110</u>

Note 15—Assigned Fund Balances:

Fund balances have been assigned for the following purposes:

Liquidity Designation	\$ 3,430,717
Stabilization Designation	857,679
School Operating Transfer	682,253
Leave Liability	100,000
Continuing Appropriations for Capital Projects	4,411,471
Parks Master Plan Implementation	100,000
Community Facilities	300,000
Comprehensive Services Act Shortfall	300,000
Conservation Easements from Government Savings	150,000
Economic Development	100,000
Emergency Vehicles	50,000
Government Savings	500,000
Data and Communications Technology	150,000
FY 2016/2017 Original Budget Deficit	(50,762)
Total	<u>\$ 11,081,358</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

Note 16—Surety Bonds:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Helen Butts, Clerk of the Circuit Court	\$ 25,000
Sharon Keeler, Treasurer	400,000
Donna Peake, Commissioner of the Revenue	3,000
Anthony W. Roper, Sheriff	30,000
Western Surety	
Sharon Keeler, Treasurer	10,000

Note 17—Postemployment Benefits Other Than Pensions:

The County offers postemployment medical coverage to its retired employees at the employee's cost. The County has elected not to obtain an actuarial valuation to determine liability for this benefit in accordance with the financial reporting requirements of GASB 45 and believes there is no material effect on the County's financial position.

Note 18—Note Receivable:

During fiscal year 2010, the County issued a note receivable to the Berryville Main Street Program in the amount of \$35,000. The note is payable over 12 years, bearing interest at 3%. At June 30, 2017, \$14,608 of this note was outstanding. Future payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 3,079	\$ 415
2019	3,172	322
2020	3,268	226
2021	3,367	128
2022	<u>1,722</u>	<u>26</u>
Total	<u>\$ 14,608</u>	<u>\$ 1,117</u>

Note 19—Upcoming Pronouncements:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

Statement No. 77, *Tax Abatement Disclosures*, will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

Statement No. 81, *Irrevocable Split-Interest Agreements*, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.

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

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 20,025,693	\$ 20,025,693	\$ 19,911,438	\$ (114,255)
Other local taxes	1,913,422	1,913,422	1,969,108	55,686
Permits, privilege fees, and regulatory licenses	291,810	291,810	393,891	102,081
Fines and forfeitures	310,095	310,095	352,279	42,184
Revenue from the use of money and property	123,749	123,749	123,924	175
Charges for services	970,982	967,764	1,001,603	33,839
Miscellaneous	8,493	8,493	68,845	60,352
Recovered costs	84,469	84,469	83,926	(543)
Intergovernmental:				
Commonwealth	4,398,154	4,407,593	4,373,592	(34,001)
Federal	127,829	148,723	128,421	(20,302)
Total revenues	\$ 28,254,696	\$ 28,281,811	\$ 28,407,027	\$ 125,216
EXPENDITURES				
Current:				
General government administration	\$ 1,888,624	\$ 1,917,802	\$ 1,903,602	\$ 14,200
Judicial administration	707,442	716,360	698,294	18,066
Public safety	4,225,798	4,305,350	4,194,952	110,398
Public works	1,294,747	1,294,747	1,169,117	125,630
Health and welfare	392,802	392,802	656,708	(263,906)
Education	16,588,878	19,450,225	15,707,544	3,742,681
Parks, recreation, and cultural	1,086,901	1,088,901	973,326	115,575
Community development	632,251	642,047	577,600	64,447
Nondepartmental	70,000	44,447	5,144	39,303
Total expenditures	\$ 26,887,443	\$ 29,852,681	\$ 25,886,287	\$ 3,966,394
Excess (deficiency) of revenues over (under) expenditures	\$ 1,367,253	\$ (1,570,870)	\$ 2,520,740	\$ 4,091,610
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 9,615	\$ 12,125	\$ 2,510
Transfers out	-	(7,073,600)	(5,351,415)	1,722,185
Total other financing sources (uses)	\$ -	\$ (7,063,985)	\$ (5,339,290)	\$ 1,724,695
Net change in fund balances	\$ 1,367,253	\$ (8,634,855)	\$ (2,818,550)	\$ 5,816,305
Fund balances - beginning	(1,367,253)	8,634,855	14,502,503	5,867,648
Fund balances - ending	\$ -	\$ -	\$ 11,683,953	\$ 11,683,953

Virginia Public Assistance Fund - Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Recovered costs	\$ -	\$ -	\$ 50,004	\$ 50,004
Intergovernmental:				
Commonwealth	286,498	286,498	277,301	(9,197)
Federal	736,709	736,709	712,855	(23,854)
Total revenues	\$ 1,023,207	\$ 1,023,207	\$ 1,040,160	\$ 16,953
EXPENDITURES				
Current:				
Health and welfare	\$ 1,546,124	\$ 1,546,124	\$ 1,478,944	\$ 67,180
Total expenditures	\$ 1,546,124	\$ 1,546,124	\$ 1,478,944	\$ 67,180
Excess (deficiency) of revenues over (under) expenditures	\$ (522,917)	\$ (522,917)	\$ (438,784)	\$ 84,133
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 522,917	\$ 522,917	\$ 438,174	\$ (84,743)
Total other financing sources (uses)	\$ 522,917	\$ 522,917	\$ 438,174	\$ (84,743)
Net change in fund balances	\$ -	\$ -	\$ (610)	\$ (610)
Fund balances - beginning	-	-	610	610
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Primary Government and Clarke County Sanitary Authority
 For the Years Ended June 30, 2015 through June 30, 2017

	2016		2015		2014	
	Primary Government	Clarke County Sanitary Authority	Primary Government	Clarke County Sanitary Authority	Primary Government	Clarke County Sanitary Authority
Total pension liability						
Service cost	\$ 452,697	\$ 4,388	\$ 441,992	\$ 4,284	\$ 452,800	\$ 4,389
Interest	1,298,718	12,588	1,241,436	12,034	1,173,942	11,379
Differences between expected and actual experience	(60,723)	(290)	(174,129)	(1,688)	-	-
Benefit payments, including refunds of employee contributions	(709,058)	(6,872)	(672,885)	(6,522)	(652,215)	(6,322)
Net change in total pension liability	\$ 981,634	\$ 9,814	\$ 836,414	\$ 8,108	\$ 974,527	\$ 9,446
Total pension liability - beginning	<u>18,907,647</u>	<u>183,273</u>	<u>18,071,233</u>	<u>175,165</u>	<u>17,096,706</u>	<u>165,719</u>
Total pension liability - ending (a)	<u>\$ 19,889,281</u>	<u>\$ 193,087</u>	<u>\$ 18,907,647</u>	<u>\$ 183,273</u>	<u>\$ 18,071,233</u>	<u>\$ 175,165</u>
Plan fiduciary net position						
Contributions - employer	\$ 466,664	\$ 4,524	\$ 455,266	\$ 4,412	\$ 487,123	\$ 4,722
Contributions - employee	213,350	2,068	208,804	2,024	200,072	1,939
Net investment income	298,818	2,896	744,209	7,214	2,211,300	21,434
Benefit payments, including refunds of employee contributions	(709,058)	(6,872)	(672,885)	(6,522)	(652,215)	(6,322)
Administrative expense	(10,410)	(100)	(10,047)	(98)	(11,767)	(114)
Other	(126)	(2)	(157)	(3)	117	-
Net change in plan fiduciary net position	\$ 259,238	\$ 2,514	\$ 725,190	\$ 7,027	\$ 2,234,630	\$ 21,659
Plan fiduciary net position - beginning	<u>16,938,481</u>	<u>164,183</u>	<u>16,213,291</u>	<u>157,156</u>	<u>13,978,661</u>	<u>135,496</u>
Plan fiduciary net position - ending (b)	<u>\$ 17,197,719</u>	<u>\$ 166,697</u>	<u>\$ 16,938,481</u>	<u>\$ 164,183</u>	<u>\$ 16,213,291</u>	<u>\$ 157,155</u>
County's net pension liability - ending (a) - (b)	\$ 2,691,562	\$ 26,390	\$ 1,969,166	\$ 19,090	\$ 1,857,942	\$ 18,010
Plan fiduciary net position as a percentage of the total pension liability	86.47%	86.33%	89.59%	89.58%	89.72%	89.72%
Covered payroll	\$ 4,332,013	\$ 41,990	\$ 4,210,911	\$ 40,817	\$ 4,003,842	\$ 38,809
County's net pension liability as a percentage of covered payroll	62.13%	62.85%	46.76%	46.77%	46.40%	46.41%

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

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Years Ended June 30, 2015 through June 30, 2017

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability			
Service cost	\$ 75,698	\$ 119,013	\$ 138,591
Interest	218,560	213,846	200,591
Differences between expected and actual experience	(87,838)	(96,657)	-
Benefit payments, including refunds of employee contributions	(182,286)	(155,448)	(144,212)
Net change in total pension liability	\$ 24,134	\$ 80,754	\$ 194,970
Total pension liability - beginning	3,213,422	3,132,668	2,937,698
Total pension liability - ending (a)	\$ 3,237,556	\$ 3,213,422	\$ 3,132,668
 Plan fiduciary net position			
Contributions - employer	\$ 55,293	\$ 56,916	\$ 95,312
Contributions - employee	31,776	32,933	49,538
Net investment income	55,073	144,974	436,730
Benefit payments, including refunds of employee contributions	(182,286)	(155,448)	(144,212)
Administrative expense	(2,061)	(2,023)	(2,334)
Other	(24)	(33)	23
Net change in plan fiduciary net position	\$ (42,229)	\$ 77,319	\$ 435,057
Plan fiduciary net position - beginning	3,279,793	3,202,474	2,767,417
Plan fiduciary net position - ending (b)	\$ 3,237,564	\$ 3,279,793	\$ 3,202,474
 School Division's net pension liability (asset) - ending (a) - (b)	 \$ (8)	 \$ (66,371)	 \$ (69,806)
 Plan fiduciary net position as a percentage of the total pension liability	 100.00%	 102.07%	 102.23%
 Covered payroll	 \$ 652,740	 \$ 664,350	 \$ 990,746
 School Division's net pension liability as a percentage of covered payroll	 0.00%	 -9.99%	 -7.05%

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

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 For the Years Ended June 30, 2015 through June 30, 2017

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.15296%	0.15349%	0.15415%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 21,436,000	\$ 19,319,000	\$ 18,629,000
Employer's Covered Payroll	11,656,844	11,292,534	11,256,878
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	183.89%	171.08%	165.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.28%	70.88%	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
 For the Years Ended June 30, 2008 through June 30, 2017

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government (1)					
2017	\$ 392,632	\$ 392,632	\$ -	\$ 4,624,623	8.49%
2016	471,292	471,292	-	4,374,003	10.77%
2015	461,738	461,738	-	4,251,728	10.86%
2014	490,778	490,778	-	4,042,651	12.14%
2013	495,262	495,262	-	4,079,590	12.14%
2012	340,402	340,402	-	3,868,202	8.80%
2011	350,218	350,218	-	3,979,755	8.80%
2010	381,778	381,778	-	4,031,452	9.47%
2009	383,625	383,625	-	4,050,948	9.47%
2008	309,245	309,245	-	3,894,774	7.94%
Component Unit School Board (nonprofessional)					
2017	\$ 35,810	\$ 35,810	\$ -	\$ 673,225	5.32%
2016	55,293	55,293	-	652,740	8.47%
2015	57,201	57,201	-	664,350	8.61%
2014	95,310	95,310	-	990,747	9.62%
2013	103,670	103,670	-	1,077,653	9.62%
2012	80,540	80,540	-	1,020,784	7.89%
2011	86,945	86,945	-	1,101,964	7.89%
2010	80,801	80,801	-	1,125,360	7.18%
2009	81,717	81,717	-	1,138,124	7.18%
2008	78,576	78,576	-	1,178,048	6.67%
Component Unit School Board (professional)*					
2017	\$ 1,679,087	\$ 1,679,087	\$ -	\$ 11,986,432	14.01%
2016	1,679,413	1,679,413	-	11,656,844	14.41%
2015	1,584,459	1,584,459	-	11,292,534	14.03%

(1) Includes Primary Government and Clarke County Sanitary Authority

* 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.

Notes to Required Supplementary Information
For the Year Ended June 30, 2017

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, 2016 are not material.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Component Unit School Board - Professional Employees

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

OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2017

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 349,594	\$ 140,250	\$ 489,844
Receivables:			
for uncollectibles):			
Accounts receivable	-	5,000	5,000
Due from other funds	3,261	12,084	15,345
Due from other governmental units	62,145	847	62,992
	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 415,000	\$ 158,181	\$ 573,181
	<u> </u>	<u> </u>	<u> </u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 69,291	\$ 18,214	\$ 87,505
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	\$ 69,291	\$ 18,214	\$ 87,505
	<u> </u>	<u> </u>	<u> </u>
Fund balances:			
Restricted:			
Swim team	\$ -	\$ 4,851	\$ 4,851
Pool	-	1,659	1,659
Committed:			
Community development	226,970	-	226,970
Public safety	118,739	-	118,739
Assigned:			
Capital projects	-	133,457	133,457
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	\$ 345,709	\$ 139,967	\$ 485,676
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ 415,000	\$ 158,181	\$ 573,181
	<u> </u>	<u> </u>	<u> </u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2017

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
General property taxes	\$ 70,077	\$ -	\$ -	\$ 70,077
Revenue from the use of money and property	940	-	225	1,165
Miscellaneous	92,256	-	38,795	131,051
Intergovernmental:				
Commonwealth	597,694	-	200,000	797,694
Federal	247,661	-	224,938	472,599
Total revenues	<u>\$ 1,008,628</u>	<u>\$ -</u>	<u>\$ 463,958</u>	<u>\$ 1,472,586</u>
EXPENDITURES				
Current:				
Public safety	\$ 70,635	\$ -	\$ -	\$ 70,635
Health and welfare	756,714	-	-	756,714
Community development	695,891	-	-	695,891
Capital projects	-	-	1,045,735	1,045,735
Debt service:				
Principal retirement	-	81,328	-	81,328
Interest and other fiscal charges	-	170,372	-	170,372
Total expenditures	<u>\$ 1,523,240</u>	<u>\$ 251,700</u>	<u>\$ 1,045,735</u>	<u>\$ 2,820,675</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (514,612)</u>	<u>\$ (251,700)</u>	<u>\$ (581,777)</u>	<u>\$ (1,348,089)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 472,359	\$ 251,700	\$ 555,672	\$ 1,279,731
Transfers out	<u>(12,125)</u>	<u>-</u>	<u>-</u>	<u>(12,125)</u>
Total other financing sources (uses)	<u>\$ 460,234</u>	<u>\$ 251,700</u>	<u>\$ 555,672</u>	<u>\$ 1,267,606</u>
Net change in fund balances	\$ (54,378)	\$ -	\$ (26,105)	\$ (80,483)
Fund balances - beginning	<u>400,087</u>	<u>-</u>	<u>166,072</u>	<u>566,159</u>
Fund balances - ending	<u><u>\$ 345,709</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 139,967</u></u>	<u><u>\$ 485,676</u></u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2017

	Shenandoah					
	CSA	Drug	Animal	Farms	Conservation	
	Fund	Enforcement	Care	Sanitary	Easement	Total
	Fund	Fund	Fund	District	Fund	Fund
ASSETS						
Cash and cash equivalents	\$ -	\$ 119,029	\$ -	\$ -	\$ 230,565	\$ 349,594
Due from other governmental units	62,145	-	-	-	-	62,145
Due from other funds	3,261	-	-	-	-	3,261
Total assets	\$ 65,406	\$ 119,029	\$ -	\$ -	\$ 230,565	\$ 415,000
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 65,406	\$ 290	\$ -	\$ -	\$ 3,595	\$ 69,291
Total liabilities	\$ 65,406	\$ 290	\$ -	\$ -	\$ 3,595	\$ 69,291
Fund balances:						
Committed:						
Animal care expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Community development	-	-	-	-	226,970	226,970
Public safety	-	118,739	-	-	-	118,739
Total fund balances	\$ -	\$ 118,739	\$ -	\$ -	\$ 226,970	\$ 345,709
Total liabilities and fund balances	\$ 65,406	\$ 119,029	\$ -	\$ -	\$ 230,565	\$ 415,000

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2017

	CSA Fund	Drug Enforcement Fund	Animal Care Fund	Shenandoah Farms Sanitary District	Conservation Easement Fund	Total
REVENUES						
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ 70,077	\$ 70,077
Revenue from the use of money and property	-	478	3	-	459	940
Miscellaneous	-	46,754	225	-	45,277	92,256
Intergovernmental:						
Commonwealth	285,079	6,652	-	-	305,963	597,694
Federal	14,036	-	-	-	233,625	247,661
Total revenues	\$ 299,115	\$ 53,884	\$ 228	\$ -	\$ 655,401	\$ 1,008,628
EXPENDITURES						
Current:						
Public safety	\$ -	\$ 65,875	\$ -	\$ 4,760	\$ -	\$ 70,635
Health and welfare	756,714	-	-	-	-	756,714
Community development	-	-	-	-	695,891	695,891
Total expenditures	\$ 756,714	\$ 65,875	\$ -	\$ 4,760	\$ 695,891	\$ 1,523,240
Excess (deficiency) of revenues over (under) expenditures	\$ (457,599)	\$ (11,991)	\$ 228	\$ (4,760)	\$ (40,490)	\$ (514,612)
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 457,599	\$ -	\$ -	\$ 4,760	\$ 10,000	\$ 472,359
Transfers out	-	-	(9,625)	-	(2,500)	(12,125)
Total other financing sources (uses)	\$ 457,599	\$ -	\$ (9,625)	\$ 4,760	\$ 7,500	\$ 460,234
Net change in fund balances	\$ -	\$ (11,991)	\$ (9,397)	\$ -	\$ (32,990)	\$ (54,378)
Fund balances - beginning	-	130,730	9,397	-	259,960	400,087
Fund balances - ending	\$ -	\$ 118,739	\$ -	\$ -	\$ 226,970	\$ 345,709

COUNTY OF CLARKE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2017

	CSA Fund				Drug Enforcement Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-	-	-	478	478
Miscellaneous	-	-	-	-	-	-	46,754	46,754
Intergovernmental:								
Commonwealth	550,456	550,456	285,079	(265,377)	-	-	6,652	6,652
Federal	-	-	14,036	14,036	-	-	-	-
Total revenues	\$ 550,456	\$ 550,456	\$ 299,115	\$ (251,341)	\$ -	\$ -	\$ 53,884	\$ 53,884
EXPENDITURES								
Current:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	65,875	(65,875)
Health and welfare	1,097,426	1,097,426	756,714	340,712	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Total expenditures	\$ 1,097,426	\$ 1,097,426	\$ 756,714	\$ 340,712	\$ -	\$ -	\$ 65,875	\$ (65,875)
Excess (deficiency) of revenues over (under) expenditures	\$ (546,970)	\$ (546,970)	\$ (457,599)	\$ 89,371	\$ -	\$ -	\$ (11,991)	\$ (11,991)
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ 546,970	\$ 546,970	\$ 457,599	\$ (89,371)	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ 546,970	\$ 546,970	\$ 457,599	\$ (89,371)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,991)	\$ (11,991)
Fund balances - beginning	-	-	-	-	-	-	130,730	130,730
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,739	\$ 118,739

Animal Care Fund				Shenandoah Farms Sanitary District				Conservation Easement Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)	\$ -	\$ -	\$ 70,077	\$ 70,077
-	-	3	3	-	-	-	-	-	-	459	459
-	-	225	225	-	-	-	-	-	-	45,277	45,277
-	-	-	-	-	-	-	-	20,000	334,479	305,963	(28,516)
-	-	-	-	-	-	-	-	-	239,425	233,625	(5,800)
\$ -	\$ -	\$ 228	\$ 228	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)	\$ 20,000	\$ 573,904	\$ 655,401	\$ 81,497
\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ 4,760	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	30,000	731,029	695,891	35,138
\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ 4,760	\$ -	\$ 30,000	\$ 731,029	\$ 695,891	\$ 35,138
\$ -	\$ -	\$ 228	\$ 228	\$ -	\$ -	\$ (4,760)	\$ (20,000)	\$ (10,000)	\$ (157,125)	\$ (40,490)	\$ 116,635
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,760	\$ 4,760	\$ -	\$ 10,000	\$ 10,000	\$ -
-	-	(9,625)	(9,625)	-	-	-	-	-	-	(2,500)	(2,500)
\$ -	\$ -	\$ (9,625)	\$ (9,625)	\$ -	\$ -	\$ 4,760	\$ 4,760	\$ -	\$ 10,000	\$ 7,500	\$ (2,500)
\$ -	\$ -	\$ (9,397)	\$ (9,397)	\$ -	\$ -	\$ -	\$ (15,240)	\$ (10,000)	\$ (147,125)	\$ (32,990)	\$ 114,135
-	-	9,397	9,397	-	-	-	-	10,000	147,125	259,960	112,835
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (15,240)	\$ -	\$ -	\$ 226,970	\$ 226,970

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Debt Service Funds
 For the Year Ended June 30, 2017

	<u>Primary Government Debt Service Fund</u>
EXPENDITURES	
Debt service:	
Principal retirement	\$ 81,328
Interest and other fiscal charges	<u>170,372</u>
Total expenditures	<u>\$ 251,700</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (251,700)</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	<u>\$ 251,700</u>
Total other financing sources (uses)	<u>\$ 251,700</u>
Net change in fund balances	\$ -
Fund balances - beginning	<u>-</u>
Fund balances - ending	<u><u>\$ -</u></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Debt Service Funds
 For the Year Ended June 30, 2017

	Primary Government Debt Service Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
EXPENDITURES				
Debt service:				
Principal retirement	\$ 81,299	\$ 81,299	\$ 81,328	\$ (29)
Interest and other fiscal charges	170,401	170,401	170,372	29
Total expenditures	<u>\$ 251,700</u>	<u>\$ 251,700</u>	<u>\$ 251,700</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (251,700)</u>	<u>\$ (251,700)</u>	<u>\$ (251,700)</u>	<u>\$ -</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 251,700</u>	<u>\$ 251,700</u>	<u>\$ 251,700</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ 251,700</u>	<u>\$ 251,700</u>	<u>\$ 251,700</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2017

	Parks Construction Fund	General Government Capital Projects Fund	Total
ASSETS			
Cash and cash equivalents	\$ 37,533	\$ 102,717	\$ 140,250
Receivables:			
Accounts receivable	-	5,000	5,000
Due from other funds	-	12,084	12,084
Due from other governmental units	-	847	847
Total assets	<u>\$ 37,533</u>	<u>\$ 120,648</u>	<u>\$ 158,181</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 18,214	\$ 18,214
Total liabilities	<u>\$ -</u>	<u>\$ 18,214</u>	<u>\$ 18,214</u>
Fund balances:			
Restricted:			
Swim team	\$ 4,851	\$ -	\$ 4,851
Pool	1,659	-	1,659
Assigned:			
Capital projects	<u>31,023</u>	<u>102,434</u>	<u>133,457</u>
Total fund balances	<u>\$ 37,533</u>	<u>\$ 102,434</u>	<u>\$ 139,967</u>
Total liabilities and fund balances	<u>\$ 37,533</u>	<u>\$ 120,648</u>	<u>\$ 158,181</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2017

	Parks Construction Fund	Government Capital Projects Fund	Total
REVENUES			
Revenue from the use of money and property	\$ 225	\$ -	\$ 225
Miscellaneous	577	38,218	38,795
Intergovernmental:			
Commonwealth	-	200,000	200,000
Federal	-	224,938	224,938
Total revenues	<u>\$ 802</u>	<u>\$ 463,156</u>	<u>\$ 463,958</u>
EXPENDITURES			
Capital projects	<u>\$ -</u>	<u>\$ 1,045,735</u>	<u>\$ 1,045,735</u>
Total expenditures	<u>\$ -</u>	<u>\$ 1,045,735</u>	<u>\$ 1,045,735</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 802</u>	<u>\$ (582,579)</u>	<u>\$ (581,777)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>\$ -</u>	<u>\$ 555,672</u>	<u>\$ 555,672</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 555,672</u>	<u>\$ 555,672</u>
Net change in fund balances	\$ 802	\$ (26,907)	\$ (26,105)
Fund balances - beginning	<u>36,731</u>	<u>129,341</u>	<u>166,072</u>
Fund balances - ending	<u><u>\$ 37,533</u></u>	<u><u>\$ 102,434</u></u>	<u><u>\$ 139,967</u></u>

COUNTY OF CLARKE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2017

	Parks Construction Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 225	\$ 225
Miscellaneous	-	-	577	577
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	\$ -	\$ -	\$ 802	\$ 802
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 802	\$ 802
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 802	\$ 802
Fund balances - beginning	-	-	36,731	36,731
Fund balances - ending	\$ -	\$ -	\$ 37,533	\$ 37,533

General Government Capital Projects Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	-
-	37,719	38,218	499
-	200,000	200,000	-
-	354,044	224,938	(129,106)
<u>\$ -</u>	<u>\$ 591,763</u>	<u>\$ 463,156</u>	<u>\$ (128,607)</u>
<u>\$ 955,162</u>	<u>\$ 2,689,372</u>	<u>\$ 1,045,735</u>	<u>\$ 1,643,637</u>
<u>\$ 955,162</u>	<u>\$ 2,689,372</u>	<u>\$ 1,045,735</u>	<u>\$ 1,643,637</u>
<u>\$ (955,162)</u>	<u>\$ (2,097,609)</u>	<u>\$ (582,579)</u>	<u>\$ 1,515,030</u>
<u>\$ 955,162</u>	<u>\$ 2,105,109</u>	<u>\$ 555,672</u>	<u>\$ (1,549,437)</u>
<u>\$ 955,162</u>	<u>\$ 2,105,109</u>	<u>\$ 555,672</u>	<u>\$ (1,549,437)</u>
\$ -	\$ 7,500	\$ (26,907)	\$ (34,407)
-	(7,500)	129,341	136,841
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,434</u>	<u>\$ 102,434</u>

Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2017

	<u>Agency Funds</u>					
	<u>Special Welfare Fund</u>	<u>Town of Berryville</u>	<u>Undistributed Local Sales Tax Fund</u>	<u>Cafeteria Plan Withholding Fund</u>	<u>Unemployment Compensation Benefits Fund</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ 43,194	\$ 94,349	\$ -	\$ 87,143	\$ -	\$ 224,686
Accounts receivable	-	-	-	-	294	294
Due from other governments	-	-	205,492	-	-	205,492
Total assets	<u>\$ 43,194</u>	<u>\$ 94,349</u>	<u>\$ 205,492</u>	<u>\$ 87,143</u>	<u>\$ 294</u>	<u>\$ 430,472</u>
LIABILITIES						
Accounts payable	\$ -	\$ 2,266	\$ -	\$ -	\$ 294	\$ 2,560
Sales tax payable to other towns	-	-	42,732	-	-	42,732
Amounts held for Town	-	92,083	-	-	-	92,083
Due to other funds	-	-	162,760	-	-	162,760
Accrued liabilities	-	-	-	87,143	-	87,143
Amounts held for social services clients	43,194	-	-	-	-	43,194
Total liabilities	<u>\$ 43,194</u>	<u>\$ 94,349</u>	<u>\$ 205,492</u>	<u>\$ 87,143</u>	<u>\$ 294</u>	<u>\$ 430,472</u>

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special welfare:				
Assets:				
Cash and cash equivalents	\$ 38,257	\$ 30,295	\$ 25,358	\$ 43,194
Liabilities:				
Amounts held for social service clients	\$ 38,257	\$ 30,295	\$ 25,358	\$ 43,194
Town of Berryville:				
Assets:				
Cash and cash equivalents	\$ 57,143	\$ 111,355	\$ 74,149	\$ 94,349
Total assets	\$ 57,143	\$ 111,355	\$ 74,149	\$ 94,349
Liabilities:				
Amounts held for Town	\$ 47,633	\$ 109,089	\$ 64,639	\$ 92,083
Accounts payable	9,510	2,266	9,510	2,266
Total liabilities	\$ 57,143	\$ 111,355	\$ 74,149	\$ 94,349
Undistributed local sales tax:				
Assets:				
Cash and cash equivalents	\$ -	\$ 1,134,223	\$ 1,134,223	\$ -
Due from other governments	196,223	205,492	196,223	205,492
Total assets	\$ 196,223	\$ 1,339,715	\$ 1,330,446	\$ 205,492
Liabilities:				
Sales tax payable to other towns	\$ 40,530	\$ 42,732	\$ 40,530	\$ 42,732
Due to other funds	155,693	162,760	155,693	162,760
Total liabilities	\$ 196,223	\$ 205,492	\$ 196,223	\$ 205,492
Cafeteria plan withholding:				
Assets:				
Cash and cash equivalents	\$ 73,040	\$ 129,988	\$ 115,885	\$ 87,143
Liabilities:				
Accrued liabilities	\$ 73,040	\$ 129,988	\$ 115,885	\$ 87,143

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017 (continued)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Unemployment compensation benefits:				
Assets:				
Accounts receivable	\$ 2,948	\$ 294	\$ 2,948	\$ 294
Liabilities:				
Accounts payable	\$ 2,948	\$ 294	\$ 2,948	\$ 294
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 168,440	\$ 1,405,861	\$ 1,349,615	\$ 224,686
Accounts receivable	2,948	294	2,948	294
Due from other governments	196,223	205,492	196,223	205,492
Total assets	\$ 367,611	\$ 1,611,647	\$ 1,548,786	\$ 430,472
Liabilities:				
Amounts held for social service clients	\$ 38,257	\$ 30,295	\$ 25,358	\$ 43,194
Sales tax payable to other towns	40,530	42,732	40,530	42,732
Amounts held for Town	47,633	109,089	64,639	92,083
Accrued liabilities	73,040	129,988	115,885	87,143
Due to other funds	155,693	162,760	155,693	162,760
Accounts payable	12,458	2,560	12,458	2,560
Total liabilities	\$ 367,611	\$ 477,424	\$ 414,563	\$ 430,472

Discretely Presented Component Unit-School Board

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2017

	School Operating Fund	School Food Service Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 500	\$ 826	\$ -	\$ 4,714	\$ 6,040
Receivables:					
Accounts receivable	13,950	25,002	-	-	38,952
Due from primary government	1,699,393	-	261,696	-	1,961,089
Due from other governmental units	722,881	39,905	196,787	-	959,573
Prepaid items	117,798	-	-	-	117,798
Total assets	<u>\$ 2,554,522</u>	<u>\$ 65,733</u>	<u>\$ 458,483</u>	<u>\$ 4,714</u>	<u>\$ 3,083,452</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 241,540	\$ 19,747	\$ 458,483	\$ -	\$ 719,770
Accrued liabilities	2,312,482	45,986	-	-	2,358,468
Total liabilities	<u>\$ 2,554,022</u>	<u>\$ 65,733</u>	<u>\$ 458,483</u>	<u>\$ -</u>	<u>\$ 3,078,238</u>
Fund balances:					
Nonspendable:					
Prepaid items	\$ 117,798	\$ -	\$ -	\$ -	\$ 117,798
Assigned:					
School operating	500	-	-	-	500
Capital projects	-	-	-	4,714	4,714
Unassigned	(117,798)	-	-	-	(117,798)
Total fund balances	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,714</u>	<u>\$ 5,214</u>
Total liabilities and fund balances	<u>\$ 2,554,522</u>	<u>\$ 65,733</u>	<u>\$ 458,483</u>	<u>\$ 4,714</u>	<u>\$ 3,083,452</u>

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

Total fund balances per above	\$ 5,214
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,402,728
The net pension asset is not an available resource and, therefore, is not reported in the funds.	8
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Deferred inflows related to the measurement of net pension liability	(753,341)
Changes in proportion and differences between employer contributions and proportionate share of contributions of costs-sharing pension plans are not reported in the funds.	(208,000)
Deferred outflows related to measurement of net pension liability	3,024,654
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(21,935,261)
Net position of governmental activities	<u>\$ (11,463,998)</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2017

	School Operating Fund	School Food Service Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Revenue from the use of money and property	\$ 60,915	\$ 143	\$ -	\$ -	\$ 61,058
Charges for services	216,798	437,997	-	-	654,795
Miscellaneous	76,910	-	26,418	-	103,328
Recovered costs	27,518	25,021	-	-	52,539
Intergovernmental:					
Local government	11,632,184	-	4,058,920	-	15,691,104
Commonwealth	8,699,714	9,801	201,787	-	8,911,302
Federal	773,249	296,987	-	-	1,070,236
Total revenues	<u>\$ 21,487,288</u>	<u>\$ 769,949</u>	<u>\$ 4,287,125</u>	<u>\$ -</u>	<u>\$ 26,544,362</u>
EXPENDITURES					
Current:					
Education	\$ 21,466,874	\$ 816,246	\$ -	\$ -	\$ 22,283,120
Capital projects	-	-	4,287,125	-	4,287,125
Total expenditures	<u>\$ 21,466,874</u>	<u>\$ 816,246</u>	<u>\$ 4,287,125</u>	<u>\$ -</u>	<u>\$ 26,570,245</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 20,414</u>	<u>\$ (46,297)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25,883)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 20,414	\$ -	\$ -	\$ 20,414
Transfers out	<u>(20,414)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,414)</u>
Total other financing sources (uses)	<u>\$ (20,414)</u>	<u>\$ 20,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (25,883)	\$ -	\$ -	\$ (25,883)
Fund balances - beginning	500	25,883	-	4,714	31,097
Fund balances - ending	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,714</u>	<u>\$ 5,214</u>

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

Net change in fund balances - total governmental funds - per above \$ (25,883)

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

 Change in deferred inflows related to the measurement of the net pension liability 828,030

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. 513,883

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. (281,426)

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.

(Decrease) in pension contributions subsequent to measurement date	\$ (20,717)
(Increase) in net pension liability - teachers cost-sharing pool	(2,117,000)
Increase in deferred outflows - projected and actual pension earnings	1,309,757
(Decrease) in net pension asset - nonprofessional group	(66,363)
Decrease in compensated absences	1,036
	<u>(893,287)</u>

Change in net position of governmental activities \$ 141,317

COUNTY OF CLARKE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2017

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 67,192	\$ 67,192	\$ 60,915	\$ (6,277)
Charges for services	217,220	217,220	216,798	(422)
Miscellaneous	127,229	127,229	76,910	(50,319)
Recovered costs	77,287	77,287	27,518	(49,769)
Intergovernmental:				
Local government	12,314,437	12,314,437	11,632,184	(682,253)
Commonwealth	8,668,431	8,668,431	8,699,714	31,283
Federal	665,632	665,632	773,249	107,617
Total revenues	<u>\$ 22,137,428</u>	<u>\$ 22,137,428</u>	<u>\$ 21,487,288</u>	<u>\$ (650,140)</u>
EXPENDITURES				
Current:				
Education	\$ 22,107,428	\$ 22,107,428	\$ 21,466,874	\$ 640,554
Total expenditures	<u>\$ 22,107,428</u>	<u>\$ 22,107,428</u>	<u>\$ 21,466,874</u>	<u>\$ 640,554</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 20,414</u>	<u>\$ (9,586)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(30,000)	(30,000)	(20,414)	9,586
Total other financing sources (uses)	<u>\$ (30,000)</u>	<u>\$ (30,000)</u>	<u>\$ (20,414)</u>	<u>\$ 9,586</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	500	500
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 500</u>

School Food Service Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 80	\$ 80	\$ 143	\$ 63
519,340	519,340	437,997	(81,343)
-	-	-	-
25,000	25,000	25,021	21
-	-	-	-
6,980	6,980	9,801	2,821
257,000	257,000	296,987	39,987
<u>\$ 808,400</u>	<u>\$ 808,400</u>	<u>\$ 769,949</u>	<u>\$ (38,451)</u>
<u>\$ 838,400</u>	<u>\$ 838,400</u>	<u>\$ 816,246</u>	<u>\$ 22,154</u>
<u>\$ 838,400</u>	<u>\$ 838,400</u>	<u>\$ 816,246</u>	<u>\$ 22,154</u>
<u>\$ (30,000)</u>	<u>\$ (30,000)</u>	<u>\$ (46,297)</u>	<u>\$ (16,297)</u>
\$ 30,000	\$ 30,000	\$ 20,414	\$ (9,586)
-	-	-	-
<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 20,414</u>	<u>\$ (9,586)</u>
\$ -	\$ -	\$ (25,883)	\$ (25,883)
-	-	25,883	25,883
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Balance Sheet

Nonmajor Capital Project Fund - Discretely Presented Component Unit - School Board

June 30, 2017

	School Capital Project Proffers Fund
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ <u> 4,714</u>
Total assets	\$ <u><u> 4,714</u></u>
FUND BALANCE	
Assigned:	
Capital projects	\$ <u> 4,714</u>
Total fund balances	\$ <u> 4,714</u>
Total liabilities and fund balances	\$ <u><u> 4,714</u></u>

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Capital Project Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2017

	<u>School Capital Project Proffers Fund</u>
REVENUES	
Revenue from the use of money and property	\$ -
Total revenues	<u>\$ -</u>
EXPENDITURES	
Current:	
Capital projects	\$ -
Total expenditures	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>
Net change in fund balances	\$ -
Fund balances - beginning	<u>4,714</u>
Fund balances - ending	<u><u>\$ 4,714</u></u>

COUNTY OF CLARKE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor and Major Capital Projects Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2017

	School Capital Projects Proffers Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Local government	-	-	-	-
Commonwealth	-	-	-	-
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	4,714	4,714
Fund balances - ending	\$ -	\$ -	\$ 4,714	\$ 4,714

School Capital Projects Fund				
Budgeted Amounts			Actual	Variance with Final Budget Positive (Negative)
Original	Final			
\$ -	\$ 25,589	\$ 26,418	\$ 829	
4,258,000	7,119,347	4,058,920	(3,060,427)	
154,000	428,127	201,787	(226,340)	
<u>\$ 4,412,000</u>	<u>\$ 7,573,063</u>	<u>\$ 4,287,125</u>	<u>\$ (3,285,938)</u>	
<u>\$ 4,412,000</u>	<u>\$ 7,573,063</u>	<u>\$ 4,287,125</u>	<u>\$ 3,285,938</u>	
<u>\$ 4,412,000</u>	<u>\$ 7,573,063</u>	<u>\$ 4,287,125</u>	<u>\$ 3,285,938</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	

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Discretely Presented Component Unit – Sanitary Authority

Combining Statement of Net Position
 Discretely Presented Component Unit - Sanitary Authority
 As of June 30, 2017

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 299,787	\$ -	\$ 299,787
Accounts receivable	56,986	63,141	120,127
Total current assets	\$ 356,773	\$ 63,141	\$ 419,914
Noncurrent assets:			
Capital assets:			
Land	\$ 13,200	\$ -	\$ 13,200
Utility plant in service	5,255,034	6,830,188	12,085,222
Accumulated depreciation	(2,694,902)	(1,388,379)	(4,083,281)
Sub-total	\$ 2,573,332	\$ 5,441,809	\$ 8,015,141
Construction in progress	\$ 1,289,842	\$ -	\$ 1,289,842
Total capital assets	\$ 3,863,174	\$ 5,441,809	\$ 9,304,983
Total noncurrent assets	\$ 3,863,174	\$ 5,441,809	\$ 9,304,983
Total assets	\$ 4,219,947	\$ 5,504,950	\$ 9,724,897
DEFERRED OUTFLOW OF RESOURCES			
Post measurement date employer pension contributions	\$ 1,885	\$ 1,885	\$ 3,770
Net difference between projected and actual pension earnings	2,179	2,179	4,358
Total deferred outflows of resources	\$ 4,064	\$ 4,064	\$ 8,128
LIABILITIES			
Current liabilities:			
Reconciled overdraft	\$ -	\$ 43,417	\$ 43,417
Accounts payable	22,327	22,834	45,161
Accrued interest payable	4,418	-	4,418
Customers' deposits	6,150	-	6,150
Bonds payable - current portion	122,565	207,052	329,617
Total current liabilities	\$ 155,460	\$ 273,303	\$ 428,763
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 1,443,575	\$ 2,448,311	\$ 3,891,886
Net pension liability	13,045	13,045	26,090
Total noncurrent liabilities	\$ 1,456,620	\$ 2,461,356	\$ 3,917,976
Total liabilities	\$ 1,612,080	\$ 2,734,659	\$ 4,346,739
DEFERRED INFLOWS OF RESOURCES			
Net difference of actual and expected pension experience	\$ 575	\$ 576	\$ 1,151
Total deferred inflows of resources	\$ 575	\$ 576	\$ 1,151
NET POSITION			
Net investment in capital assets	\$ 2,297,034	\$ 2,786,446	\$ 5,083,480
Unrestricted	314,322	(12,667)	301,655
Total net position	\$ 2,611,356	\$ 2,773,779	\$ 5,385,135

Combining Statement of Revenues, Expenses, and Changes in Net Position
 Discretely Presented Component Unit - Sanitary Authority
 For the Year Ended June 30, 2017

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services:			
Customer service charges	\$ 262,420	\$ 307,852	\$ 570,272
Connection fees	2,503	2,037	4,540
Miscellaneous	1,023	(3,900)	(2,877)
Total operating revenues	\$ 265,946	\$ 305,989	\$ 571,935
OPERATING EXPENSES			
Office supplies and expenses	\$ 1,017	\$ 804	\$ 1,821
Plant maintenance	4,166	5,557	9,723
Pipeline/road repairs	4,536	-	4,536
Pump station maintenance	-	13,276	13,276
Grinder pump maintenance	-	959	959
Operating supplies / small equipment	17,170	47,923	65,093
Professional services	106,826	182,845	289,671
Salaries and wages	17,734	17,734	35,468
Benefits	6,081	6,081	12,162
Testing services	3,211	8,357	11,568
Utilities	28,046	63,078	91,124
Depreciation	131,237	171,261	302,498
Total operating expenses	\$ 320,024	\$ 517,875	\$ 837,899
Operating income (loss)	\$ (54,078)	\$ (211,886)	\$ (265,964)
NONOPERATING REVENUES (EXPENSES)			
Investment income	\$ 1,294	\$ 64	\$ 1,358
Tower rental	135,679	-	135,679
County operating subsidy	-	207,000	207,000
Transfers	(79,351)	79,351	-
Interest expense	(26,856)	-	(26,856)
Total nonoperating revenues (expenses)	\$ 30,766	\$ 286,415	\$ 317,181
Income before contributions	\$ (23,312)	\$ 74,529	\$ 51,217
Contributed capital - availability fees	550	23,111	23,661
Change in net position	\$ (22,762)	\$ 97,640	\$ 74,878
Total net position - beginning	2,634,118	2,676,139	5,310,257
Total net position - ending	\$ 2,611,356	\$ 2,773,779	\$ 5,385,135

Combining Statement of Cash Flows
Discretely Presented Component Unit - Sanitary Authority
For the Year Ended June 30, 2017

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 257,640	\$ 321,841	\$ 579,481
Payments to suppliers	(238,241)	(339,112)	(577,353)
Payments to and on behalf of employees	(24,218)	(24,217)	(48,435)
Net cash provided by (used for) operating activities	\$ (4,819)	\$ (41,488)	\$ (46,307)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Tower rental	\$ 135,679	\$ -	\$ 135,679
Transfers	(79,351)	79,351	-
Operating subsidy from Clarke County	-	207,000	207,000
Net cash provided by (used for) noncapital financing activities	\$ 56,328	\$ 286,351	\$ 342,679
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of property, plant and equipment	\$ (28,862)	\$ -	\$ (28,862)
Capital contributions	550	23,111	23,661
Retirements of long-term indebtedness	(121,353)	(207,052)	(328,405)
Interest paid on debt	(27,209)	-	(27,209)
Net cash provided by (used for) capital and related financing activities	\$ (176,874)	\$ (183,941)	\$ (360,815)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	\$ 1,294	\$ 64	\$ 1,358
Net cash provided by (used for) investing activities	\$ 1,294	\$ 64	\$ 1,358
Net increase (decrease) in cash and cash equivalents	\$ (124,071)	\$ 60,986	\$ (63,085)
Cash and cash equivalents - beginning	423,858	(104,403)	319,455
Cash and cash equivalents - ending	\$ 299,787	\$ (43,417)	\$ 256,370
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (54,078)	\$ (211,886)	\$ (265,964)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	131,237	171,261	302,498
(Increase) decrease in accounts receivable	5,237	15,852	21,089
(Increase) decrease in pension contributions after measurement date	377	377	754
Increase (decrease) in accounts payable	(73,269)	(16,313)	(89,582)
Increase (decrease) in customers' deposits	(567)	-	(567)
Increase (decrease) in net pension liability	3,500	3,500	7,000
Increase (decrease) in deferred outflows related to measurement of net pension liability	(2,180)	(2,179)	(4,359)
Increase (decrease) in deferred inflows related to measurement of net pension liability	(2,100)	(2,100)	(4,200)
Increase (decrease) unearned revenue	(12,976)	-	(12,976)
Total adjustments	\$ 49,259	\$ 170,398	\$ 219,657
Net cash provided by (used for) operating activities	\$ (4,819)	\$ (41,488)	\$ (46,307)

Discretely Presented Component Unit-Industrial Development Authority

Statement of Net Position
 Discretely Presented Component Unit - Industrial Development Authority
 As of June 30, 2017

	<u>Industrial Development Authority</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 101,529
Prepaid items	<u>1,333</u>
Total assets	<u>\$ 102,862</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>\$ 1,635</u>
NET POSITION	
Unrestricted	<u><u>101,227</u></u>

Statement of Revenues, Expenses, and Changes in Net Position
 Discretely Presented Component Unit - Industrial Development Authority
 For the Year Ended June 30, 2017

	<u>Industrial Development Authority</u>
OPERATING EXPENSES	
Contribution to Lord Fairfax Small Business Park	\$ 6,000
Professional services	1,635
Board members' fee	500
Insurance	1,333
Miscellaneous	<u>16</u>
Total operating expenses	\$ <u>9,484</u>
Operating income (loss)	\$ <u>(9,484)</u>
NONOPERATING REVENUES (EXPENSES)	
Unrealized gain (loss) on investments	\$ <u>451</u>
Total nonoperating revenues (expenses)	\$ <u>451</u>
Change in net position	\$ (9,033)
Total net position - beginning	<u>110,260</u>
Total net position - ending	<u><u>\$ 101,227</u></u>

Statement of Cash Flows
 Discretely Presented Component Unit - Industrial Development Authority
 For the Year Ended June 30, 2017

	Industrial Development Authority
	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to board	\$ (500)
Payments to suppliers	<u>(7,349)</u>
Net cash provided (used) by operating activities	<u>\$ (7,849)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Unrealized gain (loss) on investments	<u>\$ 451</u>
Net cash provided (used) by investing activities	<u>\$ 451</u>
Net increase (decrease) in cash and cash equivalents	\$ (7,398)
Cash and cash equivalents - beginning	<u>108,927</u>
Cash and cash equivalents - ending	<u><u>\$ 101,529</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$ (9,484)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Increase (decrease) in accounts payable	<u>\$ 1,635</u>
Total adjustments	<u>\$ 1,635</u>
Net cash provided by (used for) operating activities	<u><u>\$ (7,849)</u></u>

Supporting Schedules

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Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 14,550,000	\$ 14,550,000	\$ 14,495,536	\$ (54,464)
Real and personal public service corporation taxes	482,255	482,255	487,565	5,310
Personal property taxes	4,540,189	4,540,189	4,453,059	(87,130)
Mobile home taxes	1,099	1,099	1,075	(24)
Machinery and tools taxes	164,962	164,962	176,461	11,499
Penalties	155,287	155,287	177,343	22,056
Interest	131,901	131,901	120,399	(11,502)
Total general property taxes	<u>\$ 20,025,693</u>	<u>\$ 20,025,693</u>	<u>\$ 19,911,438</u>	<u>\$ (114,255)</u>
Other local taxes:				
Local sales and use taxes	\$ 886,732	\$ 886,732	\$ 898,361	\$ 11,629
Consumers' utility taxes	364,567	364,567	346,094	(18,473)
Consumption taxes	34,318	34,318	32,433	(1,885)
Motor vehicle licenses	301,285	301,285	325,439	24,154
Taxes on recordation and wills	262,674	262,674	315,886	53,212
Transient occupancy taxes	32,711	32,711	28,005	(4,706)
Business license taxes	31,135	31,135	22,890	(8,245)
Total other local taxes	<u>\$ 1,913,422</u>	<u>\$ 1,913,422</u>	<u>\$ 1,969,108</u>	<u>\$ 55,686</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 11,930	\$ 11,930	\$ 6,736	\$ (5,194)
Land use application fees	27,975	27,975	33,150	5,175
Animal shelter fees	7,910	7,910	8,068	158
Building and related permits	163,987	163,987	242,160	78,173
Zoning and subdivision	67,754	67,754	88,924	21,170
Transfer fees	444	444	545	101
Signs permits and inspection fees	360	360	3,493	3,133
Weapons permits	7,000	7,000	5,605	(1,395)
Other permits and fees	4,450	4,450	5,210	760
Total permits, privilege fees, and regulatory licenses	<u>\$ 291,810</u>	<u>\$ 291,810</u>	<u>\$ 393,891</u>	<u>\$ 102,081</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 310,095	\$ 310,095	\$ 352,279	\$ 42,184
Total fines and forfeitures	<u>\$ 310,095</u>	<u>\$ 310,095</u>	<u>\$ 352,279</u>	<u>\$ 42,184</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 67,802	\$ 67,802	\$ 62,924	\$ (4,878)
Revenue from use of property	55,947	55,947	61,000	5,053
Total revenue from use of money and property	<u>\$ 123,749</u>	<u>\$ 123,749</u>	<u>\$ 123,924</u>	<u>\$ 175</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Sheriff's fees	\$ 800	\$ 800	\$ -	\$ (800)
Charges for emergency medical services	46,009	46,009	42,798	(3,211)
Charges for ambulance and rescue	325,000	325,000	409,373	84,373
Charges for courthouse security	41,285	41,285	52,890	11,605
Charges for jail processing	1,890	848	1,287	439
Court appointed attorney	1,228	1,228	93	(1,135)
Charges for other localities	81,637	81,637	52,000	(29,637)
Charges for Commonwealth's Attorney	1,777	1,777	1,742	(35)
Charges for parks and recreation	396,340	396,340	398,319	1,979
Charges for engineer's fees/biosolids applications	18,670	18,670	1,085	(17,585)
E-tickets	30,000	30,000	26,639	(3,361)
Other charges for services	26,346	24,170	15,377	(8,793)
Total charges for services	<u>\$ 970,982</u>	<u>\$ 967,764</u>	<u>\$ 1,001,603</u>	<u>\$ 33,839</u>
Miscellaneous:				
Miscellaneous	\$ 8,493	\$ 8,493	\$ 68,845	\$ 60,352
Total miscellaneous	<u>\$ 8,493</u>	<u>\$ 8,493</u>	<u>\$ 68,845</u>	<u>\$ 60,352</u>
Recovered costs:				
Rebates and refunds	\$ 26,772	\$ 26,772	\$ 4,957	\$ (21,815)
Insurance recovery	20,934	20,934	5,982	(14,952)
Gifts and donations in lieu of taxes	2,750	2,750	45,400	42,650
Sale of salvage	10,507	10,507	2,781	(7,726)
Loan repayment	3,495	3,495	3,495	-
Recycling and other rebates and refunds	20,011	20,011	21,311	1,300
Total recovered costs	<u>\$ 84,469</u>	<u>\$ 84,469</u>	<u>\$ 83,926</u>	<u>\$ (543)</u>
Total revenue from local sources	<u>\$ 23,728,713</u>	<u>\$ 23,725,495</u>	<u>\$ 23,905,014</u>	<u>\$ 179,519</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 23,382	\$ 23,382	\$ 22,640	\$ (742)
Mobile home titling tax	-	-	1,207	1,207
Taxes on deeds	66,695	66,695	73,671	6,976
Quarterly rental tax	2,186	2,186	2,404	218
Communications tax	430,180	430,180	405,302	(24,878)
Personal property tax relief funds	2,483,842	2,483,842	2,483,842	-
Total noncategorical aid	<u>\$ 3,006,285</u>	<u>\$ 3,006,285</u>	<u>\$ 2,989,066</u>	<u>\$ (17,219)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 192,722	\$ 189,929	\$ 189,964	\$ 35
Sheriff	768,916	768,916	752,055	(16,861)
Commissioner of revenue	77,727	77,727	76,730	(997)
Treasurer	95,550	95,550	93,184	(2,366)
Registrar/electoral board	39,797	37,029	37,029	-
Clerk of the Circuit Court	157,247	157,247	164,497	7,250
Total shared expenses	<u>\$ 1,331,959</u>	<u>\$ 1,326,398</u>	<u>\$ 1,313,459</u>	<u>\$ (12,939)</u>
Other categorical aid:				
Fire programs fund	\$ 45,475	\$ 45,475	\$ 45,236	\$ (239)
Litter control grant	5,310	5,310	4,055	(1,255)
Virginia Commission for the Arts	5,000	5,000	5,000	-
Other categorical aid	4,125	19,125	16,776	(2,349)
Total other categorical aid	<u>\$ 59,910</u>	<u>\$ 74,910</u>	<u>\$ 71,067</u>	<u>\$ (3,843)</u>
Total categorical aid	<u>\$ 1,391,869</u>	<u>\$ 1,401,308</u>	<u>\$ 1,384,526</u>	<u>\$ (16,782)</u>
Total revenue from the Commonwealth	<u>\$ 4,398,154</u>	<u>\$ 4,407,593</u>	<u>\$ 4,373,592</u>	<u>\$ (34,001)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 5,700</u>	<u>\$ 5,700</u>	<u>\$ 6,135</u>	<u>\$ 435</u>
Categorical aid:				
Crime victim assistance	\$ 70,775	\$ 71,457	\$ 53,042	\$ (18,415)
SCAAP grant	921	921	605	(316)
DMV 402 grant	20,870	20,870	13,228	(7,642)
SAFER grant	-	7,500	7,721	221
DHR grant	-	-	9,500	9,500
Local law enforcement block grant	1,510	14,222	10,561	(3,661)
Violence against women formula grants	28,053	28,053	27,629	(424)
Total categorical aid	<u>\$ 122,129</u>	<u>\$ 143,023</u>	<u>\$ 122,286</u>	<u>\$ (20,737)</u>
Total revenue from the federal government	<u>\$ 127,829</u>	<u>\$ 148,723</u>	<u>\$ 128,421</u>	<u>\$ (20,302)</u>
Total General Fund	<u><u>\$ 28,254,696</u></u>	<u><u>\$ 28,281,811</u></u>	<u><u>\$ 28,407,027</u></u>	<u><u>\$ 125,216</u></u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Recovered costs:				
Payments from other jurisdictions	\$ -	\$ -	\$ 44,128	\$ 44,128
Expenditure refunds	-	-	5,876	5,876
Total recovered costs	\$ -	\$ -	\$ 50,004	\$ 50,004
Total revenue from local sources	\$ -	\$ -	\$ 50,004	\$ 50,004
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 286,498	\$ 286,498	\$ 277,301	\$ (9,197)
Total categorical aid	\$ 286,498	\$ 286,498	\$ 277,301	\$ (9,197)
Total revenue from the Commonwealth	\$ 286,498	\$ 286,498	\$ 277,301	\$ (9,197)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 736,709	\$ 736,709	\$ 712,855	\$ (23,854)
Total categorical aid	\$ 736,709	\$ 736,709	\$ 712,855	\$ (23,854)
Total revenue from the federal government	\$ 736,709	\$ 736,709	\$ 712,855	\$ (23,854)
Total Virginia Public Assistance Fund	\$ 1,023,207	\$ 1,023,207	\$ 1,040,160	\$ 16,953
Comprehensive services act fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive services	\$ 550,456	\$ 550,456	\$ 285,079	\$ (265,377)
Total categorical aid	\$ 550,456	\$ 550,456	\$ 285,079	\$ (265,377)
Total revenue from the Commonwealth	\$ 550,456	\$ 550,456	\$ 285,079	\$ (265,377)
Revenue from the federal government:				
Categorical aid:				
Other categorical aid	\$ -	\$ -	\$ 14,036	\$ 14,036
Total categorical aid	\$ -	\$ -	\$ 14,036	\$ 14,036
Total revenue from the federal government	\$ -	\$ -	\$ 14,036	\$ 14,036
Total comprehensive services fund	\$ 550,456	\$ 550,456	\$ 299,115	\$ (251,341)
Drug Enforcement Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 478	\$ 478
Revenue from the use of property	-	-	-	-
Total revenue from use of money and property	\$ -	\$ -	\$ 478	\$ 478

Schedule of Revenues - Budget and Actual
Governmental Funds

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Drug Enforcement Fund: (Continued)				
Miscellaneous:				
Gifts and donations	\$ -	\$ -	\$ 46,754	\$ 46,754
Total miscellaneous	\$ -	\$ -	\$ 46,754	\$ 46,754
Total revenue from local sources	\$ -	\$ -	\$ 47,232	\$ 47,232
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 6,652	\$ 6,652
Total revenue from the Commonwealth	\$ -	\$ -	\$ 6,652	\$ 6,652
Total drug enforcement fund	\$ -	\$ -	\$ 53,884	\$ 53,884
Animal Care Fund:				
Revenue from local sources:				
Revenue from use of money:				
Revenue from the use of money	\$ -	\$ -	\$ 3	\$ 3
Total revenue from use of money	\$ -	\$ -	\$ 3	\$ 3
Miscellaneous:				
Gifts and donations	\$ -	\$ -	\$ 225	\$ 225
Total miscellaneous	\$ -	\$ -	\$ 225	\$ 225
Total Animal Care Fund	\$ -	\$ -	\$ 228	\$ 228
Shenandoah Farms Sanitary District:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
Conservation Easement Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ -	\$ -	\$ 70,077	\$ 70,077
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 459	\$ 459
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 45,277	\$ 45,277
Total revenue from local sources	\$ -	\$ -	\$ 115,813	\$ 115,813
Intergovernmental:				
Revenue from the Commonwealth:				
Other categorical aid:				
Conservation easement grants	\$ 20,000	\$ 334,479	\$ 305,963	\$ (28,516)
Revenue from the federal government:				
Categorical aid:				
Conservation easement grants	\$ -	\$ 239,425	\$ 233,625	\$ (5,800)
Total Conservation Easement Fund	\$ 20,000	\$ 573,904	\$ 655,401	\$ 81,497

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Funds:				
School Debt Service Fund				
Revenue from local sources:				
Miscellaneous:				
Expenditure refunds	\$ 58,075	\$ 58,075	\$ 58,075	\$ -
Total revenue from local sources	<u>\$ 58,075</u>	<u>\$ 58,075</u>	<u>\$ 58,075</u>	<u>\$ -</u>
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
BAB interest subsidy	\$ 120,833	\$ 120,833	\$ 123,526	\$ 2,693
Total School Debt Service Fund	<u>\$ 178,908</u>	<u>\$ 178,908</u>	<u>\$ 181,601</u>	<u>\$ 2,693</u>
Capital Projects Fund:				
General Government Capital Projects Fund:				
Revenue from local sources:				
Miscellaneous:				
Gifts and donations	\$ -	\$ 37,719	\$ 38,218	\$ 499
Total revenue from local sources	<u>\$ -</u>	<u>\$ 37,719</u>	<u>\$ 38,218</u>	<u>\$ 499</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	\$ -	\$ 200,000	\$ 200,000	\$ -
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>
Revenue from the federal government:				
Categorical aid:				
Other categorical aid	\$ -	\$ 354,044	\$ 224,938	\$ (129,106)
Total categorical aid	<u>\$ -</u>	<u>\$ 354,044</u>	<u>\$ 224,938</u>	<u>\$ (129,106)</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 354,044</u>	<u>\$ 224,938</u>	<u>\$ (129,106)</u>
Total General Government Capital Projects Fund	<u><u>\$ -</u></u>	<u><u>\$ 591,763</u></u>	<u><u>\$ 463,156</u></u>	<u><u>\$ (128,607)</u></u>
Parks Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 225	\$ 225
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225</u>	<u>\$ 225</u>
Miscellaneous:				
Gifts and donations	\$ -	\$ -	\$ 577	\$ 577
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 577</u>	<u>\$ 577</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 802</u>	<u>\$ 802</u>
Total Parks Construction Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 802</u></u>	<u><u>\$ 802</u></u>
Total Primary Government	<u><u>\$ 30,047,267</u></u>	<u><u>\$ 31,220,049</u></u>	<u><u>\$ 31,101,374</u></u>	<u><u>\$ (118,675)</u></u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 67,192	\$ 67,192	\$ 60,915	\$ (6,277)
Charges for services:				
Tuition	\$ 211,460	\$ 211,460	\$ 211,136	\$ (324)
Town of Berryville Crossing	2,500	2,500	2,500	-
Facility use fees	3,260	3,260	3,162	(98)
Total charges for services	\$ 217,220	\$ 217,220	\$ 216,798	\$ (422)
Miscellaneous:				
Other miscellaneous	\$ 101,572	\$ 101,572	\$ 64,320	\$ (37,252)
Private gifts and donations	25,657	25,657	12,590	(13,067)
Total miscellaneous	\$ 127,229	\$ 127,229	\$ 76,910	\$ (50,319)
Recovered costs:				
Rebates and refunds	\$ 43,987	\$ 43,987	\$ 11,705	\$ (32,282)
Insurance recoveries	29,917	29,917	1,590	(28,327)
Sale of equipment	3,383	3,383	14,223	10,840
Total recovered costs	\$ 77,287	\$ 77,287	\$ 27,518	\$ (49,769)
Total revenue from local sources	\$ 488,928	\$ 488,928	\$ 382,141	\$ (106,787)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Clarke, Virginia	\$ 12,314,437	\$ 12,314,437	\$ 11,632,184	\$ (682,253)
Total revenues from local governments	\$ 12,314,437	\$ 12,314,437	\$ 11,632,184	\$ (682,253)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,399,712	\$ 2,399,712	\$ 2,329,609	\$ (70,103)
At risk payments	44,928	44,928	22,869	(22,059)
Basic school aid	4,155,651	4,155,651	4,290,870	135,219
Foster home children	12,860	12,860	25,721	12,861
Gifted and talented children	44,079	44,079	44,746	667
Homebound education	4,518	4,518	3,776	(742)
Preschool At-Risk	36,000	36,000	36,750	750
Special education - soq	579,193	579,193	587,964	8,771
Special education - foster children	13,936	13,936	25,139	11,203
Vocational education - soq	68,763	68,763	69,804	1,041
Vocational equipment	4,092	4,092	7,059	2,967
Vocational - occupational	8,172	8,172	2,593	(5,579)
Textbook payments	96,779	96,779	98,245	1,466
Remedial education	61,710	61,710	62,645	935
Share of fringe benefits	789,888	789,888	802,746	12,858
Remedial summer school	28,804	28,804	17,374	(11,430)
Industry certification program	1,560	1,560	1,804	244
Mentor teacher program	2,033	2,033	3,159	1,126

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
SOL algebra readiness	\$ 7,881	\$ 7,881	\$ 7,798	\$ (83)
Early intervention	24,423	24,423	19,844	(4,579)
Salary supplement/bonus	7,500	7,500	2,500	(5,000)
Compensation supplement	60,152	60,152	47,037	(13,115)
Additional teachers assistance	10,000	10,000	-	(10,000)
Project graduation	27,243	27,243	6,441	(20,802)
ISAEF	7,859	7,859	8,418	559
English as a second language	19,009	19,009	18,412	(597)
Lord Fairfax dual enrollment	150,000	150,000	154,422	4,422
Other categorical aid	1,686	1,686	1,969	283
Total categorical aid	<u>\$ 8,668,431</u>	<u>\$ 8,668,431</u>	<u>\$ 8,699,714</u>	<u>\$ 31,283</u>
Total revenue from the Commonwealth	<u>\$ 8,668,431</u>	<u>\$ 8,668,431</u>	<u>\$ 8,699,714</u>	<u>\$ 31,283</u>
Revenue from the federal government:				
Categorical aid:				
Title I part A: Grants to local educational agencies	\$ 176,849	\$ 176,849	\$ 160,019	\$ (16,830)
Title II part A: Improving teacher quality	54,718	54,718	53,984	(734)
Title III, Part A: English language acquisition grants	2,668	2,668	6,565	3,897
Medicaid	6,041	6,041	11,562	5,521
Advanced placement	-	-	762	762
Disaster aid	-	-	4,682	4,682
Vocational education basic grants to states	21,876	21,876	21,274	(602)
Title VI-B: Special education grants to states	390,892	390,892	501,839	110,947
Special education preschool handicapped grant	12,588	12,588	12,562	(26)
Total categorical aid	<u>\$ 665,632</u>	<u>\$ 665,632</u>	<u>\$ 773,249</u>	<u>\$ 107,617</u>
Total revenue from the federal government	<u>\$ 665,632</u>	<u>\$ 665,632</u>	<u>\$ 773,249</u>	<u>\$ 107,617</u>
Total School Operating Fund	<u>\$ 22,137,428</u>	<u>\$ 22,137,428</u>	<u>\$ 21,487,288</u>	<u>\$ (650,140)</u>
Special Revenue Fund:				
School Food Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 80	\$ 80	\$ 143	\$ 63
Total revenue from use of money and property	<u>\$ 80</u>	<u>\$ 80</u>	<u>\$ 143</u>	<u>\$ 63</u>
Charges for services:				
Cafeteria sales	\$ 519,340	\$ 519,340	\$ 437,997	\$ (81,343)
Total charges for services	<u>\$ 519,340</u>	<u>\$ 519,340</u>	<u>\$ 437,997</u>	<u>\$ (81,343)</u>
Recovered costs:				
Expenditure refunds and rebates	\$ 25,000	\$ 25,000	\$ 25,021	\$ 21
Total recovered costs	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 25,021</u>	<u>\$ 21</u>
Total revenue from local sources	<u>\$ 544,420</u>	<u>\$ 544,420</u>	<u>\$ 463,161</u>	<u>\$ (81,259)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Fund: (Continued)				
School Food Service Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 6,980	\$ 6,980	\$ 9,801	\$ 2,821
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 257,000	\$ 257,000	\$ 296,987	\$ 39,987
Total categorical aid	\$ 257,000	\$ 257,000	\$ 296,987	\$ 39,987
Total revenue from the federal government	\$ 257,000	\$ 257,000	\$ 296,987	\$ 39,987
Total School Food Service Fund	\$ 808,400	\$ 808,400	\$ 769,949	\$ (38,451)
Capital Projects Funds:				
School Capital Projects Fund:				
Revenue from local sources:				
Miscellaneous:				
Donations	\$ -	\$ 25,589	\$ 25,589	\$ -
Other miscellaneous	-	-	829	829
Total miscellaneous	\$ -	\$ 25,589	\$ 26,418	\$ 829
Total revenue from local sources	\$ -	\$ 25,589	\$ 26,418	\$ 829
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Clarke, Virginia	\$ 4,258,000	\$ 7,119,347	\$ 4,058,920	\$ (3,060,427)
Revenue from the Commonwealth:				
Categorical aid:				
Technology grant	\$ 154,000	\$ 428,127	\$ 201,787	\$ (226,340)
Total revenue from the Commonwealth	\$ 154,000	\$ 428,127	\$ 201,787	\$ (226,340)
Total School Capital Projects Fund	\$ 4,412,000	\$ 7,573,063	\$ 4,287,125	\$ (3,285,938)
Total Discretely Presented Component Unit - School Board	\$ 27,357,828	\$ 30,518,891	\$ 26,544,362	\$ (3,974,529)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 60,176	\$ 60,176	\$ 56,051	\$ 4,125
General and financial administration:				
County administrator	\$ 306,335	\$ 308,925	\$ 308,924	\$ 1
Independent auditor	36,000	36,000	33,565	2,435
Legal services	35,000	45,995	44,860	1,135
Commissioner of revenue	205,850	206,450	203,428	3,022
Assessor	3,500	3,500	3,500	-
Equalization board	-	3,800	3,800	-
Data processing	302,440	310,178	303,755	6,423
Finance and purchasing	549,019	549,019	553,653	(4,634)
Treasurer	275,354	275,354	277,071	(1,717)
Total general and financial administration	\$ 1,713,498	\$ 1,739,221	\$ 1,732,556	\$ 6,665
Board of elections:				
Registrar	\$ 73,970	\$ 77,425	\$ 77,424	\$ 1
Electoral board and officials	40,980	40,980	37,571	3,409
Total board of elections	\$ 114,950	\$ 118,405	\$ 114,995	\$ 3,410
Total general government administration	\$ 1,888,624	\$ 1,917,802	\$ 1,903,602	\$ 14,200
Judicial administration:				
Courts:				
Circuit court	\$ 12,180	\$ 18,232	\$ 18,231	\$ 1
General district court	4,420	4,549	4,549	-
Magistrate	200	200	17	183
Juvenile and domestic relations court	3,500	3,500	2,041	1,459
Clerk of the circuit court	252,874	252,874	245,478	7,396
Victim Witness Program	70,775	72,080	64,420	7,660
Regional court services	4,494	4,494	4,494	-
Blue Ridge legal services	1,500	1,500	1,500	-
Total courts	\$ 349,943	\$ 357,429	\$ 340,730	\$ 16,699
Commonwealth's attorney:				
Commonwealth's attorney	\$ 357,499	\$ 358,931	\$ 357,564	\$ 1,367
Total commonwealth's attorney	\$ 357,499	\$ 358,931	\$ 357,564	\$ 1,367
Total judicial administration	\$ 707,442	\$ 716,360	\$ 698,294	\$ 18,066

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,271,033	\$ 2,291,480	\$ 2,266,384	\$ 25,096
Criminal justice training	19,593	21,158	21,157	1
Drug task force	12,500	12,500	10,608	1,892
Total law enforcement and traffic control	<u>\$ 2,303,126</u>	<u>\$ 2,325,138</u>	<u>\$ 2,298,149</u>	<u>\$ 26,989</u>
Fire and rescue services:				
Emergency medical services	\$ 767,392	\$ 804,472	\$ 783,586	\$ 20,886
Fire and rescue departments	320,785	320,785	296,241	24,544
Lord Fairfax Emergency Medical Services	5,422	5,422	5,422	-
Forestry services	2,712	2,712	2,712	-
Total fire and rescue services	<u>\$ 1,096,311</u>	<u>\$ 1,133,391</u>	<u>\$ 1,087,961</u>	<u>\$ 45,430</u>
Correction and detention:				
Regional jail	\$ 512,000	\$ 512,000	\$ 489,071	\$ 22,929
Juvenile detention home	22,595	22,595	22,098	497
Probation office	800	800	47	753
Total correction and detention	<u>\$ 535,395</u>	<u>\$ 535,395</u>	<u>\$ 511,216</u>	<u>\$ 24,179</u>
Inspections:				
Building	\$ 172,409	\$ 183,254	\$ 183,254	\$ -
Total inspections	<u>\$ 172,409</u>	<u>\$ 183,254</u>	<u>\$ 183,254</u>	<u>\$ -</u>
Other protection:				
Animal control	\$ 117,557	\$ 127,172	\$ 114,212	\$ 12,960
Medical examiner	1,000	1,000	160	840
Total other protection	<u>\$ 118,557</u>	<u>\$ 128,172</u>	<u>\$ 114,372</u>	<u>\$ 13,800</u>
Total public safety	<u>\$ 4,225,798</u>	<u>\$ 4,305,350</u>	<u>\$ 4,194,952</u>	<u>\$ 110,398</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 175,500	\$ 175,500	\$ 142,851	\$ 32,649
Sanitation	240,750	240,750	238,398	2,352
Litter control program	5,310	5,310	3,835	1,475
Total sanitation and waste removal	<u>\$ 421,560</u>	<u>\$ 421,560</u>	<u>\$ 385,084</u>	<u>\$ 36,476</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public Works: (continued)				
Maintenance of general buildings and grounds:				
General properties	\$ 873,187	\$ 873,187	\$ 784,033	\$ 89,154
Total maintenance of general buildings and grounds	\$ 873,187	\$ 873,187	\$ 784,033	\$ 89,154
Total public works	\$ 1,294,747	\$ 1,294,747	\$ 1,169,117	\$ 125,630
Health and welfare:				
Health:				
Supplement of local health department	\$ 220,000	\$ 220,000	\$ 220,000	\$ -
Our Health	5,000	5,000	5,000	-
Total health	\$ 225,000	\$ 225,000	\$ 225,000	\$ -
Mental health and mental retardation:				
Northwestern Community Services	\$ 88,000	\$ 88,000	\$ 88,000	\$ -
Concern Hotline	750	750	750	-
Northern Shen. Valley Substance Abuse Coalition	15,000	15,000	15,000	-
NW Works	1,000	1,000	1,000	-
Total mental health and mental retardation	\$ 104,750	\$ 104,750	\$ 104,750	\$ -
Welfare:				
Shenandoah area on aging	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Virginia Regional Transit	19,302	19,302	19,302	-
FISH human services	1,000	1,000	1,000	-
Abused women's shelter	2,000	2,000	2,000	-
Tax relief for the elderly	-	-	263,906	(263,906)
Independent living center	750	750	750	-
Total welfare	\$ 63,052	\$ 63,052	\$ 326,958	\$ (263,906)
Total health and welfare	\$ 392,802	\$ 392,802	\$ 656,708	\$ (263,906)
Education:				
Other instructional costs:				
Contribution to Clarke County Public Schools	\$ 16,572,437	\$ 19,433,784	\$ 15,691,103	\$ 3,742,681
Lord Fairfax Community College	16,441	16,441	16,441	-
Total education	\$ 16,588,878	\$ 19,450,225	\$ 15,707,544	\$ 3,742,681
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 407,878	\$ 407,878	\$ 385,303	\$ 22,575
Recreation center	106,143	106,143	99,491	6,652
Swimming pool	83,756	83,756	61,127	22,629
Concession stand	15,301	15,301	15,157	144
Programs	252,310	252,310	188,735	63,575
Total parks and recreation	\$ 865,388	\$ 865,388	\$ 749,813	\$ 115,575

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation, and culture: (continued)				
Cultural enrichment:				
Barns of Rose Hill	\$ 5,000	\$ 7,000	\$ 7,000	\$ -
Virginia commission for the arts	10,000	10,000	10,000	-
Total cultural enrichment	<u>\$ 15,000</u>	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ -</u>
Library:				
Contribution to Handley library	\$ 206,513	\$ 206,513	\$ 206,513	\$ -
Total library	<u>\$ 206,513</u>	<u>\$ 206,513</u>	<u>\$ 206,513</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 1,086,901</u>	<u>\$ 1,088,901</u>	<u>\$ 973,326</u>	<u>\$ 115,575</u>
Community development:				
Planning and community development:				
Planning administration	\$ 412,612	\$ 415,608	\$ 403,207	\$ 12,401
Help with housing	5,400	5,400	-	5,400
Board of zoning appeals	3,270	3,270	-	3,270
Office of Economic Development	80,000	80,000	49,599	30,401
Berryville Development Authority	2,000	2,000	475	1,525
Small business development center	1,500	1,500	1,500	-
Blandy Experimental Farm	3,000	3,000	3,000	-
Planning commission	9,639	12,398	11,735	663
Board of septic appeals	1,016	1,016	749	267
Historic preservation	11,400	12,550	11,448	1,102
Northern Shenandoah Valley Regional Commission	7,384	7,384	7,383	1
Regional airport	2,500	2,500	2,500	-
Total planning and community development	<u>\$ 539,721</u>	<u>\$ 546,626</u>	<u>\$ 491,596</u>	<u>\$ 55,030</u>
Environmental management:				
Friends of the Shenandoah	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
Water quality monitoring	30,000	30,000	30,000	-
Lord Fairfax Soil and Water Conservation	5,000	5,000	5,000	-
Biosolids Application	10,028	10,034	618	9,416
Total environmental management	<u>\$ 48,028</u>	<u>\$ 48,034</u>	<u>\$ 38,618</u>	<u>\$ 9,416</u>
Cooperative extension program:				
Cooperative extension service	\$ 42,202	\$ 45,087	\$ 45,086	\$ 1
Northern Virginia 4-H Center	2,300	2,300	2,300	-
Total cooperative extension program	<u>\$ 44,502</u>	<u>\$ 47,387</u>	<u>\$ 47,386</u>	<u>\$ 1</u>
Total community development	<u>\$ 632,251</u>	<u>\$ 642,047</u>	<u>\$ 577,600</u>	<u>\$ 64,447</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Nondepartmental:				
Miscellaneous	\$ -	\$ -	\$ 4,230	\$ (4,230)
Unemployment compensation	-	17,000	914	16,086
Legal/professional services contingency	70,000	27,447	-	27,447
Total nondepartmental	<u>\$ 70,000</u>	<u>\$ 44,447</u>	<u>\$ 5,144</u>	<u>\$ 39,303</u>
Total General Fund	<u>\$ 26,887,443</u>	<u>\$ 29,852,681</u>	<u>\$ 25,886,287</u>	<u>\$ 3,966,394</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Public assistance and welfare administration	\$ 1,546,124	\$ 1,546,124	\$ 1,478,944	\$ 67,180
Total health and welfare	<u>\$ 1,546,124</u>	<u>\$ 1,546,124</u>	<u>\$ 1,478,944</u>	<u>\$ 67,180</u>
Total Virginia Public Assistance Fund	<u>\$ 1,546,124</u>	<u>\$ 1,546,124</u>	<u>\$ 1,478,944</u>	<u>\$ 67,180</u>
Comprehensive Services Act Fund:				
Health and welfare:				
Welfare and social services:				
Program expenditures	\$ 1,097,426	\$ 1,097,426	\$ 756,714	\$ 340,712
Total health and welfare	<u>\$ 1,097,426</u>	<u>\$ 1,097,426</u>	<u>\$ 756,714</u>	<u>\$ 340,712</u>
Total CSA Fund	<u>\$ 1,097,426</u>	<u>\$ 1,097,426</u>	<u>\$ 756,714</u>	<u>\$ 340,712</u>
Drug Enforcement Fund:				
Public Safety:				
Public Safety				
Operations	\$ -	\$ -	\$ 65,875	\$ (65,875)
Total public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,875</u>	<u>\$ (65,875)</u>
Total Drug Enforcement Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,875</u>	<u>\$ (65,875)</u>
Shenandoah Farms Sanitary District:				
Public Safety:				
Public Safety				
Operations	\$ 20,000	\$ 20,000	\$ 4,760	\$ 15,240
Total Shenandoah Farms Sanitary District	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 4,760</u>	<u>\$ 15,240</u>
Conservation Easement Fund:				
Community development:				
Development rights				
Development rights	\$ 30,000	\$ 731,029	\$ 695,891	\$ 35,138
Total Conservation Easement Fund	<u>\$ 30,000</u>	<u>\$ 731,029</u>	<u>\$ 695,891</u>	<u>\$ 35,138</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Fund:				
School Debt Service Fund:				
Debt service:				
Principal retirement	\$ 2,566,110	\$ 2,566,110	\$ 2,566,110	\$ -
Interest and other fiscal charges	1,249,702	1,249,702	1,249,001	701
Total School Debt Service Fund	<u>\$ 3,815,812</u>	<u>\$ 3,815,812</u>	<u>\$ 3,815,111</u>	<u>\$ 701</u>
Primary Government Debt Service Fund:				
Debt service:				
Principal retirement	\$ 81,299	\$ 81,299	\$ 81,328	\$ (29)
Interest and other fiscal charges	170,401	170,401	170,372	29
Total Primary Government Debt Service	<u>\$ 251,700</u>	<u>\$ 251,700</u>	<u>\$ 251,700</u>	<u>\$ -</u>
Capital Projects Fund:				
General Government Capital Projects Fund:				
Capital projects expenditures:				
Communications equipment	\$ -	\$ 120,354	\$ 75,525	\$ 44,829
Vehicles	30,000	31,483	26,938	4,545
Baseball field lighting	-	65,918	10,663	55,255
Office renovations	-	20,313	-	20,313
Technology and equipment improvements	40,000	107,600	6,513	101,087
Sheriff vehicles	80,100	81,593	80,078	1,515
Spout run improvements	-	305,607	177,523	128,084
Greenway court preservation	-	59,286	57,033	2,253
Tourism signs	-	20,000	19,911	89
HVAC	11,000	23,984	23,984	-
Roofing	-	136,633	-	136,633
Systems integration	60,000	228,346	86,772	141,574
Sheriff equipment	59,562	60,892	48,207	12,685
Economic development	-	102,434	-	102,434
Parks - Shelter	20,000	110,800	49,150	61,650
Swimming pool	42,500	162,400	84,022	78,378
Painting and flooring	-	20,808	20,807	1
Paving	-	69,795	5,927	63,868
Landscaping	-	15,375	-	15,375
Buildings	-	72,973	6,600	66,373
Fencing - ballfield and pool	-	31,036	-	31,036
Egg plant grant	-	200,000	200,000	-
Citizens convenience center	612,000	641,742	66,082	575,660
Total General Government Capital Projects Fund	<u>\$ 955,162</u>	<u>\$ 2,689,372</u>	<u>\$ 1,045,735</u>	<u>\$ 1,643,637</u>
Total Primary Government	<u>\$ 34,603,667</u>	<u>\$ 40,004,144</u>	<u>\$ 34,001,017</u>	<u>\$ 6,003,127</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2017 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Instruction	\$ 17,089,943	\$ 16,982,604	\$ 16,874,326	\$ 108,278
Administration, attendance and health	1,587,522	1,695,430	1,426,458	268,972
Pupil transportation services	1,050,141	1,057,983	1,007,468	50,515
Operation and maintenance services	2,379,822	2,371,411	2,158,622	212,789
Total School Operating Fund	<u>\$ 22,107,428</u>	<u>\$ 22,107,428</u>	<u>\$ 21,466,874</u>	<u>\$ 640,554</u>
Special Revenue Fund:				
School Food Service Fund:				
Education:				
School food services:				
Administration of school food program	\$ 838,400	\$ 838,400	\$ 816,246	\$ 22,154
Total School Food Service Fund	<u>\$ 838,400</u>	<u>\$ 838,400</u>	<u>\$ 816,246</u>	<u>\$ 22,154</u>
Capital Projects Fund:				
School Capital Projects Fund:				
Capital projects expenditures:				
Band equipment	\$ 20,000	\$ 72,073	\$ 22,131	\$ 49,942
Athletic equipment and uniforms	-	53,570	53,570	-
Furniture replacement	25,000	71,378	51,507	19,871
Radon testing/remediation	-	8,000	8,000	-
Bus purchases	155,000	243,409	243,409	-
School vehicles	-	25,391	18,124	7,267
Fencing	-	20,000	14,280	5,720
School food - service equipment	-	12,847	229	12,618
Cooley Upper landscape	-	2,263	-	2,263
HVAC	175,750	674,376	478,786	195,590
Roof replacements	100,000	625,085	330,165	294,920
Flooring replacements	30,000	71,895	49,835	22,060
Modular classroom removal	-	5,278	-	5,278
Security improvements	-	406,561	243,396	163,165
Surfacing	-	59,767	8,920	50,847
Boyce playground	-	15,000	1,640	13,360
Technology	360,000	885,221	351,317	533,904
Dorsch scholarship fund	-	25,589	6,262	19,327
Berryville Primary renovation	3,500,000	4,004,374	2,237,601	1,766,773
Electrical	-	9,725	8,125	1,600
Signs	-	18,440	569	17,871
Painting	46,250	185,947	106,019	79,928
Cooley Lower renovation	-	76,874	53,240	23,634
Total capital projects	<u>\$ 4,412,000</u>	<u>\$ 7,573,063</u>	<u>\$ 4,287,125</u>	<u>\$ 3,285,938</u>
Total School Capital Projects Fund	<u>\$ 4,412,000</u>	<u>\$ 7,573,063</u>	<u>\$ 4,287,125</u>	<u>\$ 3,285,938</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 27,357,828</u>	<u>\$ 30,518,891</u>	<u>\$ 26,570,245</u>	<u>\$ 3,948,646</u>

Other Statistical Information

COUNTY OF CLARKE, VIRGINIA

Government-Wide Expenses by Function
 Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare
2007-08	\$ 2,060,607	\$ 421,845	\$ 3,447,907	\$ 1,244,607	\$ 2,136,119
2008-09	2,002,482	436,680	3,612,168	1,155,450	2,388,506
2009-10	1,804,666	440,855	3,719,972	852,209	2,672,185
2010-11	1,905,789	406,759	3,205,467	900,060	2,447,164
2011-12	1,943,393	424,222	3,466,939	970,017	2,501,215
2012-13	2,039,336	566,006	3,462,973	1,001,606	2,101,344
2013-14	2,085,415	595,926	3,515,863	883,176	2,258,462
2014-15	2,228,785	598,469	4,414,115	863,529	2,418,330
2015-16	2,236,563	602,451	4,094,648	943,504	2,646,112
2016-17	1,756,158	691,496	4,312,322	942,657	2,859,737

Table 1

	<u>Education</u>	<u>Parks, Recreation, and Cultural</u>	<u>Community Development</u>	<u>Interest on Long- Term Debt</u>	<u>Sanitary Authority</u>	<u>IDA</u>	<u>Total</u>
\$	22,132,397	\$ 961,293	\$ 1,096,427	\$ 1,761,950	\$ 633,795	\$ 18,030	\$ 35,914,977
	21,529,346	995,410	924,413	1,413,426	613,951	6,236	35,078,068
	21,883,310	980,707	2,475,922	1,679,649	639,747	10,032	37,159,254
	20,984,893	969,405	991,056	1,832,949	832,459	10,501	34,486,502
	21,767,329	1,001,174	708,196	2,061,986	867,469	9,081	35,721,021
	22,974,665	1,018,007	1,098,325	1,777,739	946,254	419,373	37,405,628
	23,785,661	999,980	1,656,333	1,671,404	895,992	8,714	38,356,926
	23,617,577	1,048,103	980,692	1,559,976	958,018	10,235	38,697,829
	23,362,861	1,046,407	866,154	1,453,276	928,141	10,090	38,190,208
	24,942,640	1,740,882	1,786,425	1,333,403	864,755	9,484	41,239,958

COUNTY OF CLARKE, VIRGINIA

Government-Wide Revenues
Last Ten Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2007-08	\$ 2,326,605	\$ 11,941,509	\$ 1,162,277
2008-09	2,045,018	12,366,784	574,420
2009-10	2,217,128	11,769,147	3,374,914
2010-11	2,616,152	11,706,825	406,085
2011-12	2,422,452	11,747,408	439,405
2012-13	2,346,633	12,006,615	810,499
2013-14	2,312,708	12,076,289	1,297,384
2014-15	2,461,210	12,840,732	1,006,920
2015-16	2,852,037	12,760,998	405,142
2016-17	2,974,503	12,776,552	1,111,713

- (1) Includes discretely presented component units.
- (2) In fiscal year 2010, communications tax reporting was moved from Other Local Taxes to Grants and Contributions Not Restricted to Specific Programs

Table 2

GENERAL REVENUES						
General Property Taxes	Other Local Taxes (2)	Unrestricted revenues from money or property	Miscella- neous	Grants and Contributions Not Restricted to Specific Programs	Gain (Loss) on Disposal of Asset	Total
\$ 16,045,705	\$ 2,350,951	\$ 1,757,156	\$ 448,435	\$ 2,957,252	-	38,989,890
16,834,336	2,222,936	744,769	440,076	2,976,959	-	38,205,298
17,174,992	1,682,254	403,628	295,794	3,106,207	(42,433)	39,981,631
17,655,465	1,653,965	312,727	272,123	2,995,371	-	37,618,713
17,478,712	1,814,930	181,632	783,751	3,043,021	-	37,911,311
18,046,810	1,855,520	168,355	324,211	2,982,591	3,336	38,544,570
18,649,133	1,849,613	140,606	452,072	3,004,576	-	39,782,381
19,310,001	1,777,225	134,424	318,395	3,034,774	-	40,883,681
19,814,919	1,921,422	159,519	530,887	3,018,096	-	41,463,020
19,862,341	1,969,108	187,956	493,989	3,002,922	-	42,379,084

COUNTY OF CLARKE, VIRGINIA

General Governmental Expenditures by Function (1)
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Government Administration</u>	<u>Judicial Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>	<u>Education (2)</u>
2007-08	\$ 1,277,128	\$ 418,960	\$ 3,288,061	\$ 1,125,273	\$ 2,155,592	\$ 20,273,221
2008-09	1,250,373	433,671	3,363,061	989,119	2,372,269	20,593,066
2009-10	1,269,798	435,732	3,287,873	796,207	2,616,419	19,745,229
2010-11	1,758,864	406,846	3,300,190	866,886	2,558,292	19,753,538
2011-12	1,705,944	422,609	3,291,332	971,266	2,480,546	19,362,230
2012-13	1,723,450	566,436	3,512,071	949,685	2,115,119	21,498,917
2013-14	1,742,173	595,936	3,536,630	898,325	2,251,459	20,891,004
2014-15	1,772,923	618,450	4,115,259	1,003,202	2,438,840	21,320,100
2015-16	1,822,898	629,270	4,073,933	1,087,367	2,662,444	21,651,173
2016-17	1,903,602	698,294	4,265,587	1,169,117	2,892,366	22,299,561

(1) Includes General, Special Revenue, Debt Service and Capital Project funds of the Primary Government and its Discretely Presented Component Unit - School Board.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

Table 3

	<u>Parks, Recreation, and Cultural</u>	<u>Community Development</u>	<u>Non- departmental</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
\$	886,456	\$ 1,068,892	\$ 486,779	\$ 4,011,771	\$ 5,360,875	\$ 40,353,008
	902,369	891,594	528,021	3,766,858	6,505,229	41,595,630
	887,006	2,517,665	506,161	3,850,058	3,141,660	39,053,808
	900,137	814,400	3,531	4,087,218	16,577,174	51,027,076
	920,144	721,318	1,242	4,497,146	14,668,743	49,042,520
	948,452	1,081,175	11,430	4,420,922	3,381,480	40,209,137
	929,900	1,648,207	(336)	4,286,713	7,654,661	44,434,672
	952,685	984,087	18,980	4,379,113	3,055,653	40,659,292
	962,519	849,873	12,956	4,192,646	1,950,746	39,895,825
	973,326	1,273,491	5,144	4,066,811	5,332,860	44,880,159

COUNTY OF CLARKE, VIRGINIA

General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes (3)	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services
2007-08	\$ 16,150,133	\$ 2,350,951	\$ 432,043	\$ 238,256	\$ 1,749,052	\$ 1,316,037
2008-09	16,206,520	2,222,936	295,830	265,963	747,635	1,112,975
2009-10	17,169,972	1,682,254	231,078	224,547	367,505	1,203,527
2010-11	17,351,499	1,653,965	326,865	381,509	293,560	1,467,079
2011-12	17,569,637	1,814,930	236,880	362,725	165,093	1,338,568
2012-13	17,940,641	1,855,520	238,733	347,687	161,139	1,277,309
2013-14	18,466,352	1,849,613	286,818	237,835	135,704	1,280,108
2014-15	19,407,675	1,777,225	266,539	303,637	130,204	1,359,581
2015-16	19,734,792	1,921,422	280,881	304,861	157,216	1,677,127
2016-17	19,981,515	1,969,108	393,891	352,279	186,147	1,656,398

(1) Includes General, Special Revenue, Debt Service and Capital Project funds of the Primary Government and its Discretely Presented Component Unit - School Board.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

(3) In fiscal year 2010, communications tax reporting was moved from Other Local Taxes to Intergovernmental Revenue.

Table 4

<u>Miscellaneous</u>	<u>Recovered Costs</u>	<u>Inter- governmental (2)</u>	<u>Subtotal</u>	<u>Proceeds From Debt</u>	<u>Total</u>
\$ 315,074	\$ 114,879	\$ 15,274,338	\$ 37,940,763	\$ 2,805,396	\$ 40,746,159
153,293	486,361	15,087,521	36,579,034	1,371,046	37,950,080
175,218	252,483	16,313,208	37,619,792	9,900,172	47,519,964
141,845	315,412	14,907,445	36,839,179	567,178	37,406,357
648,323	263,772	15,004,334	37,404,262	307,792	37,712,054
194,021	351,897	15,978,905	38,165,852	-	38,165,852
334,942	258,406	16,348,249	39,198,027	-	39,198,027
182,402	159,612	16,822,126	40,409,001	-	40,409,001
382,181	307,618	15,854,309	40,620,407	-	40,620,407
361,299	186,469	16,867,526	41,954,632	-	41,954,632

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1), (2)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2007-08	\$ 18,057,673	\$ 17,846,889	98.83%	\$ 388,062	\$ 18,234,951	100.98%	\$ 1,206,020	6.68%
2008-09	18,811,655	18,342,029	97.50%	184,729	18,526,758	98.49%	1,806,318	9.60%
2009-10	19,462,691	19,093,650	98.10%	277,314	19,370,964	99.53%	1,834,072	9.42%
2010-11	19,716,647	19,437,175	98.58%	144,661	19,581,836	99.32%	1,939,623	9.84%
2011-12	19,776,620	19,650,841	99.36%	140,961	19,791,802	100.08%	2,008,440	10.16%
2012-13	19,976,661	20,033,782	100.29%	94,917	20,128,699	100.76%	1,991,275	9.97%
2013-14	20,499,518	20,661,349	100.79%	45,265	20,706,614	101.01%	2,261,984	11.03%
2014-15	20,980,117	21,454,716	102.26%	74,554	21,529,270	102.62%	2,096,823	9.99%
2015-16	21,383,904	21,672,649	101.35%	19,419	21,692,068	101.44%	2,095,157	9.80%
2016-17	21,641,717	21,511,699	99.40%	321,933	21,833,632	100.89%	2,095,157	9.68%

(1) Exclusive of penalties and interest.

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

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Public Utility (2)		Total
				Real Estate	Personal Property	
2007-08	\$ 2,441,782,816	\$ 147,619,698	\$ 23,665,552	\$ 46,902,741	\$ -	\$ 2,659,970,807
2008-09	2,486,836,400	116,384,130	21,681,568	51,387,105	-	2,676,289,203
2009-10	2,226,939,452	121,592,042	19,086,630	54,229,648	-	2,421,847,772
2010-11	2,189,128,079	125,806,164	17,424,033	56,051,400	-	2,388,409,676
2011-12	2,190,224,504	128,161,170	16,579,941	62,777,134	-	2,397,742,749
2012-13	2,195,199,863	133,156,000	15,478,677	63,758,974	-	2,407,593,514
2013-14	2,202,442,172	137,517,528	14,729,940	64,243,208	-	2,418,932,848
2014-15	2,209,918,924	140,683,592	14,079,731	64,514,825	-	2,429,197,072
2015-16	2,125,953,962	146,341,321	15,926,677	67,026,398	-	2,355,248,358
2016-17	2,040,151,212	151,716,784	15,961,187	67,718,041	-	2,275,547,224

(1) Real estate is assessed at 100% of fair market value.

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

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	(2) Real Estate	Mobile Homes	Personal Property	Rescue Vehicles	Machinery and Tools	Public Utility	
						Real Estate (2)	Personal Property
2007-08	\$.48/.50	\$.48/.50	\$ 4.00	\$ 2.00	\$ 1.25	\$.48/.50	\$ 4.00
2008-09	.50/.53	.50/.53	4.00/4.81	2/2.41	1.25	.50/.53	4.00
2009-10	.53/.62	.53/.62	4.81/4.83	2.41/2.41	1.25	0.53	4.00
2010-11	.62/.62	.62/.62	4.83/4.69	2.41/2.35	1.25	0.62	4.00
2011-12	.62/.63	.62/.63	4.69/4.496	2.35/2.248	1.25	0.62	n/a
2012-13	.63/.63	.63/.63	4.496/4.496	2.248/2.248	1.25	0.63	n/a
2013-14	.63/.655	.63/.655	4.496/4.496	2.248/2.248	1.25	0.63	n/a
2014-15	.655/.655	.655/.655	4.496/4.496	2.248/2.248	1.25	0.655	n/a
2015-16	.655/.72	.655/.72	4.496/4.496	2.248/2.248	1.25	0.655	n/a
2016-17	.72/.71	.72/.71	4.496/4.496	2.248/2.248	1.25	0.72	n/a

(1) Per \$100 of assessed value.

(2) The County collects property taxes based on installments. Calendar year 2010 was a reassessment year for real property. The tax neutral rate for calendar year 2010 was computed to be \$.60/100. Calendar year 2016 was a reassessment year. The tax neutral rate for calendar year 2016 was computed to be \$.7165/100.

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross & Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2007-08	14,565	\$ 2,659,971	\$ 37,154,725	1.40%	\$ 2,551
2008-09	14,565	2,676,289	36,767,291	1.37%	2,524
2009-10	14,565	2,421,848	44,596,490	1.84%	3,062
2010-11	14,458	2,388,410	43,187,940	1.81%	2,987
2011-12	14,458	2,397,743	36,753,000	1.53%	2,542
2012-13	14,458	2,407,594	34,490,500	1.43%	2,386
2013-14	14,348	2,418,933	32,208,000	1.33%	2,245
2014-15	14,423	2,429,197	29,814,000	1.23%	2,067
2015-16	14,423	2,355,248	27,400,000	1.16%	1,900
2016-17	14,374	2,275,547	24,995,000	1.10%	1,739

(1) <http://quickfacts.census.gov/>

(2) Real property assessed at 100% of fair market value.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, compensated absences, and VRS obligations.

General Government Capital Projects Carryover Budget Allocations

	FY 16 Carryover	FY 17 Original Budget	FY 17 Project Transfers	FY 17 Supplemental Budget	Final Budget
Expenditures:					
Sheriff's Equipment (fingerprinting, etc.)	\$ 1,330	\$ -	\$ -	\$ -	\$ 1,330
HVAC	10,300	11,000	2,684	-	23,984
Park-Kohn Prpty Master Plan	-	20,000	-	-	20,000
Swimming Pool	119,900	42,500	-	-	162,400
Auto Replacement	1,483	30,000	-	-	31,483
Tourism signs	20,000	-	-	-	20,000
Sheriff's Vehicles	1,493	80,100	-	-	81,593
Sheriff's Mobile Radios/Repeaters	120,354	-	-	-	120,354
Fencing - Park	31,036	-	-	-	31,036
Telecommunications and broadband study	-	30,000	-	-	30,000
Technology improvements	75,100	40,000	(7,500)	-	107,600
Old Park Office Modifications	20,313	-	-	-	20,313
Park lighting	-	-	20,969	44,949	65,918
Park sitework and parking	20,969	-	(20,969)	-	-
New park shelter	90,800	-	-	-	90,800
Painting and flooring	20,787	-	21	-	20,808
E-Ticket software	-	29,562	-	-	29,562
Business Park Proceeds for Investment	102,434	-	-	-	102,434
Citizens' Convenience Center	29,742	612,000	-	-	641,742
Egg plant facility	-	-	-	200,000	200,000
Roofing	136,633	-	-	-	136,633
Landscaping	15,375	-	-	-	15,375
Asphalt, Sidewalk, Path	72,500	-	(2,705)	-	69,795
General District Court Repairs	72,973	-	-	-	72,973
Systems Integration	168,346	60,000	-	-	228,346
Spout run improvement EPA	270,393	-	-	-	270,393
Spout run improvement NFWF	35,214	-	-	-	35,214
Greenway court preservation	53,227	-	-	6,059	59,286
Total expenditures	\$ 1,490,702	\$ 955,162	\$ (7,500)	\$ 251,008	\$ 2,689,372

School Board Capital Projects Carryover Budget Allocations

	FY 16 Carryover	FY 17 Original Budget	FY 17 Project Transfers	FY 17 Supplemental Budget	Final Budget
Expenditures:					
School Furniture Replacement	\$ 46,378	\$ 25,000	\$ -	\$ -	\$ 71,378
Uniform Replacements and Band Instruments	7,073	20,000	-	45,000	72,073
Classroom Instruction (Dorsch Scholarship)	25,589	-	-	-	25,589
Athletic Equipment and Uniforms	6,366	-	7,204	40,000	53,570
Buses	11,800	155,000	1,609	75,000	243,409
Other vehicle and equipment	5,391	-	-	20,000	25,391
Fields and Playgrounds	15,000	-	-	-	15,000
Modular Classroom Removal	5,278	-	-	-	5,278
Technology - instructional support	118,533	146,000	(33,875)	50,000	280,658
Technology - classroom instruction	295,226	154,000	16,783	-	466,009
Technology - administration	-	-	17,092	-	17,092
Elementary Electrical Upgrades	-	-	9,725	-	9,725
School Food	13,242	-	(9,103)	8,708	12,847
School Food Technology	-	-	9,103	-	9,103
School Painting	39,697	46,250	-	100,000	185,947
HVAC	348,626	175,750	-	150,000	674,376
Signage	8,440	-	(20,000)	30,000	18,440
School Roof Replacements	397,502	100,000	(12,417)	140,000	625,085
Fencing Replacements	-	-	20,000	-	20,000
Flooring	18,291	30,000	3,604	20,000	71,895
Security Improvements	206,561	-	-	200,000	406,561
Track and Asphalt	59,767	-	-	-	59,767
Cooley Upper Landscaping	2,263	-	-	-	2,263
Radon Testing and Remediation	17,725	-	(9,725)	-	8,000
ERP System	52,359	60,000	-	-	112,359
DG Cooley Lower Renovation	76,874	-	-	-	76,874
Berryville Primary Renovation	504,374	3,500,000	-	-	4,004,374
	<u>2,282,355</u>	<u>4,412,000</u>	<u>-</u>	<u>878,708</u>	<u>7,573,063</u>
Total expenditures	\$ 2,282,355	\$ 4,412,000	\$ -	\$ 878,708	\$ 7,573,063

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Compliance

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To The Honorable Members of the Board of Supervisors
County of Clarke
Berryville, 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 the County of Clarke, Virginia as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County of Clarke, Virginia's basic financial statements, and have issued our report thereon dated November 24, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Clarke, 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 Clarke, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Clarke, 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 the County of Clarke, Virginia's financial statements are free of 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
November 24, 2017

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To The Honorable Members of the Board of Supervisors
County of Clarke
Berryville, Virginia

Report on Compliance for Each Major Federal Program

We have audited County of Clarke, 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 Clarke, Virginia's major federal programs for the year ended June 30, 2017. County of Clarke, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Clarke, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 Clarke 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 Clarke, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Clarke, 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, 2017.

Report on Internal Control over Compliance

Management of County of Clarke, 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 Clarke, 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 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 Clarke, 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
November 24, 2017

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950116	\$ 13,916
Temporary Assistance For Needy Families (TANF)	93.558	0400116/0400117	69,044
Refugee and Entrant Assistance - State Administered Programs	93.566	0500116/0500117	185
Low-income Home Energy Assistance	93.568	0600415/0600416	6,722
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760116/0760117	14,770
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900116/0900117	152
Foster Care - Title IV-E	93.658	1100116/1100117	103,684
Adoption Assistance	93.659	1120116/1120117	30,795
Social Services Block Grant	93.667	1000116/1000117	82,664
Chafee Foster Care Independence Program	93.674	9150116/9150117	673
Children's Health Insurance Program (CHIP)	93.767	0540116/0540117	6,788
Medical Assistance Program	93.778	1200116/1200117	<u>232,125</u>
Total Department of Health and Human Services			<u>\$ 561,518</u>
Department of Agriculture:			
Direct Payments:			
Farm and Ranch Lands Protection Program	10.913	n/a	\$ 107,500
Child Nutrition Cluster:			
Pass Through Payments:			
Department of Agriculture:			
Food Distribution	10.555	406230	\$ 47,648
Department of Education:			
National School Lunch Program (NSLP)	10.555	406230	<u>198,281</u> \$ 245,929
School Breakfast Program (SBP)	10.553	405910	<u>51,058</u>
Total Child Nutrition Cluster			\$ 296,987
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010116/0010117 0040116/0040117	<u>176,936</u>
Total Department of Agriculture			<u>\$ 581,423</u>

Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2017

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of the Interior:			
Direct payments:			
Civil War Battlefield Land Acquisition Grants	15.928	n/a	\$ 126,125
Historic Preservation Fund Grants to Provide Disaster Relief to Historic Properties Damaged by Hurricane Sandy	15.957	n/a	<u>9,500</u>
Total Department of the Interior			<u>\$ 135,625</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Homeland Security: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	n/a	<u>\$ 58,969</u>
Total Department of Homeland Security			<u>\$ 58,969</u>
Department of Justice:			
Direct payments:			
State Criminal Alien Assistance Program	16.606	n/a	\$ 605
Department of Justice: Pass Through Payments:			
Department of Criminal Justice Service: Bulletproof Vest Partnership Program	16.607	unavailable	\$ 848
JAG Program Cluster: Edward Byrne Memorial Justice Assistance Grant Program	16.738	unavailable	10,561
Violence Against Women Formula Grants	16.588	10WFAX0050	27,629
Crime Victim Assistance	16.575	12VAGX0095	<u>53,042</u>
Total Department of Justice			<u>\$ 92,685</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles: Alcohol Open Container Requirements	20.607	154AL-2017-54046-4630	\$ 10,913
State and Community Highway Safety	20.600	SC-2017-54021-5108	<u>2,315</u>
Total Department of Transportation			<u>\$ 13,228</u>
Environmental Protection Agency:			
Direct Payment:			
Department of Health: Nonpoint Source Implementation Grants	66.460	n/a	<u>\$ 177,523</u>
Department of Education:			
Pass Through Payments:			
Department of Education: Title I: Grants to Local Educational Agencies	84.010	S010A150046/S010A160046	\$ 160,019
Special Education Cluster: Special Education - Grants to States (IDEA, Part B)	84.027	H027A150107/H027A160172	501,839
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A150112/H173A160112	12,562
Advanced Placement Program	84.330	S330B160008	762
English Language Acquisition State Grants	84.365	S365A150046/S365A160046	6,565
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	V048A150046	21,274
Supporting Effective Instruction State Grant	84.367	S367A150044/S367A160044	<u>53,984</u>
Total Department of Education			<u>\$ 757,005</u>
Total Expenditures of Federal Awards			<u>\$ 2,377,976</u>

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF CLARKE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Clarke, Virginia under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Clarke, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Clarke, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - Indirect Cost Rate

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

Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 128,421
General Capital Projects Fund	224,938
Special Revenue Funds:	
Virginia Public Assistance Fund	712,855
Comprehensive Services Act Fund	14,036
Conservation Easement Fund	233,625
Debt Service Funds:	
School Debt Service Fund	123,526
Total primary government	<u>\$ 1,437,401</u>

Component Unit School Board:

School Operating Fund	\$ 773,249
School Food Service Fund	296,987
Total component unit school board	<u>\$ 1,070,236</u>

Total federal expenditures per basic financial statements	<u>\$ 2,507,637</u>
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Less amounts not reported on the Schedule of Expenditures of Federal Awards:

Payment in lieu of taxes	\$ 6,135
Build America Bond interest rate subsidy	123,526

Total federal expenditures per basic financial statements	<u>\$ 2,377,976</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 2,377,976</u></u>
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COUNTY OF CLARKE, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
	Special Education Cluster (IDEA):
84.027	Special Education - Grants to States (IDEA, Part B)
84.173	Special Education - Preschool Grants (IDEA Preschool)
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	Surplus Commodities
93.778	Medical Assistance Program

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

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Audit Findings

None