

# COUNTY OF CLARKE, VIRGINIA



## FINANCIAL REPORT

### YEAR ENDED JUNE 30, 2019



**COUNTY OF CLARKE, VIRGINIA**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2019**



# COUNTY OF CLARKE, VIRGINIA

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## Board of Supervisors

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David Weiss, Chairman  
Beverly B. McKay, Vice Chairman

Barbara J. Byrd

Mary L. C. Daniel

Terri T. Catlett

## County School Board

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Monica Singh-Smith, Chairman  
Jonathan Turkel, Vice-Chairman  
Renée F. Weir, Clerk

Charles "Chip" Schutte

Zara Ryan

Katie Kerr-Hobert

## Board of Social Services

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Gerald Dodson, Chairman  
Alan Melusen, Vice-Chairman

Barbara Byrd

James Smith

Lynn Gray

## Other Officials

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Judge of the Circuit Court ..... Clark Andrew Ritchie  
Judge of the Circuit Court ..... Charles Ricketts III  
Judge of the Circuit Court ..... Alexander R. Iden  
Judge of the Circuit Court ..... John E. Wetsel, Jr.  
Judge of the Circuit Court ..... Bruce D. Albertson  
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 ..... Brittany A. Heine



COUNTY OF CLARKE, VIRGINIA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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**Independent Auditors' Report**

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**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 aggregate 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, 2019, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Clarke, Virginia, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Change in Accounting Principle***

As described in Note 20 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* and early implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-10, 86-87, and 88-104 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of 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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

***Other Matters: (Continued)***

***Supplementary and Other Information: (Continued)***

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

The 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 December 20, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Clarke, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Clarke, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer Cox Associates*  
(Charlottesville, Virginia  
December 20, 2019

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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, 2019.

### 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 \$26.8 million (*net position*). Of this amount, \$10.3 million (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position decreased by \$9.2 million, of which the governmental activities accounted for 100% of the decrease.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$207,340. 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 \$10,433,468 and are comprised of the numerous designations. Liquidity and stabilization funds comprise \$4,438,939. Saving for pay-as-you-go capital expenditures comprises \$3,703,266. A total of \$2,021,596 is assigned for other requests. \$269,667 is assigned for compensated absences.
- The County's total long-term obligations decreased by \$2,389,227 (8%) 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 14 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 85 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 pages 86 through 104 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 105 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 \$26.8 million at the close of the most recent fiscal year. A large portion of the County's net position (\$16.5 million, 62% 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:

<b>County of Clarke, Virginia</b>		
<b>Summary of Net Position</b>		
<b>As of June 30, 2019 and 2018</b>		
	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Current and other assets	\$ 24,895,914	\$ 24,960,877
Capital assets	42,534,743	54,003,039
Total assets	<u>\$ 67,430,657</u>	<u>\$ 78,963,916</u>
Deferred outflows of resources	<u>\$ 472,512</u>	<u>\$ 426,443</u>
Long-term liabilities outstanding	\$ 28,507,758	\$ 30,896,985
Other liabilities	892,606	1,029,609
Total liabilities	<u>\$ 29,400,364</u>	<u>\$ 31,926,594</u>
Deferred inflows of resources	<u>\$ 11,709,374</u>	<u>\$ 11,461,225</u>
Net position:		
Net investment in capital assets	\$ 16,504,787	\$ 25,987,214
Restricted	6,510	6,510
Unrestricted	10,282,134	10,008,816
Total net position	<u>\$ 26,793,431</u>	<u>\$ 36,002,540</u>

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* (\$10.3 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 decreased by \$9.2 million during the current fiscal year. This is largely attributable to paying principal due on long-term debt obligations and transfer of a school construction project to the School Board.

**Government-Wide Financial Analysis (Continued)**

Governmental activities decreased the County's net position by \$9.2 million. The following table summarizes the County's Statement of Activities:

**County of Clarke, Virginia  
Changes in Net Position  
Years Ended June 30, 2019 and 2018**

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Revenues:		
Program revenues:		
Charges for services	\$ 1,747,714	\$ 1,653,241
Operating grants and contributions	2,724,960	2,727,440
Capital grants and contributions	529,937	241,152
General revenues:		
Property taxes	21,340,980	20,679,221
Other taxes	2,005,268	1,949,217
Unrestricted revenues from the use of money and property	166,957	95,578
Miscellaneous	237,274	199,057
Grants and contributions not restricted to specific programs	<u>2,965,641</u>	<u>3,026,459</u>
Total revenues	<u>\$ 31,718,731</u>	<u>\$ 30,571,365</u>
Expenses:		
General governmental administration	\$ 2,432,025	\$ 2,183,992
Judicial administration	815,472	756,574
Public safety	5,018,338	4,390,173
Public works	1,356,634	1,247,596
Health and welfare	2,177,021	2,553,964
Parks, recreation, and cultural	1,221,501	1,184,765
Community development	1,114,874	751,064
Interest on long-term debt	1,165,960	1,262,545
Education	<u>25,626,015</u>	<u>16,807,648</u>
Total expenses	<u>\$ 40,927,840</u>	<u>\$ 31,138,321</u>
Increase (decrease) in net position	<u>\$ (9,209,109)</u>	<u>\$ (566,956)</u>
Net position - beginning of year	<u>36,002,540</u>	<u>36,569,496</u>
Net position - end of year	<u><u>\$ 26,793,431</u></u>	<u><u>\$ 36,002,540</u></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 \$11.4 million, a decrease of 0.7 million in comparison with the prior year. Of this total amount, \$10.8 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 \$10.6 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 42% 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 \$2,746,636 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, 2019 amounts to \$42.5 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 vehicles
- Park updates
- Purchase of computer and other electronic equipment for joint government and circuit court

## Capital Asset and Debt Administration (Continued)

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

	Governmental Activities	
	2019	2018
Land	\$ 857,713	\$ 857,713
Buildings	38,877,966	43,737,543
Improvements	593,342	659,119
Machinery & Equipment	777,442	831,045
Construction in progress	1,428,280	7,917,619
Total	\$ 42,534,743	\$ 54,003,039

Additional information on the County’s capital assets can be found in note 6 on pages 33 through 34 of this report.

**Long-term debt:** At the end of the current fiscal year, the County had total outstanding debt of \$28.5 million and details are summarized in the following table:

	Governmental Activities	
	2019	2018
Bonds payable:		
General obligation bonds	\$ 21,640,000	\$ 23,340,000
Premiums and discounts	160,318	183,308
Lease revenue bond	3,912,875	4,001,175
Net OPEB liabilities	796,957	751,683
Capital leases	316,763	491,342
Net pension liability	1,125,050	1,620,195
Compensated absences	555,795	509,282
Total	\$ 28,507,758	\$ 30,896,985

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, 317 W. Main Street, Suite B, 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, 2019

	Primary Government Governmental Activities	Component Units		
		School Board	Clarke County Sanitary Authority	Industrial Development Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,150,348	\$ 1,882,731	\$ 353,167	\$ 154,364
Receivables (net of allowance for uncollectibles):				
Taxes receivable	13,287,352	-	-	-
Accounts receivable	209,106	357	139,398	-
Notes receivable	3,472	-	-	-
Due from agency fund	191,242	-	-	-
Due from component unit	2,966	-	-	-
Due from other governmental units	1,588,034	553,112	-	-
Inventories	16,898	-	-	-
Prepaid items	-	30,048	-	1,340
Restricted assets:				
Cash and cash equivalents	247,795	-	-	-
Notes receivable - net of current portion	4,487	-	-	-
Net pension asset	-	332,917	-	-
Capital assets (net of accumulated depreciation):				
Land	857,713	3,054,699	13,200	-
Buildings	38,877,966	15,997,092	-	-
Improvements other than buildings	593,342	555,023	-	-
Equipment	777,442	2,183,436	-	-
Utility plant in service	-	-	8,701,022	-
Construction in progress	1,428,280	-	-	-
Total assets	<u>\$ 67,236,443</u>	<u>\$ 24,589,415</u>	<u>\$ 9,206,787</u>	<u>\$ 155,704</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Pension related items	\$ 406,834	\$ 2,218,849	\$ 3,238	\$ -
OPEB related items	65,678	307,342	-	-
Total deferred outflows of resources	<u>\$ 472,512</u>	<u>\$ 2,526,191</u>	<u>\$ 3,238</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 226,892	\$ 335,587	\$ 74,721	\$ -
Accrued liabilities	4,471	2,115,471	-	-
Customers' deposits	-	-	7,750	-
Accrued interest payable	467,029	-	3,738	-
Due to primary government	-	2,966	-	-
Long-term liabilities:				
Due within one year	1,696,103	47,456	332,151	-
Due in more than one year	26,811,655	22,435,115	3,237,944	-
Total liabilities	<u>\$ 29,206,150</u>	<u>\$ 24,936,595</u>	<u>\$ 3,656,304</u>	<u>\$ -</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred property tax revenue	\$ 11,161,876	\$ -	\$ -	\$ -
Pension related items	506,581	2,190,400	6,350	-
OPEB related items	40,917	151,988	-	-
Total deferred inflows of resources	<u>\$ 11,709,374</u>	<u>\$ 2,342,388</u>	<u>\$ 6,350</u>	<u>\$ -</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 16,504,787	\$ 21,790,250	\$ 5,153,199	\$ -
Restricted				
Swim team	4,851	-	-	-
Pool	1,659	-	-	-
Unrestricted	10,282,134	(21,953,627)	394,172	155,704
Total net position	<u>\$ 26,793,431</u>	<u>\$ (163,377)</u>	<u>\$ 5,547,371</u>	<u>\$ 155,704</u>

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, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 2,432,025	\$ 33,260	\$ 212,206	\$ -
Judicial administration	815,472	1,647	378,813	-
Public safety	5,018,338	929,281	1,034,459	13,698
Public works	1,356,634	373,248	-	-
Health and welfare	2,177,021	-	1,094,982	-
Education	25,626,015	-	-	110,734
Parks, recreation, and cultural	1,221,501	410,278	-	-
Community development	1,114,874	-	4,500	405,505
Interest on long-term debt	1,165,960	-	-	-
Total governmental activities	\$ 40,927,840	\$ 1,747,714	\$ 2,724,960	\$ 529,937
Total primary government	\$ 40,927,840	\$ 1,747,714	\$ 2,724,960	\$ 529,937
<b>COMPONENT UNITS:</b>				
School Board	\$ 17,680,915	\$ 682,495	\$ 10,111,939	\$ -
Clarke County Sanitary Authority	1,101,563	999,978	-	-
Clarke County Industrial Development Authority	14,863	9,208	-	-
Total component units	\$ 18,797,341	\$ 1,691,681	\$ 10,111,939	\$ -
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.

Exhibit 2

Net (Expense) Revenue and Changes in Net Position				
Primary Government	Component Units			
Governmental Activities	School Board	Clarke County Sanitary Authority	Industrial Development Authority	
\$ (2,186,559)	\$ -	\$ -	\$ -	-
(435,012)	-	-	-	-
(3,040,900)	-	-	-	-
(983,386)	-	-	-	-
(1,082,039)	-	-	-	-
(25,515,281)	-	-	-	-
(811,223)	-	-	-	-
(704,869)	-	-	-	-
(1,165,960)	-	-	-	-
<u>\$ (35,925,229)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
<u>\$ (35,925,229)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
\$ -	\$ (6,886,481)	\$ -	\$ -	-
-	-	(101,585)	-	-
-	-	-	(5,655)	-
<u>\$ -</u>	<u>\$ (6,886,481)</u>	<u>\$ (101,585)</u>	<u>\$ (5,655)</u>	<u>-</u>
\$ 21,340,980	\$ -	\$ -	\$ -	-
957,003	-	-	-	-
357,654	-	-	-	-
288,834	-	-	-	-
321,283	-	-	-	-
80,494	-	-	-	-
166,957	48,665	3,355	6,666	-
237,274	78,058	147,677	-	-
2,965,641	-	-	-	-
-	18,503,757	207,000	-	-
<u>\$ 26,716,120</u>	<u>\$ 18,630,480</u>	<u>\$ 358,032</u>	<u>\$ 6,666</u>	<u>-</u>
(9,209,109)	11,743,999	256,447	1,011	-
36,002,540	(11,907,376)	5,290,924	154,693	-
<u>\$ 26,793,431</u>	<u>\$ (163,377)</u>	<u>\$ 5,547,371</u>	<u>\$ 155,704</u>	<u>-</u>

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## **Fund Financial Statements**

Balance Sheet  
 Governmental Funds  
 June 30, 2019

	General	Virginia Public Assistance	School Debt Service	Other Govern- mental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 8,544,651	\$ 61,109	\$ -	\$ 544,588	\$ 9,150,348
Receivables (net of allowance for uncollectibles):					
Taxes receivable	13,287,352	-	-	-	13,287,352
Accounts receivable	209,106	-	-	-	209,106
Due from other funds	194,214	-	-	-	194,214
Due from agency fund	191,242	-	-	-	191,242
Due from component unit	2,966	-	-	-	2,966
Due from other governmental units	1,444,753	113,727	-	29,554	1,588,034
Inventories	16,898	-	-	-	16,898
Restricted assets:					
Cash and cash equivalents	247,795	-	-	-	247,795
Total assets	<u>\$ 24,138,977</u>	<u>\$ 174,836</u>	<u>\$ -</u>	<u>\$ 574,142</u>	<u>\$ 24,887,955</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 135,362	\$ 10,176	\$ -	\$ 81,354	\$ 226,892
Accrued liabilities	4,471	-	-	-	4,471
Due to other funds	-	164,660	-	29,554	194,214
Total liabilities	<u>\$ 139,833</u>	<u>\$ 174,836</u>	<u>\$ -</u>	<u>\$ 110,908</u>	<u>\$ 425,577</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable property tax revenue	\$ 13,093,643	\$ -	\$ -	\$ -	\$ 13,093,643
<b>FUND BALANCES:</b>					
Nonspendable:					
Inventory	\$ 16,898	\$ -	\$ -	\$ -	\$ 16,898
Restricted:					
Swim team	-	-	-	4,851	4,851
Pool	-	-	-	1,659	1,659
Debt service	247,795	-	-	-	247,795
Committed:					
Community development	-	-	-	225,880	225,880
Public safety expenditures	-	-	-	94,231	94,231
Assigned:					
Capital projects	-	-	-	136,613	136,613
Other (Note 15)	10,433,468	-	-	-	10,433,468
Unassigned	207,340	-	-	-	207,340
Total fund balances	<u>\$ 10,905,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 463,234</u>	<u>\$ 11,368,735</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,138,977</u>	<u>\$ 174,836</u>	<u>\$ -</u>	<u>\$ 574,142</u>	<u>\$ 24,887,955</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, 2019

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	11,368,735	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			42,534,743
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
Unavailable property taxes			1,931,767
Long-term note receivable is not available to pay for current period expenditures and, therefore, is not reported in the funds.			7,959
Interest on long-term debt is not accrued in governmental funds, but rather is recognized when paid.			(467,029)
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	406,834	
OPEB related items		<u>65,678</u>	472,512
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(506,581)	
OPEB related items		<u>(40,917)</u>	(547,498)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			<u>(28,507,758)</u>
Net position of governmental activities	\$		<u><u>26,793,431</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, 2019

	General	Virginia Public Assistance	School Debt Service	Total Nonmajor Governmental Funds	Total
<b>REVENUES</b>					
General property taxes	\$ 20,779,491	\$ -	\$ -	\$ 15,958	\$ 20,795,449
Other local taxes	2,005,268	-	-	-	2,005,268
Permits, privilege fees, and regulatory licenses	385,048	-	-	-	385,048
Fines and forfeitures	320,568	-	-	-	320,568
Revenue from the use of money and property	163,165	-	-	3,792	166,957
Charges for services	1,037,143	-	-	4,955	1,042,098
Miscellaneous	29,411	-	107,732	103,501	240,644
Recovered costs	148,971	2,181	-	-	151,152
Intergovernmental:					
Commonwealth	4,470,537	316,355	-	280,635	5,067,527
Federal	118,088	689,490	110,734	234,699	1,153,011
Total revenues	<u>\$ 29,457,690</u>	<u>\$ 1,008,026</u>	<u>\$ 218,466</u>	<u>\$ 643,540</u>	<u>\$ 31,327,722</u>
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 2,255,423	\$ -	\$ -	\$ -	\$ 2,255,423
Judicial administration	733,782	-	-	-	733,782
Public safety	4,776,075	-	-	66,942	4,843,017
Public works	1,244,354	-	-	-	1,244,354
Health and welfare	645,156	1,426,993	-	152,088	2,224,237
Education	13,958,751	-	-	-	13,958,751
Parks, recreation, and cultural	1,071,994	-	-	-	1,071,994
Community development	624,887	-	-	505,639	1,130,526
Nondepartmental	12,460	-	-	-	12,460
Capital projects	-	-	-	1,400,485	1,400,485
Debt service:					
Principal retirement	-	-	1,874,579	88,300	1,962,879
Interest and other fiscal charges	-	-	1,067,811	163,400	1,231,211
Total expenditures	<u>\$ 25,322,882</u>	<u>\$ 1,426,993</u>	<u>\$ 2,942,390</u>	<u>\$ 2,376,854</u>	<u>\$ 32,069,119</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,134,808</u>	<u>\$ (418,967)</u>	<u>\$ (2,723,924)</u>	<u>\$ (1,733,314)</u>	<u>\$ (741,397)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ -	\$ 418,967	\$ 2,723,924	\$ 1,702,930	\$ 4,845,821
Transfers out	<u>(4,845,821)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,845,821)</u>
Total other financing sources (uses)	<u>\$ (4,845,821)</u>	<u>\$ 418,967</u>	<u>\$ 2,723,924</u>	<u>\$ 1,702,930</u>	<u>\$ -</u>
Net change in fund balances	\$ (711,013)	\$ -	\$ -	\$ (30,384)	\$ (741,397)
Fund balances - beginning	<u>11,616,514</u>	<u>-</u>	<u>-</u>	<u>493,618</u>	<u>12,110,132</u>
Fund balances - ending	<u>\$ 10,905,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 463,234</u>	<u>\$ 11,368,735</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, 2019

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

Net change in fund balances - total governmental funds \$ (741,397)

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	\$	(6,114,408)	
Depreciation expense		(790,441)	
Joint tenancy asset transfer		<u>(4,563,447)</u>	(11,468,296)

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

Property taxes \$ 545,531

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 (3,370)

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	\$	1,962,879	
Bond discount amortization		(2,237)	
Bond premium amortization		<u>25,227</u>	1,985,869

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	\$	(46,513)	
Pension expense		483,151	
OPEB expense		(6,345)	
(Increase)/decrease in accrued interest payable		<u>42,261</u>	<u>472,554</u>

Change in net position of governmental activities \$ (9,209,109)

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

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2019

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 295,781
Due from other governments	<u>236,701</u>
Total assets	<u><u>\$ 532,482</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 4,764
Amounts held for Town	145,894
Sales tax payable to other towns	45,459
Due to other funds	191,242
Amounts held for social services clients	54,644
Accrued liabilities	<u>90,479</u>
Total liabilities	<u><u>\$ 532,482</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, 2019

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## Note 1—Summary of Significant Accounting Policies:

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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 - The financial statements are 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.

## COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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

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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, 2019.

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, 2019. The Sanitary Authority does not issue a separate financial report.

## COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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

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#### 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, 2019. 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)**

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**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)**

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**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.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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

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**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, 2019 (Continued)

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

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**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 \$313,996 at June 30, 2019 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.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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

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**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. 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)**

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**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 following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

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

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**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 one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liabilities measurement date. For more detailed information on these items, reference the related notes.

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

**Q. Pensions**

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

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

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

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS Group Life, and Teacher HIC Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note 2—Stewardship, Compliance, and Accounting:**

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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 include 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.

## COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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### Note 3—Deposits and Investments:

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#### Deposits

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

#### Investments

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

As of June 30, 2019, the County does not have a formal investment policy addressing the various types of risks related to investments.

#### Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2019 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>116,667</u>
Total	\$ <u><u>116,667</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. There are no withdrawal limitations or restrictions imposed on participants.



COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 3—Deposits and Investments: (Continued)**

**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.

Investment Type	Investment Maturity (in years)	
	Maturity	
	Fair Value	Less Than 1 Year
Local Government Investment Pool	\$ 116,667	\$ 116,667
Total	\$ 116,667	\$ 116,667

**Note 4—Due from Other Governments:**

At June 30, 2019 the County has receivables from other governments as follows:

	Primary Government	Component Unit
		School Board
Commonwealth of Virginia:		
Virginia Public Assistance funds	\$ 40,605	\$ -
State sales tax	-	288,413
Constitutional officer reimbursements	110,732	-
PPTRA	1,212,896	-
Communication taxes	58,137	-
Recordation tax	18,102	-
Comprehensive Services Act	29,554	-
School fund grants	-	27,549
Other general grants	19,583	-
Federal Government:		
Virginia Public Assistance funds	73,122	-
Other general grants	25,303	-
School fund grants	-	237,150
Total due from other governments	\$ 1,588,034	\$ 553,112

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 5—Interfund Obligations:**

Details of the Primary Government's interfund receivables and payables as of June 30, 2019 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Primary Government:		
General	\$ 388,422	\$ -
Comprehensive Services Act	-	29,554
Virginia Public Assistance	-	164,660
	<u>          </u>	<u>          </u>
Total Primary Government	\$ <u>388,422</u>	\$ <u>194,214</u>
Component Unit - School Board:		
School Operating Fund	\$ -	\$ 2,966
	<u>          </u>	<u>          </u>
Total Component Unit	\$ <u>-</u>	\$ <u>2,966</u>
Agency Funds:		
Undistributed Local Sales Tax Fund	\$ -	\$ 191,242
	<u>          </u>	<u>          </u>
Total Agency Funds	\$ <u>-</u>	\$ <u>191,242</u>
Grand Total	\$ <u>388,422</u>	\$ <u>388,422</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, 2019 (Continued)

**Note 6—Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Joint Tenancy Transfer (Net)	Balance June 30, 2019
<b>Primary Government:</b>					
Capital assets not being depreciated:					
Land	\$ 857,713	\$ -	\$ -	\$ -	\$ 857,713
Construction in Progress	7,917,619	958,633	7,447,972	-	1,428,280
Total capital assets not being depreciated	<u>\$ 8,775,332</u>	<u>\$ 958,633</u>	<u>\$ 7,447,972</u>	<u>\$ -</u>	<u>\$ 2,285,993</u>
Capital assets being depreciated:					
Buildings	\$ 51,832,120	\$ 145,333	\$ -	\$ (385,895)	\$ 51,591,558
Improvements other than buildings	1,795,735	-	-	-	1,795,735
Equipment	3,931,094	229,598	55,886	-	4,104,806
Total capital assets being depreciated	<u>\$ 57,558,949</u>	<u>\$ 374,931</u>	<u>\$ 55,886</u>	<u>\$ (385,895)</u>	<u>\$ 57,492,099</u>
Accumulated depreciation:					
Buildings	\$ 8,094,577	\$ 441,463	\$ -	\$ 4,177,552	\$ 12,713,592
Improvements other than buildings	1,136,616	65,777	-	-	1,202,393
Equipment	3,100,049	283,201	55,886	-	3,327,364
Total accumulated depreciation	<u>\$ 12,331,242</u>	<u>\$ 790,441</u>	<u>\$ 55,886</u>	<u>\$ 4,177,552</u>	<u>\$ 17,243,349</u>
Total capital assets being depreciated, net	<u>\$ 45,227,707</u>	<u>\$ (415,510)</u>	<u>\$ -</u>	<u>\$ (4,563,447)</u>	<u>\$ 40,248,750</u>
Net capital assets governmental activities	<u>\$ 54,003,039</u>	<u>\$ 543,123</u>	<u>\$ 7,447,972</u>	<u>\$ (4,563,447)</u>	<u>\$ 42,534,743</u>
<b>Component Unit-School Board:</b>					
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	\$ 20,789,543	\$ 7,138,527	\$ 31,637	\$ 385,895	\$ 28,282,328
Improvements other than buildings	644,724	69,186	-	-	713,910
Equipment	5,546,661	674,861	218,673	-	6,002,849
Total capital assets being depreciated	<u>\$ 26,980,928</u>	<u>\$ 7,882,574</u>	<u>\$ 250,310</u>	<u>\$ 385,895</u>	<u>\$ 34,999,087</u>
Accumulated depreciation:					
Buildings	\$ 14,868,083	\$ 1,626,342	\$ 31,637	\$ (4,177,552)	\$ 12,285,236
Improvements other than buildings	132,607	26,280	-	-	158,887
Equipment	3,683,609	347,616	211,812	-	3,819,413
Total accumulated depreciation	<u>\$ 18,684,299</u>	<u>\$ 2,000,238</u>	<u>\$ 243,449</u>	<u>\$ (4,177,552)</u>	<u>\$ 16,263,536</u>
Total capital assets being depreciated, net	<u>\$ 8,296,629</u>	<u>\$ 5,882,336</u>	<u>\$ 6,861</u>	<u>\$ 4,563,447</u>	<u>\$ 18,735,551</u>
Net capital assets component unit school board	<u>\$ 11,351,328</u>	<u>\$ 5,882,336</u>	<u>\$ 6,861</u>	<u>\$ 4,563,447</u>	<u>\$ 21,790,250</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 6—Capital Assets: (Continued)**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 233,725
Judicial administration	59,453
Public safety	233,934
Public works	154,107
Health and welfare	35,609
Parks, recreation and cultural	73,613
Total Governmental activities	<u>\$ 790,441</u>
Component Unit School Board	<u>\$ 2,000,238</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, 2019 is that school financed assets in the amount of \$35,542,393 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, 2019 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	1,342,190	171	1,342,361	-
Total capital assets not being depreciated	<u>\$ 1,355,390</u>	<u>\$ 171</u>	<u>\$ 1,342,361</u>	<u>\$ 13,200</u>
Capital Assets being depreciated:				
Utility plant and equipment	\$ 12,085,222	\$ 1,342,361	\$ -	\$ 13,427,583
Accumulated depreciation	(4,385,777)	(340,784)	-	(4,726,561)
Total capital assets being depreciated, net	<u>\$ 7,699,445</u>	<u>\$ 1,001,577</u>	<u>\$ -</u>	<u>\$ 8,701,022</u>
Capital assets, net	<u>\$ 9,054,835</u>	<u>\$ 1,001,748</u>	<u>\$ 1,342,361</u>	<u>\$ 8,714,222</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 7—Interfund Transfers:**

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 4,845,821
Conservation Easement Fund	33,000	-
School Debt Service	2,723,924	-
County Capital Improvements	1,369,628	-
Virginia Public Assistance	418,967	-
Comprehensive Services Act	53,557	-
General Debt Service	246,745	-
Total	<u>\$ 4,845,821</u>	<u>\$ 4,845,821</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:

	Balance July 1, 2018	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2019	Amounts Due Within One Year
<b>Governmental Activities Obligations:</b>					
Incurred by County:					
Compensated absences	\$ 509,282	\$ 97,441	\$ 50,928	\$ 555,795	\$ 55,580
Net pension liability	1,620,195	1,941,027	2,436,172	1,125,050	-
Net OPEB liabilities	751,683	126,911	81,637	796,957	-
Direct borrowings and direct placements:					
Lease revenue bond	4,001,175	-	88,300	3,912,875	92,022
Total incurred by County	<u>\$ 6,882,335</u>	<u>\$ 2,165,379</u>	<u>\$ 2,657,037</u>	<u>\$ 6,390,677</u>	<u>\$ 147,602</u>
Incurred by School Board:					
Direct borrowings and direct placements:					
General obligation bonds	\$ 23,340,000	\$ -	\$ 1,700,000	\$ 21,640,000	\$ 1,345,000
Capital leases	491,342	-	174,579	316,763	181,751
Total Incurred by School Board	<u>\$ 23,831,342</u>	<u>\$ -</u>	<u>\$ 1,874,579</u>	<u>\$ 21,956,763</u>	<u>\$ 1,526,751</u>
Premiums on bonds issued	\$ 200,053	\$ -	\$ 25,227	\$ 174,826	\$ 23,862
Discount on bonds issued	(16,745)	-	(2,237)	(14,508)	(2,112)
Total Governmental Activities Obligations	<u>\$ 30,896,985</u>	<u>\$ 2,165,379</u>	<u>\$ 4,554,606</u>	<u>\$ 28,507,758</u>	<u>\$ 1,696,103</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (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
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	104,122	147,578	1,510,000	788,186	28,465	450
2024	108,500	143,200	1,570,000	717,518		
2025-2029	614,874	643,626	8,820,000	2,388,327	-	-
2030-2034	755,451	503,050	5,550,000	363,199	-	-
2035-2039	928,166	330,334	-	-	-	-
2040-2044	1,113,927	118,123	-	-	-	-
Total	\$ <u>3,912,875</u>	\$ <u>2,353,176</u>	\$ <u>21,640,000</u>	\$ <u>7,014,165</u>	\$ <u>316,763</u>	\$ <u>18,334</u>

Details of long-term indebtedness:

	<u>Amount Outstanding</u>
<b><u>Direct Borrowings and Direct Placements:</u></b>	
<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>3,912,875</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	\$ 120,000
\$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	14,995,000

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (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>6,525,000</u>
Total Virginia Public School Authority Bonds	\$ <u>21,640,000</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%	\$ 131,769
\$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>184,994</u>
Total Capital Leases	\$ <u>316,763</u>
Compensated absences	\$ <u>555,795</u>
Net pension liability	\$ <u>1,125,050</u>
Net OPEB liabilities	\$ <u>796,957</u>
Premium on bonds issued	\$ <u>174,826</u>
Discount on bonds issued	\$ <u>(14,508)</u>
Total Primary Government	\$ <u><u>28,507,758</u></u>

Upon the occurrence of certain events or upon certain conditions, in the manner and with the effect set forth in the Bond Purchase Agreement, the principal of the lease revenue bond, together with any accrued interest, may become or may be declared due and payable before its stated maturity.

In the event of a default of any Local School Bond, a "State Aid Intercept" provision (§ 15.2-2659 of the Code of Virginia) provides for a diversion to the holder of its local school bonds of all funds appropriated and payable to the Local Issuer by the Commonwealth.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 8—Long-Term Obligations: (Continued)**

**Primary Government: (Continued)**

The assets acquired through capital leases are as follows:

Asset:		
Machinery and equipment	\$	284,380
Building improvements		2,155,605
Less: Accumulated depreciation		<u>(1,744,537)</u>
Total	\$	<u><u>695,448</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

<u>Year ending June 30</u>		<u>Component Unit - School Board</u>
2020	\$	192,073
2021		57,054
2022		57,054
2023		<u>28,916</u>
Total minimum lease payments		335,097
Less: amount representing interest		<u>(18,334)</u>
Present value of minimum lease payments	\$	<u><u>316,763</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, 2019:

	<u>Balance July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2019</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 541,460	\$ -	\$ 66,901	\$ 474,559	\$ 47,456
Net OPEB liabilities	4,060,463	511,972	424,423	4,148,012	-
Net pension liability	<u>18,603,000</u>	<u>3,624,000</u>	<u>4,367,000</u>	<u>17,860,000</u>	-
Total	<u>\$ 23,204,923</u>	<u>\$ 4,135,972</u>	<u>\$ 4,858,324</u>	<u>\$ 22,482,571</u>	<u>\$ 47,456</u>



COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (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, 2019:

**Changes in Long-Term Obligations:**

	<u>Balance July 1, 2018</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2019</u>
General Obligation Bond	\$ 463,958	\$ -	\$ 33,139	\$ 430,819
Net pension liability	15,704	15,632	22,264	9,072
Notes payable	<u>3,427,929</u>	<u>-</u>	<u>297,725</u>	<u>3,130,204</u>
Totals	<u>\$ 3,907,591</u>	<u>\$ 15,632</u>	<u>\$ 353,128</u>	<u>\$ 3,570,095</u>

Details of long-term indebtedness:

**Water Operating Fund:**

Direct Borrowings and Direct Placements:

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.

	\$ 430,819	\$ 33,140
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Notes Payable:

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

	25,381	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.

	87,500	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

	440,000	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

	336,063	43,829
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Other long-term liabilities:

Net pension liability

	4,536	-
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Total Water Fund

	<u>\$ 1,324,299</u>	<u>\$ 125,099</u>
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COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (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>
<b>Boyce Wastewater Facility</b>		
<u>Direct Borrowings and Direct Placements:</u>		
<u>Notes Payable:</u>		
Note payable to VRA for the Millwood Sewer project. Due June 2032. \$9,602 payable semiannually. No interest.	\$ 268,862	\$ 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.	1,972,398	187,847
<u>Other long-term liabilities:</u>		
Net pension liability	4,536	-
Total Boyce Wastewater Facility	<u>\$ 2,245,796</u>	<u>\$ 207,052</u>
Total Clarke County Sanitary Authority	<u>\$ 3,570,095</u>	<u>\$ 332,151</u>

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

Year Ending June 30,	<u>Direct Borrowings and Direct Placements</u>			
	<u>General Obligation Bond</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 33,140	\$ -	\$ 299,011	\$ 20,805
2021	33,140	-	300,335	18,453
2022	33,140	-	301,700	16,059
2023	33,140	-	303,106	13,625
2024	33,140	-	304,555	11,149
2025-2029	165,700	-	1,379,177	23,167
2030-2033	99,419	-	242,320	769
Total	<u>\$ 430,819</u>	<u>\$ -</u>	<u>\$ 3,130,204</u>	<u>\$ 104,027</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 9—Unearned/Deferred/Unavailable Revenue:**

The following is a summary of unearned/deferred/unavailable revenue for the year ended June 30, 2019:

	<u>Government- wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
<b>Primary Government:</b>		
<b>General Fund:</b>		
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	\$ -	\$ 1,931,767
2nd half assessments due in December 2019	11,131,330	11,131,330
Prepaid property taxes due in December 2019, but paid in advance by the taxpayers	30,546	30,546
Total deferred/unavailable revenue	<u>\$ 11,161,876</u>	<u>\$ 13,093,643</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 a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

**Note 11—Pension Plan: (Continued)**

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***Benefit Structures***

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, as detailed below.

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- b. Employees hired 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 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

***Average Final Compensation and Service Retirement Multiplier***

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 11—Pension Plan: (Continued)**

***Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits***

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of creditable service are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

***Employees Covered by Benefit Terms***

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
Inactive members or their beneficiaries currently receiving benefits	64	37
Inactive members:		
Vested inactive members	22	12
Non-vested inactive members	16	21
Long-term disability (LTD)	-	-
Inactive members active elsewhere in VRS	35	3
Total inactive members	73	36
Active members	90	42
Total covered employees	<u>227</u>	<u>115</u>

***Contributions***

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

The County's and Component Unit Clarke County Sanitary Authority's contractually required employer contribution rate for the year ended June 30, 2019 was 8.05% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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**Note 11—Pension Plan: (Continued)**

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***Contributions: (Continued)***

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$404,870 and \$391,379 and Component Unit Clarke County Sanitary Authority were \$3,238 and \$5,816 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2019 was 3.87% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$24,582 and \$33,468 for the years ended June 30, 2019 and June 30, 2018, respectively.

***Net Pension Liability***

The net pension liability (asset) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's, Component Unit Clarke County Sanitary Authority's and Component Unit School Board's (nonprofessional) net pension liabilities (assets) were measured as of June 30, 2018. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2017 and rolled forward to the measurement date of June 30, 2018.

***Actuarial Assumptions - General Employees***

The total pension liability (asset) for General Employees in the County's, Component Unit Clarke County Sanitary Authority's, and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

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

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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**Note 11—Pension Plan: (Continued)**

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**Actuarial Assumptions - General Employees: (Continued)**

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-Hazardous Duty:

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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**Note 11—Pension Plan: (Continued)**

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***Actuarial Assumptions - General Employees (Continued)***

Mortality rates: (Continued)

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

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

***Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits***

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's and Component Unit Clarke County Sanitary Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

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

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



COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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**Note 11—Pension Plan: (Continued)**

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Hazardous Duty:

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 11—Pension Plan: (Continued)**

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

Mortality rates: (Continued)

All Others (Non 10 Largest) - Hazardous Duty:

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

**Long-Term Expected Rate of Return**

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

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

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County, Component Unit Clarke County Sanitary Authority, and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, participating employers and school divisions are assumed to continue 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 (asset).

*Changes in Net Pension Liability*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Primary Government</b>			
Balances at June 30, 2017	\$ 20,791,696	\$ 19,171,502	\$ 1,620,194
Changes for the year:			
Service cost	\$ 492,799	\$ -	\$ 492,799
Interest	1,432,214	-	1,432,214
Differences between expected and actual experience	(389,274)	-	(389,274)
Impact in change of proportion	33,590	30,972	2,618
Contributions - employer	-	393,336	(393,336)
Contributions - employee	-	231,775	(231,775)
Net investment income	-	1,421,787	(1,421,787)
Benefit payments, including refunds	(730,187)	(730,187)	-
Administrative expenses	-	(12,124)	12,124
Other changes	-	(1,273)	1,273
Net changes	\$ 839,142	\$ 1,334,286	\$ (495,144)
Balances at June 30, 2018	\$ 21,630,838	\$ 20,505,788	\$ 1,125,050

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

Note 11—Pension Plan: (Continued)

*Changes in Net Pension Liability*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Clarke County Sanitary Authority</b>			
Balances at June 30, 2017	\$ 201,534	\$ 185,830	\$ 15,704
Changes for the year:			
Service cost	\$ 3,974	\$ -	\$ 3,974
Interest	11,552	-	11,552
Differences between expected and actual experience	(3,140)	-	(3,140)
Impact in change of proportion	(33,590)	(30,972)	(2,618)
Contributions - employer	-	3,172	(3,172)
Contributions - employee	-	1,870	(1,870)
Net investment income	-	11,466	(11,466)
Benefit payments, including refunds	(5,888)	(5,888)	-
Administrative expenses	-	(98)	98
Other changes	-	(10)	10
Net changes	<u>\$ (27,092)</u>	<u>\$ (20,460)</u>	<u>\$ (6,632)</u>
Balances at June 30, 2018	<u>\$ 174,442</u>	<u>\$ 165,370</u>	<u>\$ 9,072</u>
<b>Component School Board (nonprofessional)</b>			
Balances at June 30, 2017	\$ 3,244,349	\$ 3,514,234	\$ (269,885)
Changes for the year:			
Service cost	\$ 76,013	\$ -	\$ 76,013
Interest	220,360	-	220,360
Differences between expected and actual experience	(39,142)	-	(39,142)
Contributions - employer	-	33,471	(33,471)
Contributions - employee	-	32,409	(32,409)
Net investment income	-	256,887	(256,887)
Benefit payments, including refunds	(192,699)	(192,699)	-
Administrative expenses	-	(2,278)	2,278
Other changes	-	(226)	226
Net changes	<u>\$ 64,532</u>	<u>\$ 127,564</u>	<u>\$ (63,032)</u>
Balances at June 30, 2018	<u>\$ 3,308,881</u>	<u>\$ 3,641,798</u>	<u>\$ (332,917)</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (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 of the Primary Government, 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 would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
County of Clarke - Primary Government			
Net Pension Liability (Asset)	\$ 3,733,088	\$ 1,125,050	\$ (1,061,354)
Component Unit Clarke County Sanitary Authority			
Net Pension Liability (Asset)	30,106	9,072	(8,559)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	1,275	(332,917)	(618,797)

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

For the year ended June 30, 2019, the County, Component Unit Clarke County Sanitary Authority, and Component Unit School Board (nonprofessional) recognized pension expense of (\$76,327), (\$1,752), and (\$79,727), respectively. At June 30, 2019, the County, Component Unit Clarke County Sanitary Authority, 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 Clarke County Sanitary Authority		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 313,599	\$ -	\$ 2,622	\$ -	\$ 25,677
Change in assumptions	-	19,953	-	194	-	3,731
Net difference between projected and actual earnings on pension plan investments	-	173,029	-	1,570	-	27,992
Change in proportionate share	1,964	-	-	1,964	-	-
Employer contributions subsequent to the measurement date	404,870	-	3,238	-	24,582	-
Total	\$ 406,834	\$ 506,581	\$ 3,238	\$ 6,350	\$ 24,582	\$ 57,400

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 11—Pension Plan: (Continued)**

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

\$404,870, \$3,238, and \$24,582 reported as deferred outflows of resources related to pensions resulting from the County’s, Component Unit Clare County Sanitary Authority’s, and Component Unit School Board’s (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. 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 Sanitary Authority</u>	<u>Component Unit School Board (nonprofessional)</u>
2020	\$ (153,275)	\$ (1,900)	\$ (13,330)
2021	(139,352)	(1,788)	(4,747)
2022	(195,641)	(2,530)	(36,238)
2023	(16,349)	(132)	(3,085)
2024	-	-	-
Thereafter	-	-	-

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**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 related to the plan description is included in the first section of this note.

***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division’s contractually required employer contribution rate for the year ended June 30, 2019 was 15.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,915,267 and \$1,741,611 for the years ended June 30, 2019 and June 30, 2018, respectively.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (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*

At June 30, 2019, the school division reported a liability of \$17,860,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division’s proportion was .15187% as compared to .15127% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$1,020,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,527,000
Change in assumptions	213,000	-
Net difference between projected and actual earnings on pension plan investments	-	379,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	66,000	227,000
Employer contributions subsequent to the measurement date	<u>1,915,267</u>	<u>-</u>
Total	<u>\$ 2,194,267</u>	<u>\$ 2,133,000</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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Note 11—Pension Plan: (Continued)

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Component Unit School Board (professional): (Continued)

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

\$1,915,267 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. 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>	
2020	\$ (290,000)
2021	(445,000)
2022	(822,000)
2023	(238,000)
2024	(59,000)

*Actuarial Assumptions*

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

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

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



COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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**Note 11—Pension Plan: (Continued)**

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**Component Unit School Board (professional): (Continued)**

***Actuarial Assumptions: (Continued)***

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

Note 11—Pension Plan: (Continued)

Component Unit School Board (professional): (Continued)

*Net Pension Liability*

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	46,679,555
Plan Fiduciary Net Position		34,919,563
Employers' Net Pension Liability (Asset)	\$	<u>11,759,992</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		74.81%

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.

The long-term expected rate of return and discount rate information previously described also apply to this plan.

***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:

	<u>Rate</u>		
	<u>1% Decrease (6.00%)</u>	<u>Current Discount (7.00%)</u>	<u>1% Increase (8.00%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 27,282,000	\$ 17,860,000	\$ 10,062,000

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 11—Pension Plan: (Continued)**

***Pension Plan Fiduciary Net Position***

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Primary Government, Component Unit Clarke County Sanitary Authority, and Component Unit School Board**

***Aggregate Pension Information***

	VRS Pension Plans		Net Pension	
	Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense
Primary Government	\$ 406,834	\$ 506,581	\$ 1,125,050	\$ (76,327)
Clarke County Sanitary Authority	\$ 3,238	\$ 6,350	\$ 9,072	\$ (1,752)
<b>School Board</b>				
Nonprofessional	\$ 24,582	\$ 57,400	\$ (332,917)	\$ (79,727)
Professional	2,194,267	2,133,000	17,860,000	1,020,000
Total School Board	\$ 2,218,849	\$ 2,190,400	\$ 17,527,083	\$ 940,273

**Note 12—Litigation:**

At June 30, 2019, there were no matters of litigation involving the County or which would materially affect the County’s financial position should any court decisions on pending matters not be favorable to the County.

**Note 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.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**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, 2019:

Description	Original Issue	Outstanding June 30, 2019
Grafton School, Inc.	\$ 9,925,000	\$ 2,555,000
R-1 Berryville Town bond	2,327,000	2,009,232
R-2 Clarke County bond	4,822,000	3,912,875
	<u>\$ 17,074,000</u>	<u>\$ 8,477,107</u>

**Note 15—Assigned Fund Balances:**

Fund balances have been assigned for the following purposes:

Liquidity Designation	\$ 3,551,151
Stabilization Designation	887,788
Continuing Appropriations for Capital Projects	1,854,084
Conservation Easements from Government Savings	150,000
School Operating Savings	480,884
Comprehensive Services Act Shortfall	300,000
Parks Master Plan Implementation	130,000
Emergency Vehicles	100,000
Government Savings	500,000
Data and Communications Technology	600,000
Leave Liability	269,667
Community Facilities	319,667
Economic Development	150,000
Jack Enders Boulevard Project	102,434
Human Services Space	237,811
School Construction	79,270
Real Estate Assessment Software	130,000
FY 2020 Original Budget Surplus	590,712
Total	<u>\$ 10,433,468</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (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:**

**Health Insurance (Single-employer Defined Benefit Plan)**

***Plan Description***

The County and School Board provide postemployment medical coverage for retired employees through a single-employer defined benefit plan. The County and School Board may change, add or delete coverage as they deem appropriate and with the approval of the Board of Supervisors. The plan does not grant retirees vested health benefits. The Plan does not issue separate financial statements.

***Benefits Provided***

Employees who retire from the County or School Board with service eligible for VRS benefits (Plan 1 - Age 50 and 10 years of service or Age 55 and 5 years of service; Plan 2 - age 60 and 5 years of service; Hazardous duty - age 50 and 5 years of service) and who are participating in the medical coverage are eligible to elect post-retirement coverage. Retirees are eligible to remain on the medical plan with 100% of the premium paid by the retiree. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree. Retirees' coverage ceases at eligibility for Medicare.

***Plan Membership***

At June 30, 2019 (measurement date), the following employees were covered by the benefit terms:

	<u>County</u>	<u>School Board</u>
Total active employees with coverage	94	286
Total inactive employees or retirees with coverage	2	14
Total	<u>96</u>	<u>300</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 17—Postemployment Benefits Other Than Pensions: (Continued)**

**Health Insurance (Single-employer Defined Benefit Plan): (Continued)**

***Contributions***

The County and School Board do not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County and School Board. The amount paid by the County and School Board for OPEB as the benefits came due during the year ended June 30, 2019 was \$10,637 and \$70,423.

***Total OPEB Liability***

The County and School Board's total OPEB liabilities were measured as of June 30, 2019. The total OPEB liabilities were determined by an actuarial valuation as of June 30, 2018.

***Actuarial Assumptions***

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

Actuarial Cost Method	Entry age normal, level % of pay
Discount Rate	3.87% as of June 30, 2018; 3.50% as of June 30, 2019
Inflation	2.50% per year as of June 30, 2019
Healthcare Trend Rate	5.70% for fiscal year ending 2018 (to reflect actual experience). The rates reverts to 6.4% for fiscal year ending 2019, and then do 4.90% for fiscal year ending 2020, increasing .10% periodically to a rate of 6.10%, then decreasing .10% periodically to a rate of 4.30%.
Salary Increase Rates	County: Ranges of increases of 3.5% for 20+ years of service to 5.35% for 1-2 years of service; School Board: Ranges of increases of 3.5% for 20+ years of service to 5.95% for 1 year of service.
Retirement Age	Reduced: Age 50 and 10 years of service or Age 55 and 5 years of service; Unreduced: Age 65 and 5 years of service or Age 50 with 30 years of service
Mortality Rates	Pre-Retirement: RP-2014 Employee Mortality Tables projected to 2020 using Scale BB with Males set back 1 year and Females set back 1 year. Post-Retirement: RP-2014 Employee Mortality Tables projected to 2020 using Scale BB with Males set forward 1 year and Females set back 1 year.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 17—Postemployment Benefits Other Than Pensions: (Continued)**

**Health Insurance (Single-employer Defined Benefit Plan): (Continued)**

***Discount Rate***

The discount rate represents the Municipal GO AA 20-year yield curve rate as of June 30, 2019. The final equivalent single discount rate used for this year’s valuation is 3.50% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost from the OPEB Trust.

***Changes in Total OPEB Liability***

<b>Changes in Net OPEB Liability</b>				
	<b>County</b>		<b>Component Unit-</b>	
	<b>Total OPEB</b>		<b>School Board</b>	
	<b>Liability</b>		<b>Total OPEB</b>	
	<b>Liability</b>		<b>Liability</b>	
Balances at June 30, 2018	\$	373,683	\$	1,100,463
Changes for the year:				
Service cost		22,416		63,833
Interest		15,125		43,708
Effect of assumptions		11,370		30,431
Benefit payments		(10,637)		(70,423)
Net changes		<u>38,274</u>		<u>67,549</u>
Balances at June 30, 2019	\$	<u>411,957</u>	\$	<u>1,168,012</u>

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current discount rate:

	<b>Rate</b>		
	<b>Current</b>		
	<b>1% Decrease</b>	<b>Discount</b>	<b>1% Increase</b>
	<b>(2.50%)</b>	<b>Rate (3.50%)</b>	<b>(4.50%)</b>
County's Total OPEB Liability	\$ 444,185	\$ 411,957	\$ 381,951
School Board's Total OPEB Liability	\$ 1,253,638	\$ 1,168,012	\$ 1,087,429

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 17—Postemployment Benefits Other Than Pensions: (Continued)**

**Health Insurance (Single-employer Defined Benefit Plan): (Continued)**

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

The following presents the total OPEB liabilities of the County and School Board, as well as what the total OPEB liabilities would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rate used of 6.40%:

	Rates		
	1% Decrease (5.4%)	Healthcare Cost Trend (6.4%)	1% Increase (7.4%)
County's Total OPEB Liability	\$ 364,655	\$ 411,957	\$ 467,159
School Board's Total OPEB Liability	\$ 1,033,435	\$ 1,168,012	\$ 1,328,089

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

For the year ended June 30, 2019, the County and School Board recognized OPEB expense in the amount of \$38,293 and \$108,775, respectively. At June 30, 2019, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to the health insurance OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>County:</b>		
Changes of assumptions	\$ 9,303	\$ 5,917
Total	<u>\$ 9,303</u>	<u>\$ 5,917</u>
<b>School Board:</b>		
Changes of assumptions	\$ 26,627	\$ 17,988
Total	<u>\$ 26,627</u>	<u>\$ 17,988</u>

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

Year Ended June 30	County	School Board
2020	\$ (752)	\$ (1,234)
2021	(752)	(1,234)
2022	(752)	(1,234)
2023	(752)	(1,234)
2024	(378)	(1,234)
Thereafter	-	(2,469)



**Note 17—Postemployment Benefits Other Than Pensions: (Continued)**

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**Health Insurance (Single-employer Defined Benefit Plan): (Continued)**

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

**Group Life Insurance:**

***Plan Description***

The Group Life Insurance (GLI) Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

***Eligible Employees***

The GLI Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

***Benefit Amounts***

The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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**Note 17—Postemployment Benefits Other Than Pensions: (Continued)**

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**Group Life Insurance: (Continued)**

***Contributions***

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the entity were \$26,375 and \$25,064 for the years ended June 30, 2019 and June 30, 2018, respectively, \$3,300 and \$3,493 from School Board nonprofessional, and \$65,428 and \$64,238 from School Board professional.

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB***

At June 30, 2019, the County reported a liability of \$385,000, the School Board nonprofessional \$54,000, and School Board professional \$987,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was .02535% as compared to .02507% at June 30, 2017. At June 30, 2018, the participating employer's proportion for the School Board nonprofessional was .00353% as compared to .00369% at June 30, 2017. At June 30, 2018, the participating employer's proportion for the School Board professional was .06497% as compared to .06497% at June 30, 2017.

For the year ended June 30, 2019, the County, School Board nonprofessional, and School Board professional recognized GLI OPEB expense of \$6,000, \$(2,000), and \$7,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

Note 17—Postemployment Benefits Other Than Pensions: (Continued)

Group Life Insurance: (Continued)

*GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB: (Continued)*

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

<u>County</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,000	\$ 6,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	13,000
Change in assumptions	-	16,000
Changes in proportion	11,000	-
Employer contributions subsequent to the measurement date	26,375	-
Total	<u>\$ 56,375</u>	<u>\$ 35,000</u>
<b>School Board nonprofessional</b>		
Differences between expected and actual experience	\$ 3,000	\$ 1,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	2,000
Change in assumptions	-	2,000
Employer contributions subsequent to the measurement date	3,300	-
Total	<u>\$ 6,300</u>	<u>\$ 5,000</u>
<b>School Board professional</b>		
Differences between expected and actual experience	\$ 48,000	\$ 18,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	32,000
Change in assumptions	-	41,000
Employer contributions subsequent to the measurement date	65,428	-
Total	<u>\$ 113,428</u>	<u>\$ 91,000</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 17—Postemployment Benefits Other Than Pensions: (Continued)**

**Group Life Insurance: (Continued)**

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB: (Continued)***

\$26,375, \$3,300 and \$65,428 (County, School Board nonprofessional and School Board professional) reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>County</u>	<u>School Board nonprofessional</u>	<u>School Board professional</u>
2020	\$ (3,000)	\$ (1,000)	\$ (15,000)
2021	(3,000)	(1,000)	(15,000)
2022	(3,000)	-	(15,000)
2023	-	-	(5,000)
2024	1,000	-	3,000
Thereafter	3,000	-	4,000

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

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

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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**Note 17—Postemployment Benefits Other Than Pensions: (Continued)**

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**Group Life Insurance: (Continued)**

***Actuarial Assumptions: (Continued)***

**Mortality Rates - General State Employees**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

**Mortality Rates - Teachers**

Pre-Retirement:

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

Post-Retirement:

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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**Note 17—Postemployment Benefits Other Than Pensions: (Continued)**

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**Group Life Insurance: (Continued)**

***Actuarial Assumptions: (Continued)***

**Mortality Rates - Teachers: (Continued)**

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

**Mortality Rates - SPORS Employees**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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**Note 17—Postemployment Benefits Other Than Pensions: (Continued)**

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**Group Life Insurance: (Continued)**

***Actuarial Assumptions: (Continued)***

**Mortality Rates - SPORS Employees: (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

**Mortality Rates - VaLORS Employees**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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**Note 17—Postemployment Benefits Other Than Pensions: (Continued)**

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**Group Life Insurance: (Continued)**

***Actuarial Assumptions: (Continued)***

**Mortality Rates - VaLORS Employees: (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

**Mortality Rates - JRS Employees**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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



COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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**Note 17—Postemployment Benefits Other Than Pensions: (Continued)**

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**Group Life Insurance: (Continued)**

***Actuarial Assumptions: (Continued)***

**Mortality Rates - JRS Employees: (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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**Note 17—Postemployment Benefits Other Than Pensions: (Continued)**

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**Group Life Insurance: (Continued)**

***Actuarial Assumptions: (Continued)***

**Mortality Rates - Largest Ten Locality Employers - General Employees: (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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**Note 17—Postemployment Benefits Other Than Pensions: (Continued)**

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**Group Life Insurance: (Continued)**

***Actuarial Assumptions: (Continued)***

**Mortality Rates - Non-Largest Ten Locality Employers - General Employees: (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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**Note 17—Postemployment Benefits Other Than Pensions: (Continued)**

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**Group Life Insurance: (Continued)**

***Actuarial Assumptions: (Continued)***

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 17—Postemployment Benefits Other Than Pensions: (Continued)**

**Group Life Insurance: (Continued)**

***Actuarial Assumptions: (Continued)***

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

***NET GLI OPEB Liability***

The net OPEB liability (NOL) for the GLI Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

		<b>Group Life Insurance OPEB Program</b>
		<hr/>
Total GLI OPEB Liability	\$	3,113,508
Plan Fiduciary Net Position		1,594,773
Employers' Net GLI OPEB Liability (Asset)	\$	<hr/> <hr/> 1,518,735
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		51.22%

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 17—Postemployment Benefits Other Than Pensions: (Continued)**

**Group Life Insurance: (Continued)**

***Long-Term Expected Rate of Return***

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

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

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

***Discount Rate***

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

Note 17—Postemployment Benefits Other Than Pensions: (Continued)

**Group Life Insurance: (Continued)**

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County’s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 503,000	\$ 385,000	\$ 289,000
School Board nonprofessional’s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 70,000	\$ 54,000	\$ 41,000
School Board professional’s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 1,290,000	\$ 987,000	\$ 741,000

***GLI Program Fiduciary Net Position***

Detailed information about the GLI Program’s Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 17—Postemployment Benefits Other Than Pensions: (Continued)**

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**Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan):**

***Plan Description***

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Program. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the Teacher HIC Program OPEB, including eligibility, coverage, and benefits is described below:

***Eligible Employees***

The Teacher Employee Retiree HIC Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

***Benefit Amounts***

The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

***HIC Program Notes***

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



**Note 17—Postemployment Benefits Other Than Pensions: (Continued)**

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**Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**

***Contributions***

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$150,987 and \$151,947 for the years ended June 30, 2019 and June 30, 2018, respectively.

***Teacher Employee HIC Program OPEB Liabilities, Teacher Employee HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Program OPEB***

At June 30, 2019, the school division reported a liability of \$1,939,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was 0.15275% as compared to 0.15182% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$158,000. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

Note 17—Postemployment Benefits Other Than Pensions: (Continued)

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

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

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 10,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,000
Change in assumptions	-	17,000
Change in proportion	10,000	10,000
Employer contributions subsequent to the measurement date	<u>150,987</u>	<u>-</u>
Total	<u>\$ 160,987</u>	<u>\$ 38,000</u>

\$150,987 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ (5,000)
2021	(5,000)
2022	(5,000)
2023	(4,000)
2024	(4,000)
Thereafter	(5,000)

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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**Note 17—Postemployment Benefits Other Than Pensions: (Continued)**

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**Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**

***Actuarial Assumptions***

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2017, 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, 2018.

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

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

**Mortality Rates - Teachers**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 17—Postemployment Benefits Other Than Pensions: (Continued)**

**Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**

***Actuarial Assumptions: (Continued)***

**Mortality Rates - Teachers: (Continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

***Net Teacher Employee HIC OPEB Liability***

The net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

	<b>Teacher Employee HIC OPEB Plan</b>
	<hr/>
Total Teacher Employee HIC OPEB Liability	\$ 1,381,313
Plan Fiduciary Net Position	111,639
Teacher Employee net HIC OPEB Liability (Asset)	\$ <u><u>1,269,674</u></u>

Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	8.08%
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The total Teacher Employee HIC OPEB liability is calculated by the System’s actuary, and the plan’s fiduciary net position is reported in the System’s financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 17—Postemployment Benefits Other Than Pensions: (Continued)**

**Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**

***Long-Term Expected Rate of Return***

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

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

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

***Discount Rate***

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

**Note 17—Postemployment Benefits Other Than Pensions: (Continued)**

**Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division’s proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 2,166,000	\$ 1,939,000	\$ 1,746,000

***Teacher Employee HIC OPEB Fiduciary Net Position***

Detailed information about the VRS Teacher Employee HIC Program’s Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**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, 2019, \$7,959 of this note was outstanding. Future payments are as follows:

Fiscal Year	Principal	Interest
2020	\$ 3,472	\$ 200
2021	3,577	95
2022	910	7
Total	\$ 7,959	\$ 302

## COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2019 (Continued)

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### Note 19—Upcoming Pronouncements:

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

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

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

### Note 20—Adoption of Accounting Principles:

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The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

The County early implemented provisions of Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* during the fiscal year ended June 30, 2019. This Statement simplifies accounting for interest cost incurred before the end of a construction period. Interest cost incurred during construction is expensed and no longer capitalized as part of project costs. No restatement was required as a result of this implementation.

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**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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 20,877,017	\$ 20,877,017	\$ 20,779,491	\$ (97,526)
Other local taxes	2,003,309	2,003,309	2,005,268	1,959
Permits, privilege fees, and regulatory licenses	321,542	321,542	385,048	63,506
Fines and forfeitures	310,095	310,095	320,568	10,473
Revenue from the use of money and property	139,808	139,808	163,165	23,357
Charges for services	979,810	979,810	1,037,143	57,333
Miscellaneous	63,982	68,482	29,411	(39,071)
Recovered costs	61,652	69,559	148,971	79,412
Intergovernmental:				
Commonwealth	4,437,139	4,468,376	4,470,537	2,161
Federal	131,216	142,716	118,088	(24,628)
Total revenues	\$ 29,325,570	\$ 29,380,714	\$ 29,457,690	\$ 76,976
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 2,215,016	\$ 2,304,964	\$ 2,255,423	\$ 49,541
Judicial administration	742,804	747,152	733,782	13,370
Public safety	4,789,651	4,922,076	4,776,075	146,001
Public works	1,377,532	1,349,715	1,244,354	105,361
Health and welfare	547,074	584,310	645,156	(60,846)
Education	13,158,064	15,719,262	13,958,751	1,760,511
Parks, recreation, and cultural	1,154,783	1,172,841	1,071,994	100,847
Community development	634,890	663,248	624,887	38,361
Nondepartmental	138,000	40,882	12,460	28,422
Total expenditures	\$ 24,757,814	\$ 27,504,450	\$ 25,322,882	\$ 2,181,568
Excess (deficiency) of revenues over (under) expenditures	\$ 4,567,756	\$ 1,876,264	\$ 4,134,808	\$ 2,258,544
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ (4,319,346)	\$ (5,968,678)	\$ (4,845,821)	\$ 1,122,857
Total other financing sources (uses)	\$ (4,319,346)	\$ (5,968,678)	\$ (4,845,821)	\$ 1,122,857
Net change in fund balances	\$ 248,410	\$ (4,092,414)	\$ (711,013)	\$ 3,381,401
Fund balances - beginning	(248,410)	4,092,414	11,616,514	7,524,100
Fund balances - ending	\$ -	\$ -	\$ 10,905,501	\$ 10,905,501

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Recovered costs	\$ -	\$ -	\$ 2,181	\$ 2,181
Intergovernmental:				
Commonwealth	271,709	289,387	316,355	26,968
Federal	698,679	744,137	689,490	(54,647)
Total revenues	<u>\$ 970,388</u>	<u>\$ 1,033,524</u>	<u>\$ 1,008,026</u>	<u>\$ (25,498)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ 1,555,824	\$ 1,618,960	\$ 1,426,993	\$ 191,967
Total expenditures	<u>\$ 1,555,824</u>	<u>\$ 1,618,960</u>	<u>\$ 1,426,993</u>	<u>\$ 191,967</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (585,436)</u>	<u>\$ (585,436)</u>	<u>\$ (418,967)</u>	<u>\$ 166,469</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 585,436	\$ 585,436	\$ 418,967	\$ (166,469)
Total other financing sources (uses)	<u>\$ 585,436</u>	<u>\$ 585,436</u>	<u>\$ 418,967</u>	<u>\$ (166,469)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF CLARKE, VIRGINIA

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
 Primary Government and Clarke County Sanitary Authority  
 For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018		2017	
	Primary Government	Clarke County Sanitary Authority	Primary Government	Clarke County Sanitary Authority
<b>Total pension liability</b>				
Service cost	\$ 492,799	\$ 3,974	\$ 476,066	\$ 4,614
Interest	1,432,214	11,552	1,367,228	12,953
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(389,274)	(3,140)	(162,685)	(1,576)
Changes in assumptions	-	-	(63,330)	(614)
Impact in change of proportion	33,590	(33,590)	-	-
Benefit payments, including refunds of employee contributions	(730,187)	(5,888)	(714,864)	(6,930)
<b>Net change in total pension liability</b>	\$ 839,142	\$ (27,092)	\$ 902,415	\$ 8,447
<b>Total pension liability - beginning</b>	<u>20,791,696</u>	<u>201,534</u>	<u>19,889,281</u>	<u>193,087</u>
<b>Total pension liability - ending (a)</b>	\$ <u>21,630,838</u>	\$ <u>174,442</u>	\$ <u>20,791,696</u>	\$ <u>201,534</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 393,336	\$ 3,172	\$ 379,396	\$ 3,678
Contributions - employee	231,775	1,870	223,948	2,170
Impact in change of proportion	30,972	(30,972)		
Net investment income	1,421,787	11,466	2,099,165	20,349
Benefit payments, including refunds of employee contributions	(730,187)	(5,888)	(714,864)	(6,930)
Administrative expense	(12,124)	(98)	(11,988)	(116)
Other	(1,273)	(10)	(1,874)	(18)
<b>Net change in plan fiduciary net position</b>	\$ 1,334,286	\$ (20,460)	\$ 1,973,783	\$ 19,133
<b>Plan fiduciary net position - beginning</b>	<u>19,171,502</u>	<u>185,830</u>	<u>17,197,719</u>	<u>166,697</u>
<b>Plan fiduciary net position - ending (b)</b>	\$ <u>20,505,788</u>	\$ <u>165,370</u>	\$ <u>19,171,502</u>	\$ <u>185,830</u>
<b>County's net pension liability (asset) - ending (a) - (b)</b>	\$ 1,125,050	\$ 9,072	\$ 1,620,194	\$ 15,704
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	94.80%	94.80%	92.21%	92.21%
<b>Covered payroll</b>	\$ 4,781,444	\$ 38,560	\$ 4,580,226	\$ 44,397
<b>County's net pension liability (asset) as a percentage of covered payroll</b>	23.53%	23.53%	35.37%	35.37%

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.

2016		2015		2014	
Primary Government	Clarke County Sanitary Authority	Primary Government	Clarke County Sanitary Authority	Primary Government	Clarke County Sanitary Authority
\$ 452,697	\$ 4,388	\$ 441,992	\$ 4,284	\$ 452,800	\$ 4,389
1,298,718	12,588	1,241,436	12,034	1,173,942	11,379
-	-	-	-	-	-
(60,723)	(290)	(174,129)	(1,688)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(709,058)</u>	<u>(6,872)</u>	<u>(672,885)</u>	<u>(6,522)</u>	<u>(652,215)</u>	<u>(6,322)</u>
\$ 981,634	\$ 9,814	\$ 836,414	\$ 8,108	\$ 974,527	\$ 9,446
18,907,647	183,273	18,071,233	175,165	17,096,706	165,719
<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>
\$ 466,664	\$ 4,524	\$ 455,266	\$ 4,412	\$ 487,123	\$ 4,722
213,350	2,068	208,804	2,024	200,072	1,939
298,818	2,896	744,209	7,214	2,211,300	21,434
(709,058)	(6,872)	(672,885)	(6,522)	(652,215)	(6,322)
(10,410)	(100)	(10,047)	(98)	(11,767)	(114)
(126)	(2)	(157)	(3)	117	-
\$ 259,238	\$ 2,514	\$ 725,190	\$ 7,027	\$ 2,234,630	\$ 21,659
16,938,481	164,183	16,213,291	157,156	13,978,661	135,496
<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>
\$ 2,691,562	\$ 26,390	\$ 1,969,166	19,090	1,857,942	18,010
86.47%	86.33%	89.59%	89.58%	89.72%	89.72%
\$ 4,332,013	\$ 41,990	\$ 4,210,911	\$ 40,817	\$ 4,003,842	\$ 38,809
62.13%	62.85%	46.76%	46.77%	46.40%	46.41%

COUNTY OF CLARKE, VIRGINIA

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
 Component Unit School Board (nonprofessional)  
 For the Measurement Dates of June 30, 2014 through June 30, 2018

	<u>2018</u>	<u>2017</u>
<b>Total pension liability</b>		
Service cost	\$ 76,013	\$ 64,599
Interest	220,360	220,480
Differences between expected and actual experience	(39,142)	(57,419)
Changes in assumptions	-	(45,195)
Benefit payments, including refunds of employee contributions	(192,699)	(175,672)
<b>Net change in total pension liability</b>	<u>\$ 64,532</u>	<u>\$ 6,793</u>
<b>Total pension liability - beginning</b>	<u>3,244,349</u>	<u>3,237,556</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 3,308,881</u></u>	<u><u>\$ 3,244,349</u></u>
 <b>Plan fiduciary net position</b>		
Contributions - employer	\$ 33,471	\$ 33,848
Contributions - employee	32,409	32,641
Net investment income	256,887	388,498
Benefit payments, including refunds of employee contributions	(192,699)	(175,672)
Administrative expense	(2,278)	(2,302)
Other	(226)	(343)
<b>Net change in plan fiduciary net position</b>	<u>\$ 127,564</u>	<u>\$ 276,670</u>
<b>Plan fiduciary net position - beginning</b>	<u>3,514,234</u>	<u>3,237,564</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 3,641,798</u></u>	<u><u>\$ 3,514,234</u></u>
 <b>School Division's net pension liability (asset) - ending (a) - (b)</b>	 \$ (332,917)	 \$ (269,885)
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	 110.06%	 108.32%
 <b>Covered payroll</b>	 \$ 671,806	 \$ 673,225
 <b>School Division's net pension liability (asset) as a percentage of covered payroll</b>	 -49.56%	 -40.09%

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.

Exhibit 11

	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	75,698	\$	119,013
	218,560		213,846
	(87,838)		(96,657)
	-		-
	<u>(182,286)</u>		<u>(155,448)</u>
\$	24,134	\$	80,754
	<u>3,213,422</u>		<u>3,132,668</u>
\$	<u><u>3,237,556</u></u>	\$	<u><u>3,213,422</u></u>
		\$	<u><u>3,132,668</u></u>
\$	55,293	\$	56,916
	31,776		32,933
	55,073		144,974
	(182,286)		(155,448)
	(2,061)		(2,023)
	<u>(24)</u>		<u>(33)</u>
\$	<u>(42,229)</u>	\$	<u>77,319</u>
	<u>3,279,793</u>		<u>3,202,474</u>
\$	<u><u>3,237,564</u></u>	\$	<u><u>3,279,793</u></u>
		\$	<u><u>3,202,474</u></u>
\$	(8)	\$	(66,371)
		\$	(69,806)
	100.00%		102.07%
			102.23%
\$	652,740	\$	664,350
		\$	990,746
	0.00%		-9.99%
			-7.05%

COUNTY OF CLARKE, VIRGINIA

Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan  
 For the Measurement Dates of June 30, 2014 through June 30, 2018

	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.15187%	0.15127%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,860,000	\$ 18,603,000
Employer's Covered Payroll	12,337,938	11,986,432
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	144.76%	155.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%

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.



Exhibit 12

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	<u>2016</u>		<u>2015</u>		<u>2014</u>
	0.15296%		0.15349%		0.15415%
\$	21,436,000	\$	19,319,000	\$	18,629,000
	11,656,844		11,292,534		11,256,878
	183.89%		171.08%		165.49%
	68.28%		70.68%		70.88%

Schedule of Employer Contributions - Pension  
 For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2019	\$ 408,108	\$ 408,108	\$ -	\$ 5,072,104	8.05%
2018	397,195	397,195	-	4,820,004	8.24%
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%
<b>Component Unit School Board (nonprofessional)</b>					
2019	\$ 24,582	\$ 24,582	\$ -	\$ 634,547	3.87%
2018	33,468	33,468	-	671,806	4.98%
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%
<b>Component Unit School Board (professional)*</b>					
2019	\$ 1,915,267	\$ 1,915,267	\$ -	\$ 12,582,277	15.22%
2018	1,741,611	1,741,611	-	12,337,938	14.12%
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%

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

\*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 - Pension  
For the Year Ended June 30, 2019

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

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

**Largest 10 - Non-Hazardous Duty:**

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

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

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

**Largest 10 - Hazardous Duty:**

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

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

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

**Component Unit School Board - Professional Employees**

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

Schedule of County's Share of Net OPEB Liability  
 Group Life Insurance Program  
 For the Measurement Dates of June 30, 2018 and 2017

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
<b>Primary Government:</b>					
2018	0.02535% \$	385,000 \$	4,820,004	7.99%	51.22%
2017	0.02507%	378,000	4,624,623	8.17%	48.86%
<b>Component Unit - School Board (nonprofessional):</b>					
2018	0.00353% \$	54,000 \$	671,806	8.04%	51.22%
2017	0.00369%	56,000	673,225	8.32%	48.86%
<b>Component Unit - School Board (professional):</b>					
2018	0.06497% \$	987,000 \$	12,337,938	8.00%	51.22%
2017	0.06497%	978,000	11,986,432	8.16%	48.86%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>County:</b>					
2019	\$ 26,375	\$ 26,375	\$ -	\$ 5,072,104	0.52%
2018	25,064	25,064	-	4,820,004	0.52%
2017	24,048	24,048	-	4,624,623	0.52%
2016	21,010	21,010	-	4,374,003	0.48%
2015	20,408	20,408	-	4,251,728	0.48%
2014	19,405	19,405	-	4,042,651	0.48%
2013	19,582	19,582	-	4,079,590	0.48%
2012	10,848	10,848	-	3,868,202	0.28%
2011	11,153	11,153	-	3,979,755	0.28%
2010	8,212	8,212	-	4,031,452	0.20%
<b>Component Unit - School Board (nonprofessional):</b>					
2019	\$ 3,300	\$ 3,300	\$ -	\$ 634,547	0.52%
2018	3,493	3,493	-	671,806	0.52%
2017	3,535	3,535	-	673,225	0.53%
2016	3,133	3,133	-	652,740	0.48%
2015	3,189	3,189	-	664,350	0.48%
2014	4,756	4,756	-	990,747	0.48%
2013	5,173	5,173	-	1,077,653	0.48%
2012	2,861	2,861	-	1,020,784	0.28%
2011	3,086	3,086	-	1,101,964	0.28%
2010	2,281	2,281	-	1,125,360	0.20%
<b>Component Unit - School Board (professional):</b>					
2019	\$ 65,428	\$ 65,428	\$ -	\$ 12,582,277	0.52%
2018	64,238	64,238	-	12,337,938	0.52%
2017	62,315	62,315	-	11,986,432	0.52%
2016	56,000	56,000	-	11,656,844	0.48%
2015	54,776	54,776	-	11,292,534	0.49%
2014	54,159	54,159	-	11,283,075	0.48%
2013	53,623	53,623	-	11,171,543	0.48%
2012	29,271	29,271	-	10,453,931	0.28%
2011	29,625	29,625	-	10,580,218	0.28%
2010	21,616	21,616	-	8,005,822	0.27%

Notes to Required Supplementary Information  
 Group Life Insurance Program  
 For the Year Ended June 30, 2019

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

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

**General State Employees**

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

**Teachers**

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

**SPORS Employees**

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

**VaLORS Employees**

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

Notes to Required Supplementary Information  
 Group Life Insurance Program  
 For the Year Ended June 30, 2019 (Continued)

**JRS Employees**

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

**Largest Ten Locality Employers - General Employees**

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

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

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

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

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

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

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

Schedule of School Board's Share of Net OPEB Liability  
 Teacher Employee Health Insurance Credit (HIC) Program  
 For the Measurement Dates of June 30, 2018 and 2017

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
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School Board - Professional:

2018	0.15275%	\$ 1,939,000	\$ 12,337,938	15.72%	8.08%
2017	0.15182%	1,926,000	11,986,432	16.07%	7.04%

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



Schedule of Employer Contributions  
 Teacher Employee Health Insurance Credit (HIC) Program  
 For the Years Ended June 30, 2010 through June 30, 2019

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Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>School Board - Professional:</b>					
2019	\$ 150,987	\$ 150,987	\$ -	\$ 12,582,277	1.20%
2018	151,947	151,947	-	12,337,938	1.23%
2017	132,997	132,997	-	11,986,432	1.11%
2016	123,625	123,625	-	11,656,844	1.06%
2015	120,963	120,963	-	11,292,534	1.07%
2014	125,133	125,133	-	11,283,075	1.11%
2013	122,330	122,330	-	11,171,543	1.10%
2012	62,522	62,522	-	10,453,931	0.60%
2011	63,494	63,494	-	10,580,218	0.60%
2010	83,261	83,261	-	8,005,822	1.04%

Notes to Required Supplementary Information  
 Teacher Employee Health Insurance Credit (HIC) Program  
 For the Year Ended June 30, 2019

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

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

**Teacher Health Insurance Credit Program - School Board - Professional:**

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

OPEB - Health Insurance Plan  
 Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios  
 For the Measurement Dates of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>County:</b>		
<b>Total OPEB liability</b>		
Service cost	\$ 22,416	\$ 22,728
Interest	15,125	13,349
Changes in assumptions	11,370	(8,547)
Benefit payments	(10,637)	(7,922)
<b>Net change in total OPEB liability</b>	<u>\$ 38,274</u>	<u>\$ 19,608</u>
<b>Total OPEB liability - beginning</b>	373,683	354,075
<b>Total OPEB liability - ending</b>	<u><u>\$ 411,957</u></u>	<u><u>\$ 373,683</u></u>
<b>Covered payroll</b>	\$ 5,014,231	\$ 5,014,231
<b>County's total OPEB liability (asset) as a percentage of covered employee payroll</b>	8.2%	7.5%
<b>School Board:</b>		
<b>Total OPEB liability</b>		
Service cost	\$ 63,833	\$ 64,527
Interest	43,708	39,995
Changes in assumptions	30,431	(23,128)
Benefit payments	(70,423)	(66,561)
<b>Net change in total OPEB liability</b>	<u>\$ 67,549</u>	<u>\$ 14,833</u>
<b>Total OPEB liability - beginning</b>	1,100,463	1,085,630
<b>Total OPEB liability - ending</b>	<u><u>\$ 1,168,012</u></u>	<u><u>\$ 1,100,463</u></u>
<b>Covered payroll</b>	\$ 12,818,270	\$ 12,818,270
<b>School Boards total OPEB liability (asset) as a percentage of covered employee payroll</b>	9.1%	8.6%

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

OPEB - Health Insurance Plan  
 Notes to Required Supplementary Information  
 For the Year Ended June 30, 2019

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Valuation Date: 6/30/2018  
 Measurement Date: 6/30/2019

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

Methods and assumptions used to determine OPEB liability - County and School Board:

Actuarial Cost Method	Entry age normal, level % of pay
Discount Rate	3.87% as of June 30, 2018; 3.50% as of June 30, 2019
Inflation	2.50% per year as of June 30, 2019
Healthcare Trend Rate	5.70% for fiscal year ending 2018 (to reflect actual experience). The rates reverts to 6.4% for fiscal year ending 2019, and then do 4.90% for fiscal year ending 2020, increasing .10% periodically to a rate of 6.10%, then decreasing .10% periodically to a rate of 4.30%.
Salary Increase Rates	County: Ranges of increases of 3.5% for 20+ years of service to 5.35% for 1-2 years of service; School Board: Ranges of increases of 3.5% for 20+ years of service to 5.95% for 1 year of service.
Retirement Age	Reduced: Age 50 and 10 years of service or Age 55 and 5 years of service; Unreduced: Age 65 and 5 years of service or Age 50 with 30 years of service
Mortality Rates	Pre-Retirement: RP-2014 Employee Mortaility Tables projected to 2020 using Scale BB with Males set back 1 year and Females set back 1 year. Post-Retirement: RP-2014 Employee Mortaility Tables projected to 2020 using Scale BB with Males set forward 1 year and Females set back 1 year.

**OTHER SUPPLEMENTARY INFORMATION**

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2019

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 365,863	\$ 178,725	\$ 544,588
Receivables: for uncollectibles):			
Due from other governmental units	<u>29,554</u>	<u>-</u>	<u>29,554</u>
Total assets	<u>\$ 395,417</u>	<u>\$ 178,725</u>	<u>\$ 574,142</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 45,752	\$ 35,602	\$ 81,354
Due to other funds	<u>29,554</u>	<u>-</u>	<u>29,554</u>
Total liabilities	<u>\$ 75,306</u>	<u>\$ 35,602</u>	<u>\$ 110,908</u>
<b>FUND BALANCES</b>			
Restricted:			
Swim team	\$ -	\$ 4,851	\$ 4,851
Pool	-	1,659	1,659
Committed:			
Community development	225,880	-	225,880
Public safety	94,231	-	94,231
Assigned:			
Capital projects	<u>-</u>	<u>136,613</u>	<u>136,613</u>
Total fund balances	<u>\$ 320,111</u>	<u>\$ 143,123</u>	<u>\$ 463,234</u>
Total liabilities and fund balances	<u>\$ 395,417</u>	<u>\$ 178,725</u>	<u>\$ 574,142</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2019

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
General property taxes	\$ 15,958	\$ -	\$ -	\$ 15,958
Revenue from the use of money and property	3,232	-	560	3,792
Charges for services	-	4,955	-	4,955
Miscellaneous	101,877	-	1,624	103,501
Intergovernmental:				
Commonwealth	267,919	-	12,716	280,635
Federal	217,444	-	17,255	234,699
Total revenues	<u>\$ 606,430</u>	<u>\$ 4,955</u>	<u>\$ 32,155</u>	<u>\$ 643,540</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 66,942	\$ -	\$ -	\$ 66,942
Health and welfare	152,088	-	-	152,088
Community development	505,639	-	-	505,639
Capital projects	-	-	1,400,485	1,400,485
Debt service:				
Principal retirement	-	88,300	-	88,300
Interest and other fiscal charges	-	163,400	-	163,400
Total expenditures	<u>\$ 724,669</u>	<u>\$ 251,700</u>	<u>\$ 1,400,485</u>	<u>\$ 2,376,854</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (118,239)</u>	<u>\$ (246,745)</u>	<u>\$ (1,368,330)</u>	<u>\$ (1,733,314)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>\$ 86,557</u>	<u>\$ 246,745</u>	<u>\$ 1,369,628</u>	<u>\$ 1,702,930</u>
Total other financing sources (uses)	<u>\$ 86,557</u>	<u>\$ 246,745</u>	<u>\$ 1,369,628</u>	<u>\$ 1,702,930</u>
Net change in fund balances	\$ (31,682)	\$ -	\$ 1,298	\$ (30,384)
Fund balances - beginning	<u>351,793</u>	<u>-</u>	<u>141,825</u>	<u>493,618</u>
Fund balances - ending	<u><u>\$ 320,111</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 143,123</u></u>	<u><u>\$ 463,234</u></u>

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2019

	Shenandoah					
	CSA	Drug	Animal	Farms	Conservation	
	Fund	Enforcement	Care	Sanitary	Easement	Total
	Fund	Fund	Fund	District	Fund	Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ 42,702	\$ 95,262	\$ -	\$ -	\$ 227,899	\$ 365,863
Due from other governmental units	29,554	-	-	-	-	29,554
Total assets	<u>\$ 72,256</u>	<u>\$ 95,262</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,899</u>	<u>\$ 395,417</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 42,702	\$ 1,031	\$ -	\$ -	\$ 2,019	\$ 45,752
Due to other funds	29,554	-	-	-	-	29,554
Total liabilities	<u>\$ 72,256</u>	<u>\$ 1,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,019</u>	<u>\$ 75,306</u>
<b>FUND BALANCES</b>						
Committed:						
Community development	\$ -	\$ -	\$ -	\$ -	\$ 225,880	\$ 225,880
Public safety	-	94,231	-	-	-	94,231
Total fund balances	<u>\$ -</u>	<u>\$ 94,231</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,880</u>	<u>\$ 320,111</u>
Total liabilities and fund balances	<u>\$ 72,256</u>	<u>\$ 95,262</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,899</u>	<u>\$ 395,417</u>



Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2019

	CSA Fund	Drug Enforcement Fund	Animal Care Fund	Shenandoah Farms Sanitary District	Conservation Easement Fund	Total
<b>REVENUES</b>						
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ 15,958	\$ 15,958
Revenue from the use of money and property	-	1,375	-	-	1,857	3,232
Miscellaneous	9,394	61,166	-	-	31,317	101,877
Intergovernmental:						
Commonwealth	84,425	6,994	-	-	176,500	267,919
Federal	4,712	982	-	-	211,750	217,444
<b>Total revenues</b>	<b>\$ 98,531</b>	<b>\$ 70,517</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 437,382</b>	<b>\$ 606,430</b>
<b>EXPENDITURES</b>						
Current:						
Public safety	\$ -	\$ 66,942	\$ -	\$ -	\$ -	\$ 66,942
Health and welfare	152,088	-	-	-	-	152,088
Community development	-	-	-	-	505,639	505,639
<b>Total expenditures</b>	<b>\$ 152,088</b>	<b>\$ 66,942</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 505,639</b>	<b>\$ 724,669</b>
Excess (deficiency) of revenues over (under) expenditures	\$ (53,557)	\$ 3,575	\$ -	\$ -	\$ (68,257)	\$ (118,239)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	\$ 53,557	\$ -	\$ -	\$ -	\$ 33,000	\$ 86,557
<b>Total other financing sources (uses)</b>	<b>\$ 53,557</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 33,000</b>	<b>\$ 86,557</b>
Net change in fund balances	\$ -	\$ 3,575	\$ -	\$ -	\$ (35,257)	\$ (31,682)
Fund balances - beginning	-	90,656	-	-	261,137	351,793
Fund balances - ending	\$ -	\$ 94,231	\$ -	\$ -	\$ 225,880	\$ 320,111

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, 2019

	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		
<b>REVENUES</b>								
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-	-	-	1,375	1,375
Miscellaneous	-	-	9,394	9,394	-	-	61,166	61,166
Intergovernmental:								
Commonwealth	138,977	138,977	84,425	(54,552)	-	-	6,994	6,994
Federal	-	-	4,712	4,712	-	-	982	982
Total revenues	\$ 138,977	\$ 138,977	\$ 98,531	\$ (40,446)	\$ -	\$ -	\$ 70,517	\$ 70,517
<b>EXPENDITURES</b>								
Current:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,942	\$ (66,942)
Health and welfare	269,499	269,499	152,088	117,411	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Total expenditures	\$ 269,499	\$ 269,499	\$ 152,088	\$ 117,411	\$ -	\$ -	\$ 66,942	\$ (66,942)
Excess (deficiency) of revenues over (under) expenditures	\$ (130,522)	\$ (130,522)	\$ (53,557)	\$ 76,965	\$ -	\$ -	\$ 3,575	\$ 3,575
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	\$ 130,522	\$ 130,522	\$ 53,557	\$ (76,965)	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ 130,522	\$ 130,522	\$ 53,557	\$ (76,965)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,575	\$ 3,575
Fund balances - beginning	-	-	-	-	-	-	90,656	90,656
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,231	\$ 94,231

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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	15,958	\$ 15,958
-	-	-	-	-	-	-	-	-	-	1,857	1,857
-	-	-	-	-	-	-	-	-	-	31,317	31,317
-	-	-	-	-	-	-	-	12,000	132,537	176,500	43,963
-	-	-	-	-	-	-	-	-	211,750	211,750	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	12,000	344,287	437,382	93,095
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	45,000	505,639	505,639	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	45,000	505,639	505,639	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(33,000)	(161,352)	(68,257)	93,095
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	33,000	33,000	33,000	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	33,000	33,000	33,000	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(128,352)	(35,257)	93,095
-	-	-	-	-	-	-	-	-	128,352	261,137	132,785
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	225,880	225,880

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Debt Service Funds  
 For the Year Ended June 30, 2019

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	<u>Primary Government Debt Service Fund</u>
<b>REVENUES</b>	
Charges for services	\$ <u>4,955</u>
Total revenues	\$ <u>4,955</u>
<b>EXPENDITURES</b>	
Debt service:	
Principal retirement	\$ 88,300
Interest and other fiscal charges	<u>163,400</u>
Total expenditures	\$ <u>251,700</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(246,745)</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers in	\$ <u>246,745</u>
Total other financing sources (uses)	\$ <u>246,745</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, 2019

	Primary Government Debt Service Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ 4,955	\$ 4,955
Total revenues	\$ -	\$ -	\$ 4,955	\$ 4,955
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	\$ 88,300	\$ 88,300	\$ 88,300	\$ -
Interest and other fiscal charges	163,400	163,400	163,400	-
Total expenditures	\$ 251,700	\$ 251,700	\$ 251,700	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ (251,700)	\$ (251,700)	\$ (246,745)	\$ 4,955
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 251,700	\$ 251,700	\$ 246,745	\$ (4,955)
Total other financing sources (uses)	\$ 251,700	\$ 251,700	\$ 246,745	\$ (4,955)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 June 30, 2019

	Parks Construction Fund	General Government Capital Projects Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 40,690	\$ 138,035	\$ 178,725
Total assets	<u>\$ 40,690</u>	<u>\$ 138,035</u>	<u>\$ 178,725</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 35,602	\$ 35,602
Total liabilities	<u>\$ -</u>	<u>\$ 35,602</u>	<u>\$ 35,602</u>
<b>FUND BALANCES</b>			
Restricted:			
Swim team	\$ 4,851	\$ -	\$ 4,851
Pool	1,659	-	1,659
Assigned:			
Capital projects	<u>34,180</u>	<u>102,433</u>	<u>136,613</u>
Total fund balances	<u>\$ 40,690</u>	<u>\$ 102,433</u>	<u>\$ 143,123</u>
Total liabilities and fund balances	<u>\$ 40,690</u>	<u>\$ 138,035</u>	<u>\$ 178,725</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Capital Projects Funds  
 For the Year Ended June 30, 2019

	Parks Construction Fund	Government Capital Projects Fund	Total
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 560	\$ -	\$ 560
Miscellaneous	739	885	1,624
Intergovernmental:			
Commonwealth	-	12,716	12,716
Federal	-	17,255	17,255
<b>Total revenues</b>	<u>\$ 1,299</u>	<u>\$ 30,856</u>	<u>\$ 32,155</u>
<b>EXPENDITURES</b>			
Capital projects	<u>\$ -</u>	<u>\$ 1,400,485</u>	<u>\$ 1,400,485</u>
<b>Total expenditures</b>	<u>\$ -</u>	<u>\$ 1,400,485</u>	<u>\$ 1,400,485</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,299</u>	<u>\$ (1,369,629)</u>	<u>\$ (1,368,330)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>\$ -</u>	<u>\$ 1,369,628</u>	<u>\$ 1,369,628</u>
<b>Total other financing sources (uses)</b>	<u>\$ -</u>	<u>\$ 1,369,628</u>	<u>\$ 1,369,628</u>
Net change in fund balances	\$ 1,299	\$ (1)	\$ 1,298
Fund balances - beginning	<u>39,391</u>	<u>102,434</u>	<u>141,825</u>
Fund balances - ending	<u>\$ 40,690</u>	<u>\$ 102,433</u>	<u>\$ 143,123</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, 2019

	Parks Construction Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 560	\$ 560
Miscellaneous	-	-	739	739
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	\$ -	\$ -	\$ 1,299	\$ 1,299
<b>EXPENDITURES</b>				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 1,299	\$ 1,299
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 1,299	\$ 1,299
Fund balances - beginning	-	-	39,391	39,391
Fund balances - ending	\$ -	\$ -	\$ 40,690	\$ 40,690



General Government Capital Projects Fund				
Budgeted Amounts		Actual	Variance with Final Budget	
Original	Final		Positive (Negative)	
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	885	885	885
-	13,595	12,716	(879)	(879)
-	17,785	17,255	(530)	(530)
<u>\$ -</u>	<u>\$ 31,380</u>	<u>\$ 30,856</u>	<u>\$ (524)</u>	<u>\$ (524)</u>
<u>\$ 597,000</u>	<u>\$ 2,277,712</u>	<u>\$ 1,400,485</u>	<u>\$ 877,227</u>	<u>\$ 877,227</u>
<u>\$ 597,000</u>	<u>\$ 2,277,712</u>	<u>\$ 1,400,485</u>	<u>\$ 877,227</u>	<u>\$ 877,227</u>
<u>\$ (597,000)</u>	<u>\$ (2,246,332)</u>	<u>\$ (1,369,629)</u>	<u>\$ 876,703</u>	<u>\$ 876,703</u>
<u>\$ 597,000</u>	<u>\$ 2,246,332</u>	<u>\$ 1,369,628</u>	<u>\$ (876,704)</u>	<u>\$ (876,704)</u>
<u>\$ 597,000</u>	<u>\$ 2,246,332</u>	<u>\$ 1,369,628</u>	<u>\$ (876,704)</u>	<u>\$ (876,704)</u>
\$ -	\$ -	(1)	(1)	(1)
-	-	102,434	102,434	102,434
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,433</u>	<u>\$ 102,433</u>	<u>\$ 102,433</u>

Combining Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2019

	Agency Funds					Total
	Special Welfare Fund	Town of Berryville	Undistributed Local Sales Tax Fund	Cafeteria Plan Withholding Fund	Unemployment Compensation Benefits Fund	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 54,644	\$ 150,647	\$ -	\$ 90,479	\$ 11	\$ 295,781
Due from other governments	-	-	236,701	-	-	236,701
Total assets	<u>\$ 54,644</u>	<u>\$ 150,647</u>	<u>\$ 236,701</u>	<u>\$ 90,479</u>	<u>\$ 11</u>	<u>\$ 532,482</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 4,753	\$ -	\$ -	\$ 11	\$ 4,764
Sales tax payable to other towns	-	-	45,459	-	-	45,459
Amounts held for Town	-	145,894	-	-	-	145,894
Due to other funds	-	-	191,242	-	-	191,242
Accrued liabilities	-	-	-	90,479	-	90,479
Amounts held for social services clients	54,644	-	-	-	-	54,644
Total liabilities	<u>\$ 54,644</u>	<u>\$ 150,647</u>	<u>\$ 236,701</u>	<u>\$ 90,479</u>	<u>\$ 11</u>	<u>\$ 532,482</u>

Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2019

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Special welfare fund:</b>				
Assets:				
Cash and cash equivalents	\$ 53,689	\$ 2,419	\$ 1,464	\$ 54,644
Liabilities:				
Amounts held for social service clients	\$ 53,689	\$ 2,419	\$ 1,464	\$ 54,644
<b>Town of Berryville:</b>				
Assets:				
Cash and cash equivalents	\$ 134,603	\$ 83,715	\$ 67,671	\$ 150,647
Liabilities:				
Amounts held for Town	\$ 133,902	\$ 83,715	\$ 71,723	\$ 145,894
Accounts payable	701	4,753	701	4,753
Total liabilities	\$ 134,603	\$ 88,468	\$ 72,424	\$ 150,647
<b>Undistributed local sales tax fund:</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ 1,184,484	\$ 1,184,484	\$ -
Due from other governments	195,495	236,701	195,495	236,701
Total assets	\$ 195,495	\$ 1,421,185	\$ 1,379,979	\$ 236,701
Liabilities:				
Sales tax payable to other towns	\$ 39,304	\$ 45,459	\$ 39,304	\$ 45,459
Due to other funds	156,191	191,242	156,191	191,242
Total liabilities	\$ 195,495	\$ 236,701	\$ 195,495	\$ 236,701
<b>Cafeteria plan withholding fund:</b>				
Assets:				
Cash and cash equivalents	\$ 88,511	\$ 113,216	\$ 111,248	\$ 90,479
Liabilities:				
Accrued liabilities	\$ 88,511	\$ 113,216	\$ 111,248	\$ 90,479

Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2019 (continued)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Unemployment compensation benefits fund:</b>				
Assets:				
Cash and cash equivalents	\$ 4,926	\$ 6,316	\$ 11,231	\$ 11
Total assets	<u>\$ 4,926</u>	<u>\$ 6,316</u>	<u>\$ 11,231</u>	<u>\$ 11</u>
Liabilities:				
Accounts payable	\$ 4,926	\$ 11	\$ 4,926	\$ 11
<b>Totals -- All agency funds</b>				
Assets:				
Cash and cash equivalents	\$ 281,729	\$ 1,390,150	\$ 1,376,098	\$ 295,781
Due from other governments	195,495	236,701	195,495	236,701
Total assets	<u>\$ 477,224</u>	<u>\$ 1,626,851</u>	<u>\$ 1,571,593</u>	<u>\$ 532,482</u>
Liabilities:				
Amounts held for social service clients	\$ 53,689	\$ 2,419	\$ 1,464	\$ 54,644
Sales tax payable to other towns	39,304	45,459	39,304	45,459
Amounts held for Town	133,902	83,715	71,723	145,894
Accrued liabilities	88,511	113,216	111,248	90,479
Due to other funds	156,191	191,242	156,191	191,242
Accounts payable	5,627	4,764	5,627	4,764
Total liabilities	<u>\$ 477,224</u>	<u>\$ 440,815</u>	<u>\$ 385,557</u>	<u>\$ 532,482</u>

**Discretely Presented Component Unit-School Board**

Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2019

	School Operating Fund	School Food Service Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,811,553	\$ 20,216	\$ 46,248	\$ 4,714	\$ 1,882,731
Receivables:					
Accounts receivable	357	-	-	-	357
Due from primary government	-	-	-	-	-
Due from other governmental units	488,889	36,674	27,549	-	553,112
Prepaid items	-	-	30,048	-	30,048
Total assets	<u>\$ 2,300,799</u>	<u>\$ 56,890</u>	<u>\$ 103,845</u>	<u>\$ 4,714</u>	<u>\$ 2,466,248</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 221,178	\$ 10,564	\$ 103,845	\$ -	\$ 335,587
Accrued liabilities	2,076,155	39,316	-	-	2,115,471
Due to primary government	2,966	-	-	-	2,966
Total liabilities	<u>\$ 2,300,299</u>	<u>\$ 49,880</u>	<u>\$ 103,845</u>	<u>\$ -</u>	<u>\$ 2,454,024</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	\$ -	\$ -	\$ 30,048	\$ -	\$ 30,048
Assigned:					
School operating	500	7,010	-	-	7,510
Capital projects	-	-	(30,048)	4,714	(25,334)
Total fund balances	<u>\$ 500</u>	<u>\$ 7,010</u>	<u>\$ -</u>	<u>\$ 4,714</u>	<u>\$ 12,224</u>
Total liabilities and fund balances	<u>\$ 2,300,799</u>	<u>\$ 56,890</u>	<u>\$ 103,845</u>	<u>\$ 4,714</u>	<u>\$ 2,466,248</u>

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

Total fund balances per above	\$ 12,224
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	21,790,250
The net pension asset is not an available resource and, therefore, is not reported in the funds.	332,917
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	\$ 2,218,849
OPEB related items	<u>307,342</u>
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related items	\$ (2,190,400)
OPEB related items	<u>(151,988)</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(22,482,571)</u>
Net position of governmental activities	<u>\$ (163,377)</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, 2019

	School Operating Fund	School Food Service Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Revenue from the use of money and property	\$ 48,521	\$ 144	\$ -	\$ -	\$ 48,665
Charges for services	234,428	448,067	-	-	682,495
Miscellaneous	78,058	-	-	-	78,058
Recovered costs	20,176	-	2,119	-	22,295
Intergovernmental:					
Local government	12,358,618	-	1,581,692	-	13,940,310
Commonwealth	9,000,621	14,822	27,549	-	9,042,992
Federal	768,390	300,557	-	-	1,068,947
Total revenues	<u>\$ 22,508,812</u>	<u>\$ 763,590</u>	<u>\$ 1,611,360</u>	<u>\$ -</u>	<u>\$ 24,883,762</u>
<b>EXPENDITURES</b>					
Current:					
Education	\$ 22,443,199	\$ 830,683	\$ -	\$ -	\$ 23,273,882
Capital projects	-	-	1,611,360	-	1,611,360
Total expenditures	<u>\$ 22,443,199</u>	<u>\$ 830,683</u>	<u>\$ 1,611,360</u>	<u>\$ -</u>	<u>\$ 24,885,242</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 65,613</u>	<u>\$ (67,093)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,480)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ -	\$ 65,613	\$ -	\$ -	\$ 65,613
Transfers out	<u>(65,613)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,613)</u>
Total other financing sources (uses)	<u>\$ (65,613)</u>	<u>\$ 65,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (1,480)	\$ -	\$ -	\$ (1,480)
Fund balances - beginning	500	8,490	-	4,714	13,704
Fund balances - ending	<u>\$ 500</u>	<u>\$ 7,010</u>	<u>\$ -</u>	<u>\$ 4,714</u>	<u>\$ 12,224</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 \$ (1,480)

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. 10,445,783

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. (6,861)

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. This amount reflects the changes in compensated absences, net OPEB liabilities, and accrued interest payable, etc.

Pension expense	\$ 1,220,971
OPEB expense	18,685
Increase in compensated absences	<u>66,901</u>
Change in net position of governmental activities	<u>\$ 11,743,999</u>

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, 2019

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 60,915	\$ 60,915	\$ 48,521	\$ (12,394)
Charges for services	204,898	204,898	234,428	29,530
Miscellaneous	75,530	75,530	78,058	2,528
Recovered costs	33,163	33,163	20,176	(12,987)
Intergovernmental:				
Local government	13,139,623	13,139,623	12,358,618	(781,005)
Commonwealth	9,107,288	8,991,982	9,000,621	8,639
Federal	649,259	817,578	768,390	(49,188)
Total revenues	<u>\$ 23,270,676</u>	<u>\$ 23,323,689</u>	<u>\$ 22,508,812</u>	<u>\$ (814,877)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 23,245,676	\$ 23,298,689	\$ 22,443,199	\$ 855,490
Total expenditures	<u>\$ 23,245,676</u>	<u>\$ 23,298,689</u>	<u>\$ 22,443,199</u>	<u>\$ 855,490</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 65,613</u>	<u>\$ 40,613</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(25,000)	(25,000)	(65,613)	(40,613)
Total other financing sources (uses)	<u>\$ (25,000)</u>	<u>\$ (25,000)</u>	<u>\$ (65,613)</u>	<u>\$ (40,613)</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			
\$ 140	\$ 140	\$ 144	\$ 4	
486,618	486,618	448,067	(38,551)	
-	-	-	-	
25,000	25,000	-	(25,000)	
-	-	-	-	
12,015	12,015	14,822	2,807	
296,000	296,000	300,557	4,557	
<u>\$ 819,773</u>	<u>\$ 819,773</u>	<u>\$ 763,590</u>	<u>\$ (56,183)</u>	
<u>\$ 844,773</u>	<u>\$ 844,773</u>	<u>\$ 830,683</u>	<u>\$ 14,090</u>	
<u>\$ 844,773</u>	<u>\$ 844,773</u>	<u>\$ 830,683</u>	<u>\$ 14,090</u>	
<u>\$ (25,000)</u>	<u>\$ (25,000)</u>	<u>\$ (67,093)</u>	<u>\$ (42,093)</u>	
\$ 25,000	\$ 25,000	\$ 65,613	\$ 40,613	
-	-	-	-	
<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 65,613</u>	<u>\$ 40,613</u>	
\$ -	\$ -	\$ (1,480)	\$ (1,480)	
-	-	8,490	8,490	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,010</u>	<u>\$ 7,010</u>	

Balance Sheet

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

June 30, 2019

	<u>School Capital Project Proffers Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>4,714</u>
Total assets	\$ <u><u>4,714</u></u>
<b>FUND BALANCE</b>	
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, 2019

	<u>School Capital Project Proffers Fund</u>
<b>REVENUES</b>	
Revenue from the use of money and property	\$ -
Total revenues	<u>\$ -</u>
<b>EXPENDITURES</b>	
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, 2019

	School Capital Projects Proffers Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Recovered costs	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Local government	-	-	-	-
Commonwealth	-	-	-	-
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
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		
\$ -	\$ -	\$ 2,119	\$ 2,119
-	2,561,198	1,581,692	(979,506)
<u>330,549</u>	<u>176,549</u>	<u>27,549</u>	<u>(149,000)</u>
\$ <u>330,549</u>	\$ <u>2,737,747</u>	\$ <u>1,611,360</u>	\$ <u>(1,126,387)</u>
\$ <u>850,618</u>	\$ <u>2,737,747</u>	\$ <u>1,611,360</u>	\$ <u>1,126,387</u>
\$ <u>850,618</u>	\$ <u>2,737,747</u>	\$ <u>1,611,360</u>	\$ <u>1,126,387</u>
\$ <u>(520,069)</u>	\$ -	\$ -	\$ -
(520,069)	-	-	-
<u>520,069</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, 2019

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 399,490	\$ -	\$ 399,490
Accounts receivable	62,812	76,586	139,398
Total current assets	\$ 462,302	\$ 76,586	\$ 538,888
Noncurrent assets:			
Capital assets:			
Land	\$ 13,200	\$ -	\$ 13,200
Utility plant in service	6,597,395	6,830,188	13,427,583
Accumulated depreciation	(2,995,660)	(1,730,901)	(4,726,561)
Sub-total	\$ 3,614,935	\$ 5,099,287	\$ 8,714,222
Total capital assets	\$ 3,614,935	\$ 5,099,287	\$ 8,714,222
Total noncurrent assets	\$ 3,614,935	\$ 5,099,287	\$ 8,714,222
Total assets	\$ 4,077,237	\$ 5,175,873	\$ 9,253,110
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Pension related items	\$ 1,619	\$ 1,619	\$ 3,238
Total deferred outflows of resources	\$ 1,619	\$ 1,619	\$ 3,238
<b>LIABILITIES</b>			
Current liabilities:			
Reconciled overdraft	\$ -	\$ 46,323	\$ 46,323
Accounts payable	18,494	56,227	74,721
Accrued interest payable	3,738	-	3,738
Customers' deposits	7,450	300	7,750
Bonds payable - current portion	125,099	207,052	332,151
Total current liabilities	\$ 154,781	\$ 309,902	\$ 464,683
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 1,194,664	\$ 2,034,208	\$ 3,228,872
Net pension liability	4,536	4,536	9,072
Total noncurrent liabilities	\$ 1,199,200	\$ 2,038,744	\$ 3,237,944
Total liabilities	\$ 1,353,981	\$ 2,348,646	\$ 3,702,627
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	\$ 3,175	\$ 3,175	\$ 6,350
Total deferred inflows of resources	\$ 3,175	\$ 3,175	\$ 6,350
<b>NET POSITION</b>			
Net investment in capital assets	\$ 2,295,172	\$ 2,858,027	\$ 5,153,199
Unrestricted	426,528	(32,356)	394,172
Total net position	\$ 2,721,700	\$ 2,825,671	\$ 5,547,371



Combining Statement of Revenues, Expenses, and Changes in Net Position  
 Discretely Presented Component Unit - Sanitary Authority  
 For the Year Ended June 30, 2019

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services:			
Customer service charges	\$ 244,528	\$ 301,810	\$ 546,338
Connection fees	5,837	2,073	7,910
Availability fees	207,000	226,800	433,800
Miscellaneous	11,415	515	11,930
Total operating revenues	\$ 468,780	\$ 531,198	\$ 999,978
<b>OPERATING EXPENSES</b>			
Office supplies and expenses	\$ 928	\$ 960	\$ 1,888
Plant maintenance	4,050	136,834	140,884
Pipeline/road repairs	2,282	-	2,282
Pump station maintenance	-	4,425	4,425
Grinder pump maintenance	-	2,462	2,462
Operating supplies / small equipment	14,058	85,308	99,366
Professional services	126,823	209,570	336,393
Salaries and wages	12,300	12,300	24,600
Benefits	4,287	4,287	8,574
Testing services	2,322	7,399	9,721
Utilities	32,614	73,193	105,807
Depreciation	169,523	171,261	340,784
Total operating expenses	\$ 369,187	\$ 707,999	\$ 1,077,186
Operating income (loss)	\$ 99,593	\$ (176,801)	\$ (77,208)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	\$ 3,332	\$ 23	\$ 3,355
Insurance recovery	8,728	-	8,728
Tower rental	138,949	-	138,949
County operating subsidy	-	207,000	207,000
Transfers	(70,666)	70,666	-
Interest expense	(24,377)	-	(24,377)
Total nonoperating revenues (expenses)	\$ 55,966	\$ 277,689	\$ 333,655
Change in net position	\$ 155,559	\$ 100,888	\$ 256,447
Total net position - beginning	2,566,141	2,724,783	5,290,924
Total net position - ending	\$ 2,721,700	\$ 2,825,671	\$ 5,547,371

Combining Statement of Cash Flows  
Discretely Presented Component Unit - Sanitary Authority  
For the Year Ended June 30, 2019

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 462,029	\$ 518,972	\$ 981,001
Payments to suppliers	(197,455)	(491,796)	(689,251)
Payments to and on behalf of employees	(17,761)	(17,761)	(35,522)
Net cash provided by (used for) operating activities	\$ 246,813	\$ 9,415	\$ 256,228
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Tower rental	\$ 138,949	\$ -	\$ 138,949
Transfers	(70,666)	70,666	-
Operating subsidy from Clarke County	-	207,000	207,000
Insurance recovery	8,728	-	8,728
Net cash provided by (used for) noncapital financing activities	\$ 77,011	\$ 277,666	\$ 354,677
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of property, plant and equipment	\$ (171)	\$ -	\$ (171)
Retirements of long-term indebtedness	(123,813)	(207,052)	(330,865)
Interest paid on debt	(24,717)	-	(24,717)
Net cash provided by (used for) capital and related financing activities	\$ (148,701)	\$ (207,052)	\$ (355,753)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	\$ 3,332	\$ 23	\$ 3,355
Net cash provided by (used for) investing activities	\$ 3,332	\$ 23	\$ 3,355
Net increase (decrease) in cash and cash equivalents	\$ 178,455	\$ 80,052	\$ 258,507
Cash and cash equivalents - beginning	221,035	(126,375)	94,660
Cash and cash equivalents - ending	\$ 399,490	\$ (46,323)	\$ 353,167
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ 99,593	\$ (176,801)	\$ (77,208)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	169,523	171,261	340,784
(Increase) decrease in accounts receivable	(8,451)	(12,526)	(20,977)
(Increase) decrease in prepaid items	6,688	6,437	13,125
(Increase) decrease in deferred outflows related to pension	1,289	1,289	2,578
Increase (decrease) in accounts payable	(21,066)	21,918	852
Increase (decrease) in customers' deposits	1,700	300	2,000
Increase (decrease) in net pension liability	(3,316)	(3,316)	(6,632)
Increase (decrease) in deferred inflows related to pension	853	853	1,706
Total adjustments	\$ 147,220	\$ 186,216	\$ 333,436
Net cash provided by (used for) operating activities	\$ 246,813	\$ 9,415	\$ 256,228

**Discretely Presented Component Unit-Industrial Development Authority**

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

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	<b>Industrial Development Authority</b>
	<u>                    </u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$          154,364
Prepaid items	1,340
	<u>                    </u>
Total assets	\$          155,704
	<u>                    </u>
<b>NET POSITION</b>	
Unrestricted	155,704
	<u>                    </u>

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

	<b>Industrial Development Authority</b>
<b>OPERATING REVENUES</b>	
Charges for services:	
Bond repayment and application fees	\$ <u>9,208</u>
Total operating revenues	\$ <u>9,208</u>
<b>OPERATING EXPENSES</b>	
Contribution to Lord Fairfax Small Business Park	\$ 6,000
Professional services	1,675
Board members' fee	1,100
Insurance	1,338
Contribution to Berryville Main Street	<u>4,750</u>
Total operating expenses	\$ <u>14,863</u>
Operating income (loss)	\$ <u>(5,655)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Unrealized gain (loss) on investments	\$ <u>6,666</u>
Total nonoperating revenues (expenses)	\$ <u>6,666</u>
Change in net position	\$ 1,011
Total net position - beginning	<u>154,693</u>
Total net position - ending	<u><u>155,704</u></u>

Statement of Cash Flows  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2019

	<b>Industrial Development Authority</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 9,208
Payments to board	(1,100)
Payments to suppliers	<u>(15,103)</u>
Net cash provided (used) by operating activities	<u>\$ (6,995)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Unrealized gain (loss) on investments	<u>\$ 6,666</u>
Net cash provided (used) by investing activities	<u>\$ 6,666</u>
Net increase (decrease) in cash and cash equivalents	\$ (329)
Cash and cash equivalents - beginning	<u>154,693</u>
Cash and cash equivalents - ending	<u><u>\$ 154,364</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	<u>\$ (5,655)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
(Increase) decrease in prepaid items	<u>\$ (1,340)</u>
Total adjustments	<u>\$ (1,340)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (6,995)</u></u>

## Supporting Schedules

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Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 14,968,943	\$ 14,968,943	\$ 15,074,092	\$ 105,149
Real and personal public service corporation taxes	496,355	496,355	492,984	(3,371)
Personal property taxes	4,929,266	4,929,266	4,770,897	(158,369)
Mobile home taxes	1,131	1,131	187	(944)
Machinery and tools taxes	166,593	166,593	161,025	(5,568)
Penalties	167,358	167,358	154,951	(12,407)
Interest	147,371	147,371	125,355	(22,016)
Total general property taxes	<u>\$ 20,877,017</u>	<u>\$ 20,877,017</u>	<u>\$ 20,779,491</u>	<u>\$ (97,526)</u>
Other local taxes:				
Local sales and use taxes	\$ 950,000	\$ 950,000	\$ 957,003	\$ 7,003
Consumers' utility taxes	346,094	346,094	357,654	11,560
Consumption taxes	34,516	34,516	33,186	(1,330)
Motor vehicle licenses	325,439	325,439	321,283	(4,156)
Taxes on recordation and wills	298,524	298,524	288,834	(9,690)
Transient occupancy taxes	23,564	23,564	25,298	1,734
Business license taxes	25,172	25,172	22,010	(3,162)
Total other local taxes	<u>\$ 2,003,309</u>	<u>\$ 2,003,309</u>	<u>\$ 2,005,268</u>	<u>\$ 1,959</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,640	\$ 8,640	\$ 6,466	\$ (2,174)
Land use application fees	3,750	3,750	5,900	2,150
Animal shelter fees	8,525	8,525	6,475	(2,050)
Building and related permits	196,245	196,245	274,789	78,544
Zoning and subdivision	90,490	90,490	80,825	(9,665)
Transfer fees	485	485	519	34
Signs permits and inspection fees	1,927	1,927	-	(1,927)
Weapons permits	7,000	7,000	6,004	(996)
Other permits and fees	4,480	4,480	4,070	(410)
Total permits, privilege fees, and regulatory licenses	<u>\$ 321,542</u>	<u>\$ 321,542</u>	<u>\$ 385,048</u>	<u>\$ 63,506</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 310,095	\$ 310,095	\$ 320,568	\$ 10,473
Total fines and forfeitures	<u>\$ 310,095</u>	<u>\$ 310,095</u>	<u>\$ 320,568</u>	<u>\$ 10,473</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 78,808	\$ 78,808	\$ 97,132	\$ 18,324
Revenue from use of property	61,000	61,000	66,033	5,033
Total revenue from use of money and property	<u>\$ 139,808</u>	<u>\$ 139,808</u>	<u>\$ 163,165</u>	<u>\$ 23,357</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services:				
Sheriff's fees	\$ 796	\$ 796	\$ 796	\$ -
Charges for ambulance and rescue	447,911	447,911	504,269	56,358
Charges for courthouse security	47,088	47,088	63,480	16,392
Charges for jail processing	1,825	1,825	1,132	(693)
Court appointed attorney	947	947	287	(660)
Charges for other localities	18,500	18,500	18,500	-
Charges for Commonwealth's Attorney	1,749	1,749	1,360	(389)
Charges for parks and recreation	400,519	400,519	410,278	9,759
Charges for engineer's fees/biosolids applications	10,000	10,000	11,630	1,630
E-tickets	30,000	30,000	22,025	(7,975)
Other charges for services	20,475	20,475	3,386	(17,089)
<b>Total charges for services</b>	<b>\$ 979,810</b>	<b>\$ 979,810</b>	<b>\$ 1,037,143</b>	<b>\$ 57,333</b>
Miscellaneous:				
Miscellaneous	\$ 63,982	\$ 68,482	\$ 29,411	\$ (39,071)
<b>Total miscellaneous</b>	<b>\$ 63,982</b>	<b>\$ 68,482</b>	<b>\$ 29,411</b>	<b>\$ (39,071)</b>
Recovered costs:				
Rebates and refunds	\$ 5,150	\$ 5,150	\$ 76,980	\$ 71,830
Insurance recovery	20,018	20,018	6,072	(13,946)
Gifts and donations in lieu of taxes	2,750	10,657	31,647	20,990
Sale of salvage	8,130	8,130	6,432	(1,698)
Loan repayment	3,495	3,495	3,982	487
Recycling and other rebates and refunds	22,109	22,109	23,858	1,749
<b>Total recovered costs</b>	<b>\$ 61,652</b>	<b>\$ 69,559</b>	<b>\$ 148,971</b>	<b>\$ 79,412</b>
<b>Total revenue from local sources</b>	<b>\$ 24,757,215</b>	<b>\$ 24,769,622</b>	<b>\$ 24,869,065</b>	<b>\$ 99,443</b>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 25,047	\$ 25,047	\$ 22,616	\$ (2,431)
Mobile home titling tax	-	-	5,149	5,149
Taxes on deeds	55,440	55,440	71,911	16,471
Quarterly rental tax	2,404	2,404	320	(2,084)
Communications tax	415,390	415,390	364,246	(51,144)
Personal property tax relief funds	2,483,842	2,483,842	2,483,842	-
<b>Total noncategorical aid</b>	<b>\$ 2,982,123</b>	<b>\$ 2,982,123</b>	<b>\$ 2,948,084</b>	<b>\$ (34,039)</b>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 194,140	\$ 194,140	\$ 193,856	\$ (284)
Sheriff	782,973	782,973	782,598	(375)
Commissioner of revenue	78,658	78,658	78,655	(3)
Treasurer	96,457	96,457	96,051	(406)
Registrar/electoral board	37,700	37,700	37,500	(200)
Clerk of the Circuit Court	159,249	159,249	184,957	25,708
Total shared expenses	<u>\$ 1,349,177</u>	<u>\$ 1,349,177</u>	<u>\$ 1,373,617</u>	<u>\$ 24,440</u>
Other categorical aid:				
Fire programs fund	\$ 46,142	\$ 46,142	\$ 50,490	\$ 4,348
Litter control grant	4,500	4,500	6,207	1,707
Virginia Commission for the Arts	4,500	4,500	4,500	-
Other categorical aid	50,697	81,934	87,639	5,705
Total other categorical aid	<u>\$ 105,839</u>	<u>\$ 137,076</u>	<u>\$ 148,836</u>	<u>\$ 11,760</u>
Total categorical aid	<u>\$ 1,455,016</u>	<u>\$ 1,486,253</u>	<u>\$ 1,522,453</u>	<u>\$ 36,200</u>
Total revenue from the Commonwealth	<u>\$ 4,437,139</u>	<u>\$ 4,468,376</u>	<u>\$ 4,470,537</u>	<u>\$ 2,161</u>
Revenue from the federal government:				
Payments in lieu of taxes	\$ 6,697	\$ 6,697	\$ 6,482	\$ (215)
Categorical aid:				
Crime victim assistance	\$ 72,191	\$ 72,191	\$ 51,797	\$ (20,394)
SCAAP grant	775	775	1,301	526
DMV 402 grant	15,000	15,000	16,995	1,995
SAFER grant	7,500	7,500	11,075	3,575
Historic resources grant	-	11,500	3,270	(8,230)
Local law enforcement block grant	1,000	1,000	-	(1,000)
Violence against women formula grants	28,053	28,053	27,168	(885)
Total categorical aid	<u>\$ 124,519</u>	<u>\$ 136,019</u>	<u>\$ 111,606</u>	<u>\$ (24,413)</u>
Total revenue from the federal government	<u>\$ 131,216</u>	<u>\$ 142,716</u>	<u>\$ 118,088</u>	<u>\$ (24,628)</u>
Total General Fund	<u>\$ 29,325,570</u>	<u>\$ 29,380,714</u>	<u>\$ 29,457,690</u>	<u>\$ 76,976</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds:</b>				
<b>Virginia Public Assistance Fund:</b>				
Revenue from local sources:				
Recovered costs:				
Expenditure refunds	\$ -	\$ -	\$ 2,181	\$ 2,181
Total recovered costs	\$ -	\$ -	\$ 2,181	\$ 2,181
Total revenue from local sources	\$ -	\$ -	\$ 2,181	\$ 2,181
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 271,709	\$ 289,387	\$ 316,355	\$ 26,968
Total categorical aid	\$ 271,709	\$ 289,387	\$ 316,355	\$ 26,968
Total revenue from the Commonwealth	\$ 271,709	\$ 289,387	\$ 316,355	\$ 26,968
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 698,679	\$ 744,137	\$ 689,490	\$ (54,647)
Total categorical aid	\$ 698,679	\$ 744,137	\$ 689,490	\$ (54,647)
Total revenue from the federal government	\$ 698,679	\$ 744,137	\$ 689,490	\$ (54,647)
Total Virginia Public Assistance Fund	\$ 970,388	\$ 1,033,524	\$ 1,008,026	\$ (25,498)
<b>Comprehensive services act fund:</b>				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 9,394	\$ 9,394
Total miscellaneous	\$ -	\$ -	\$ 9,394	\$ 9,394
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive services	\$ 138,977	\$ 138,977	\$ 84,425	\$ (54,552)
Total categorical aid	\$ 138,977	\$ 138,977	\$ 84,425	\$ (54,552)
Total revenue from the Commonwealth	\$ 138,977	\$ 138,977	\$ 84,425	\$ (54,552)
Revenue from the federal government:				
Categorical aid:				
Other categorical aid	\$ -	\$ -	\$ 4,712	\$ 4,712
Total categorical aid	\$ -	\$ -	\$ 4,712	\$ 4,712
Total revenue from the federal government	\$ -	\$ -	\$ 4,712	\$ 4,712
Total comprehensive services fund	\$ 138,977	\$ 138,977	\$ 98,531	\$ (40,446)
<b>Drug Enforcement Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,375	\$ 1,375
Revenue from the use of property	\$ -	\$ -	\$ -	\$ -
Total revenue from use of money and property	\$ -	\$ -	\$ 1,375	\$ 1,375

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds: (Continued)</b>				
<b>Drug Enforcement Fund: (Continued)</b>				
Miscellaneous:				
Gifts and donations	\$ -	\$ -	\$ 61,166	\$ 61,166
Total miscellaneous	\$ -	\$ -	\$ 61,166	\$ 61,166
Total revenue from local sources	\$ -	\$ -	\$ 62,541	\$ 62,541
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 6,994	\$ 6,994
Total revenue from the Commonwealth	\$ -	\$ -	\$ 6,994	\$ 6,994
Revenue from the federal government:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 982	\$ 982
Total revenue from the federal government	\$ -	\$ -	\$ 982	\$ 982
Total drug enforcement fund	\$ -	\$ -	\$ 70,517	\$ 70,517
<b>Conservation Easement Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ -	\$ -	\$ 15,958	\$ 15,958
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 1,857	\$ 1,857
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 31,317	\$ 31,317
Total revenue from local sources	\$ -	\$ -	\$ 49,132	\$ 49,132
Intergovernmental:				
Revenue from the Commonwealth:				
Other categorical aid:				
Conservation easement grants	\$ 12,000	\$ 132,537	\$ 176,500	\$ 43,963
Revenue from the federal government:				
Categorical aid:				
Conservation easement grants	\$ -	\$ 211,750	\$ 211,750	\$ -
Total Conservation Easement Fund	\$ 12,000	\$ 344,287	\$ 437,382	\$ 93,095

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Debt Service Funds:</b>				
<b>School Debt Service Fund</b>				
Revenue from local sources:				
Miscellaneous:				
Expenditure refunds	\$ 107,732	\$ 107,732	\$ 107,732	\$ -
Total revenue from local sources	<u>\$ 107,732</u>	<u>\$ 107,732</u>	<u>\$ 107,732</u>	<u>\$ -</u>
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
BAB interest subsidy	\$ 113,295	\$ 113,295	\$ 110,734	\$ (2,561)
Total School Debt Service Fund	<u>\$ 221,027</u>	<u>\$ 221,027</u>	<u>\$ 218,466</u>	<u>\$ (2,561)</u>
 <b>General Debt Service Fund:</b>				
Revenue from local sources:				
Charges for services:				
Charges for services	\$ -	\$ -	\$ 4,955	\$ 4,955
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,955</u>	<u>\$ 4,955</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,955</u>	<u>\$ 4,955</u>
Total General Debt Service Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,955</u>	<u>\$ 4,955</u>
 <b>Capital Projects Fund:</b>				
<b>General Government Capital Projects Fund:</b>				
Revenue from local sources:				
Miscellaneous:				
Gifts and donations	\$ -	\$ -	\$ 885	\$ 885
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 885</u>	<u>\$ 885</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	\$ -	\$ 13,595	\$ 12,716	\$ (879)
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 13,595</u>	<u>\$ 12,716</u>	<u>\$ (879)</u>
Revenue from the federal government:				
Categorical aid:				
Other categorical aid	\$ -	\$ 17,785	\$ 17,255	\$ (530)
Total categorical aid	<u>\$ -</u>	<u>\$ 17,785</u>	<u>\$ 17,255</u>	<u>\$ (530)</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 17,785</u>	<u>\$ 17,255</u>	<u>\$ (530)</u>
Total General Government Capital Projects Fund	<u>\$ -</u>	<u>\$ 31,380</u>	<u>\$ 30,856</u>	<u>\$ (524)</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Parks Construction Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 560	\$ 560
Total revenue from use of money and property	\$ -	\$ -	\$ 560	\$ 560
Miscellaneous:				
Gifts and donations	\$ -	\$ -	\$ 739	\$ 739
Total miscellaneous	\$ -	\$ -	\$ 739	\$ 739
Total revenue from local sources	\$ -	\$ -	\$ 1,299	\$ 1,299
Total Parks Construction Fund	\$ -	\$ -	\$ 1,299	\$ 1,299
Total Primary Government	\$ 30,667,962	\$ 31,149,909	\$ 31,327,722	\$ 177,813
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 60,915	\$ 60,915	\$ 48,521	\$ (12,394)
Charges for services:				
Tuition	\$ 202,398	\$ 202,398	\$ 231,928	\$ 29,530
Town of Berryville Crossing	2,500	2,500	2,500	-
Total charges for services	\$ 204,898	\$ 204,898	\$ 234,428	\$ 29,530
Miscellaneous:				
Other miscellaneous	\$ 47,987	\$ 47,987	\$ 54,679	\$ 6,692
Private gifts and donations	27,543	27,543	23,379	(4,164)
Total miscellaneous	\$ 75,530	\$ 75,530	\$ 78,058	\$ 2,528
Recovered costs:				
Rebates and refunds	\$ 27,883	\$ 27,883	\$ 6,527	\$ (21,356)
Insurance recoveries	-	-	8,000	8,000
Sale of equipment	5,280	5,280	5,649	369
Total recovered costs	\$ 33,163	\$ 33,163	\$ 20,176	\$ (12,987)
Total revenue from local sources	\$ 374,506	\$ 374,506	\$ 381,183	\$ 6,677
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Clarke, Virginia	\$ 13,139,623	\$ 13,139,623	\$ 12,358,618	\$ (781,005)
Total revenues from local governments	\$ 13,139,623	\$ 13,139,623	\$ 12,358,618	\$ (781,005)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,440,625	\$ 2,440,625	\$ 2,462,054	\$ 21,429
At risk payments	22,503	22,503	24,329	1,826
Basic school aid	4,169,201	4,169,201	4,180,713	11,512

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2019 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Foster home children	\$ 57,306	\$ 57,306	\$ 3,560	\$ (53,746)
Gifted and talented children	43,891	43,891	44,084	193
Homebound education	2,583	2,583	1,820	(763)
Preschool At-Risk	27,563	27,563	28,467	904
Special education - soq	579,184	579,184	581,731	2,547
Enrollment loss	124,003	75,000	75,000	-
Special education - foster children	25,139	25,139	42,799	17,660
Vocational education - soq	122,205	122,205	122,743	538
Vocational equipment	7,625	7,625	8,435	810
Vocational - occupational	6,588	6,588	4,179	(2,409)
Textbook payments	86,654	86,654	87,035	381
Remedial education	62,824	62,824	63,100	276
Share of fringe benefits	841,668	841,668	845,369	3,701
Remedial summer school	15,000	15,000	10,374	(4,626)
Industry certification program	1,804	1,804	3,432	1,628
Mentor teacher program	1,861	1,861	825	(1,036)
SOL algebra readiness	7,849	7,849	7,758	(91)
Early intervention	21,546	21,546	21,546	-
Salary supplement/bonus	2,500	2,500	5,000	2,500
Compensation supplement	228,718	228,718	314,766	86,048
Project graduation	3,835	3,835	3,835	-
ISAEP	7,859	8,356	8,355	(1)
English as a second language	39,579	39,579	31,540	(8,039)
Lord Fairfax dual enrollment	154,422	75,576	1,913	(73,663)
Other categorical aid	2,753	14,799	15,859	1,060
Total categorical aid	<u>\$ 9,107,288</u>	<u>\$ 8,991,982</u>	<u>\$ 9,000,621</u>	<u>\$ 8,639</u>
Total revenue from the Commonwealth	<u>\$ 9,107,288</u>	<u>\$ 8,991,982</u>	<u>\$ 9,000,621</u>	<u>\$ 8,639</u>
Revenue from the federal government:				
Categorical aid:				
Title I part A: Grants to local educational agencies	\$ 199,766	\$ 191,175	\$ 169,805	\$ (21,370)
Title II part A: Improving teacher quality	30,656	41,385	36,297	(5,088)
Title III, Part A: English language acquisition grants	3,628	5,506	5,506	-
Title IV, Part A: Student support and academic enrichment grants	10,000	23,276	23,267	(9)
Medicaid	6,041	6,041	11,157	5,116
Vocational education basic grants to states	20,964	24,382	23,958	(424)
Title VI-B: Special education grants to states	365,103	508,922	484,934	(23,988)
Special education preschool handicapped grant	13,101	16,891	13,466	(3,425)
Total categorical aid	<u>\$ 649,259</u>	<u>\$ 817,578</u>	<u>\$ 768,390</u>	<u>\$ (49,188)</u>
Total revenue from the federal government	<u>\$ 649,259</u>	<u>\$ 817,578</u>	<u>\$ 768,390</u>	<u>\$ (49,188)</u>
Total School Operating Fund	<u><u>\$ 23,270,676</u></u>	<u><u>\$ 23,323,689</u></u>	<u><u>\$ 22,508,812</u></u>	<u><u>\$ (814,877)</u></u>



Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Fund:</b>				
<b>School Food Service Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 140	\$ 140	\$ 144	\$ 4
Total revenue from use of money and property	<u>\$ 140</u>	<u>\$ 140</u>	<u>\$ 144</u>	<u>\$ 4</u>
Charges for services:				
Cafeteria sales	\$ 486,618	\$ 486,618	\$ 448,067	\$ (38,551)
Total charges for services	<u>\$ 486,618</u>	<u>\$ 486,618</u>	<u>\$ 448,067</u>	<u>\$ (38,551)</u>
Recovered costs:				
Expenditure refunds and rebates	\$ 25,000	\$ 25,000	-	\$ (25,000)
Total recovered costs	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>-</u>	<u>\$ (25,000)</u>
Total revenue from local sources	<u>\$ 511,758</u>	<u>\$ 511,758</u>	<u>\$ 448,211</u>	<u>\$ (63,547)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 12,015	\$ 12,015	\$ 14,822	\$ 2,807
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 296,000	\$ 296,000	\$ 300,557	\$ 4,557
Total categorical aid	<u>\$ 296,000</u>	<u>\$ 296,000</u>	<u>\$ 300,557</u>	<u>\$ 4,557</u>
Total revenue from the federal government	<u>\$ 296,000</u>	<u>\$ 296,000</u>	<u>\$ 300,557</u>	<u>\$ 4,557</u>
Total School Food Service Fund	<u><u>\$ 819,773</u></u>	<u><u>\$ 819,773</u></u>	<u><u>\$ 763,590</u></u>	<u><u>\$ (56,183)</u></u>
<b>Capital Projects Funds:</b>				
<b>School Capital Projects Fund:</b>				
Revenue from local sources:				
Recovered costs:				
Rebates and refunds	\$ -	\$ -	\$ 2,119	\$ 2,119
Total recovered costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,119</u>	<u>\$ 2,119</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,119</u>	<u>\$ 2,119</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Clarke, Virginia	\$ -	\$ 2,561,198	\$ 1,581,692	\$ (979,506)
Revenue from the Commonwealth:				
Categorical aid:				
Technology grant	\$ 330,549	\$ 176,549	\$ 27,549	\$ (149,000)
Total revenue from the Commonwealth	<u>\$ 330,549</u>	<u>\$ 176,549</u>	<u>\$ 27,549</u>	<u>\$ (149,000)</u>
Total School Capital Projects Fund	<u><u>\$ 330,549</u></u>	<u><u>\$ 2,737,747</u></u>	<u><u>\$ 1,611,360</u></u>	<u><u>\$ (1,126,387)</u></u>
Total Discretely Presented Component Unit - School Board	<u><u>\$ 24,420,998</u></u>	<u><u>\$ 26,881,209</u></u>	<u><u>\$ 24,883,762</u></u>	<u><u>\$ (1,997,447)</u></u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2019

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 58,459	\$ 64,459	\$ 64,406	\$ 53
General and financial administration:				
County administrator	\$ 378,976	\$ 407,309	\$ 406,660	\$ 649
Independent auditor	38,000	49,631	49,631	-
Legal services	35,000	20,000	18,614	1,386
Commissioner of revenue	210,490	210,490	204,949	5,541
Assessor	4,500	4,500	4,500	-
Data processing	431,852	427,268	418,652	8,616
Information systems	-	54,315	54,275	40
Finance and purchasing	628,431	629,584	619,551	10,033
Treasurer	302,167	307,167	307,146	21
Total general and financial administration	\$ 2,029,416	\$ 2,110,264	\$ 2,083,978	\$ 26,286
Board of elections:				
Registrar	\$ 82,638	\$ 83,338	\$ 79,001	\$ 4,337
Electoral board and officials	44,503	46,903	28,038	18,865
Total board of elections	\$ 127,141	\$ 130,241	\$ 107,039	\$ 23,202
Total general government administration	\$ 2,215,016	\$ 2,304,964	\$ 2,255,423	\$ 49,541
Judicial administration:				
Courts:				
Circuit court	\$ 13,680	\$ 17,680	\$ 17,557	\$ 123
General district court	4,320	4,820	4,815	5
Magistrate	40	40	-	40
Juvenile and domestic relations court	2,900	3,400	3,324	76
Clerk of the circuit court	264,897	260,897	251,729	9,168
Victim Witness Program	71,897	71,897	69,360	2,537
Regional court services	6,500	6,500	6,179	321
Blue Ridge legal services	1,500	1,500	1,500	-
Total courts	\$ 365,734	\$ 366,734	\$ 354,464	\$ 12,270
Commonwealth's attorney:				
Commonwealth's attorney	\$ 377,070	\$ 380,418	\$ 379,318	\$ 1,100
Total commonwealth's attorney	\$ 377,070	\$ 380,418	\$ 379,318	\$ 1,100
Total judicial administration	\$ 742,804	\$ 747,152	\$ 733,782	\$ 13,370

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,477,880	\$ 2,586,285	\$ 2,472,609	\$ 113,676
Criminal justice training	19,593	19,593	18,252	1,341
Drug task force	12,500	12,500	11,895	605
Total law enforcement and traffic control	<u>\$ 2,509,973</u>	<u>\$ 2,618,378</u>	<u>\$ 2,502,756</u>	<u>\$ 115,622</u>
Fire and rescue services:				
Emergency medical services	\$ 993,830	\$ 1,017,830	\$ 1,017,684	\$ 146
Fire and rescue departments	398,450	398,450	391,532	6,918
Lord Fairfax Emergency Medical Services	6,262	6,262	6,262	-
Forestry services	2,874	2,874	2,873	1
Total fire and rescue services	<u>\$ 1,401,416</u>	<u>\$ 1,425,416</u>	<u>\$ 1,418,351</u>	<u>\$ 7,065</u>
Correction and detention:				
Regional jail	\$ 547,984	\$ 547,984	\$ 533,000	\$ 14,984
Juvenile detention home	13,179	13,179	13,179	-
Probation office	500	500	48	452
Total correction and detention	<u>\$ 561,663</u>	<u>\$ 561,663</u>	<u>\$ 546,227</u>	<u>\$ 15,436</u>
Inspections:				
Building	\$ 203,704	\$ 203,704	\$ 198,835	\$ 4,869
Total inspections	<u>\$ 203,704</u>	<u>\$ 203,704</u>	<u>\$ 198,835</u>	<u>\$ 4,869</u>
Other protection:				
Animal control	\$ 112,695	\$ 112,695	\$ 109,686	\$ 3,009
Medical examiner	200	220	220	-
Total other protection	<u>\$ 112,895</u>	<u>\$ 112,915</u>	<u>\$ 109,906</u>	<u>\$ 3,009</u>
Total public safety	<u>\$ 4,789,651</u>	<u>\$ 4,922,076</u>	<u>\$ 4,776,075</u>	<u>\$ 146,001</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 150,000	\$ 180,000	\$ 178,373	\$ 1,627
Sanitation	242,000	242,000	241,011	989
Convenience center services	100,000	31,104	16,896	14,208
Litter control program	5,310	5,310	3,308	2,002
Total sanitation and waste removal	<u>\$ 497,310</u>	<u>\$ 458,414</u>	<u>\$ 439,588</u>	<u>\$ 18,826</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Public Works: (continued)				
Maintenance of general buildings and grounds:				
General properties	\$ 880,222	\$ 891,301	\$ 804,766	\$ 86,535
Total maintenance of general buildings and grounds	\$ 880,222	\$ 891,301	\$ 804,766	\$ 86,535
Total public works	\$ 1,377,532	\$ 1,349,715	\$ 1,244,354	\$ 105,361
Health and welfare:				
Health:				
Supplement of local health department	\$ 154,126	\$ 191,362	\$ 191,362	\$ -
Our Health	6,500	6,500	6,500	-
Total health	\$ 160,626	\$ 197,862	\$ 197,862	\$ -
Mental health and mental retardation:				
Northwestern Community Services	\$ 92,000	\$ 92,000	\$ 92,000	\$ -
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	\$ 108,750	\$ 108,750	\$ 108,750	\$ -
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	3,000	3,000	3,000	-
Tax relief for the elderly	213,396	213,396	274,242	(60,846)
Independent living center	1,000	1,000	1,000	-
Total welfare	\$ 277,698	\$ 277,698	\$ 338,544	\$ (60,846)
Total health and welfare	\$ 547,074	\$ 584,310	\$ 645,156	\$ (60,846)
Education:				
Other instructional costs:				
Contribution to Clarke County Public Schools	\$ 13,139,623	\$ 15,700,821	\$ 13,940,310	\$ 1,760,511
Lord Fairfax Community College	18,441	18,441	18,441	-
Total education	\$ 13,158,064	\$ 15,719,262	\$ 13,958,751	\$ 1,760,511
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 449,034	\$ 459,168	\$ 449,318	\$ 9,850
Recreation center	114,384	114,384	108,514	5,870
Swimming pool	84,934	87,858	66,222	21,636
Concession stand	16,130	16,130	13,800	2,330
Programs	244,301	244,301	183,140	61,161
Total parks and recreation	\$ 908,783	\$ 921,841	\$ 820,994	\$ 100,847

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Parks, recreation, and culture: (continued)				
Cultural enrichment:				
Barns of Rose Hill	\$ 5,000	\$ 10,000	\$ 10,000	\$ -
Virginia commission for the arts	9,000	9,000	9,000	-
Total cultural enrichment	<u>\$ 14,000</u>	<u>\$ 19,000</u>	<u>\$ 19,000</u>	<u>\$ -</u>
Library:				
Contribution to Handley library	\$ 232,000	\$ 232,000	\$ 232,000	\$ -
Total library	<u>\$ 232,000</u>	<u>\$ 232,000</u>	<u>\$ 232,000</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 1,154,783</u>	<u>\$ 1,172,841</u>	<u>\$ 1,071,994</u>	<u>\$ 100,847</u>
Community development:				
Planning and community development:				
Planning administration	\$ 426,498	\$ 452,856	\$ 438,907	\$ 13,949
Help with housing	2,500	2,500	2,500	-
Board of zoning appeals	3,520	3,520	415	3,105
Office of Economic Development	64,100	66,100	65,964	136
Berryville Development Authority	900	900	200	700
Small business development center	1,500	1,500	1,500	-
Blandy Experimental Farm	3,000	3,000	3,000	-
Planning commission	14,389	14,389	8,967	5,422
Board of septic appeals	1,566	1,566	365	1,201
Historic preservation	9,900	9,900	9,622	278
Northern Shenandoah Valley Regional Commission	10,273	10,273	10,273	-
Berryville Main St	2,500	2,500	1,361	1,139
Regional airport	2,500	2,500	2,500	-
Total planning and community development	<u>\$ 543,146</u>	<u>\$ 571,504</u>	<u>\$ 545,574</u>	<u>\$ 25,930</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	1,001	1,001	708	293
Total environmental management	<u>\$ 39,001</u>	<u>\$ 39,001</u>	<u>\$ 38,708</u>	<u>\$ 293</u>
Cooperative extension program:				
Cooperative extension service	\$ 50,443	\$ 50,443	\$ 38,305	\$ 12,138
Northern Virginia 4-H Center	2,300	2,300	2,300	-
Total cooperative extension program	<u>\$ 52,743</u>	<u>\$ 52,743</u>	<u>\$ 40,605</u>	<u>\$ 12,138</u>
Total community development	<u>\$ 634,890</u>	<u>\$ 663,248</u>	<u>\$ 624,887</u>	<u>\$ 38,361</u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Nondepartmental:				
Miscellaneous	\$ -	\$ -	\$ 6,144	\$ (6,144)
Unemployment compensation	-	10,000	6,316	3,684
Legal/professional services contingency	138,000	30,882	-	30,882
Total nondepartmental	<u>\$ 138,000</u>	<u>\$ 40,882</u>	<u>\$ 12,460</u>	<u>\$ 28,422</u>
Total General Fund	<u>\$ 24,757,814</u>	<u>\$ 27,504,450</u>	<u>\$ 25,322,882</u>	<u>\$ 2,181,568</u>
<b>Special Revenue Funds:</b>				
<b>Virginia Public Assistance Fund:</b>				
Health and welfare:				
Welfare and social services:				
Public assistance and welfare administration	\$ 1,555,824	\$ 1,618,960	\$ 1,426,993	\$ 191,967
Total health and welfare	<u>\$ 1,555,824</u>	<u>\$ 1,618,960</u>	<u>\$ 1,426,993</u>	<u>\$ 191,967</u>
Total Virginia Public Assistance Fund	<u>\$ 1,555,824</u>	<u>\$ 1,618,960</u>	<u>\$ 1,426,993</u>	<u>\$ 191,967</u>
<b>Comprehensive Services Act Fund:</b>				
Health and welfare:				
Welfare and social services:				
Program expenditures	\$ 269,499	\$ 269,499	\$ 152,088	\$ 117,411
Total health and welfare	<u>\$ 269,499</u>	<u>\$ 269,499</u>	<u>\$ 152,088</u>	<u>\$ 117,411</u>
Total CSA Fund	<u>\$ 269,499</u>	<u>\$ 269,499</u>	<u>\$ 152,088</u>	<u>\$ 117,411</u>
<b>Drug Enforcement Fund:</b>				
Public Safety:				
Public Safety				
Operations	\$ -	\$ -	\$ 66,942	\$ (66,942)
Total public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,942</u>	<u>\$ (66,942)</u>
Total Drug Enforcement Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,942</u>	<u>\$ (66,942)</u>
<b>Conservation Easement Fund:</b>				
Community development:				
Development rights				
Development rights	\$ 45,000	\$ 505,639	\$ 505,639	\$ -
Total Conservation Easement Fund	<u>\$ 45,000</u>	<u>\$ 505,639</u>	<u>\$ 505,639</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Debt Service Fund:</b>				
<b>School Debt Service Fund:</b>				
Debt service:				
Principal retirement	\$ 1,874,580	\$ 1,874,580	\$ 1,874,579	\$ 1
Interest and other fiscal charges	1,068,135	1,068,135	1,067,811	324
Total School Debt Service Fund	<u>\$ 2,942,715</u>	<u>\$ 2,942,715</u>	<u>\$ 2,942,390</u>	<u>\$ 325</u>
<b>Primary Government Debt Service Fund:</b>				
Debt service:				
Principal retirement	\$ 88,300	\$ 88,300	\$ 88,300	\$ -
Interest and other fiscal charges	163,400	163,400	163,400	-
Total Primary Government Debt Service	<u>\$ 251,700</u>	<u>\$ 251,700</u>	<u>\$ 251,700</u>	<u>\$ -</u>
<b>Capital Projects Fund:</b>				
<b>General Government Capital Projects Fund:</b>				
Capital projects:				
Communications equipment	\$ -	\$ 387,547	\$ 102,492	\$ 285,055
Vehicles	30,000	36,475	36,229	246
Technology and equipment improvements	65,000	170,489	126,268	44,221
Sheriff vehicles	135,000	136,685	133,200	3,485
Tourism signs	-	6,698	6,697	1
Sitework	20,000	24,101	24,000	101
HVAC	-	131,216	11,936	119,280
Roofing	-	94,824	41,238	53,586
Systems integration	-	13,440	9,382	4,058
Sheriff equipment	10,000	10,000	10,000	-
Recreation center	-	1,220	-	1,220
Economic development	-	42,900	-	42,900
Reassessment	312,000	200,000	90,086	109,914
Parks - Shelter	15,000	73,813	37,241	36,572
Swimming pool	-	53,378	-	53,378
Paving	-	3,136	-	3,136
Landscaping	-	10,375	-	10,375
Buildings	-	66,373	38,692	27,681
Fencing - ballfield and pool	10,000	81,036	2,029	79,007
Citizens convenience center	-	734,006	730,995	3,011
Total General Government Capital Projects Fund	<u>\$ 597,000</u>	<u>\$ 2,277,712</u>	<u>\$ 1,400,485</u>	<u>\$ 877,227</u>
Total Primary Government	<u>\$ 30,419,552</u>	<u>\$ 35,370,675</u>	<u>\$ 32,069,119</u>	<u>\$ 3,301,556</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board</b>				
<b>School Operating Fund:</b>				
Education:				
Instruction	\$ 18,728,822	\$ 18,659,674	\$ 18,003,667	\$ 656,007
Administration, attendance and health	1,156,010	1,190,425	1,113,475	76,950
Pupil transportation services	1,069,623	1,075,250	1,046,232	29,018
Operation and maintenance services	2,291,221	2,373,340	2,279,825	93,515
Total School Operating Fund	<u>\$ 23,245,676</u>	<u>\$ 23,298,689</u>	<u>\$ 22,443,199</u>	<u>\$ 855,490</u>
<b>Special Revenue Fund:</b>				
<b>School Food Service Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 844,773	\$ 844,773	\$ 830,683	\$ 14,090
Total School Food Service Fund	<u>\$ 844,773</u>	<u>\$ 844,773</u>	<u>\$ 830,683</u>	<u>\$ 14,090</u>
<b>Capital Projects Fund:</b>				
<b>School Capital Projects Fund:</b>				
Capital projects:				
Band equipment	\$ -	\$ 77,413	\$ 66,276	\$ 11,137
Athletic equipment and uniforms	16,000	38,330	38,330	-
Furniture replacement	35,000	75,102	64,729	10,373
Bus purchases	170,000	312,603	312,603	-
School vehicles	-	60,650	60,649	1
Fencing	-	7,980	7,980	-
School food - service equipment	-	32,723	18,317	14,406
Cooley renovations	10,000	33,634	24,886	8,748
HVAC	75,000	322,519	250,589	71,930
Roof replacements	-	129,923	10,376	119,547
Flooring replacements	-	34,876	34,875	1
Security improvements	35,000	312,348	288,842	23,506
Surfacing	40,000	91,560	50,544	41,016
Playgrounds and fields	-	61,472	58,765	2,707
Technology	469,618	920,896	238,436	682,460
Dorsch scholarship fund	-	22,851	22,851	-
Boyce Elem repairs	-	59,440	59,439	1
Signs	-	5,879	492	5,387
Painting	-	135,167	-	135,167
Johnson Williams middle renovation	-	2,381	2,381	-
Total capital projects	<u>\$ 850,618</u>	<u>\$ 2,737,747</u>	<u>\$ 1,611,360</u>	<u>\$ 1,126,387</u>
Total School Capital Projects Fund	<u>\$ 850,618</u>	<u>\$ 2,737,747</u>	<u>\$ 1,611,360</u>	<u>\$ 1,126,387</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 24,941,067</u>	<u>\$ 26,881,209</u>	<u>\$ 24,885,242</u>	<u>\$ 1,995,967</u>



## Other Statistical Information

COUNTY OF CLARKE, VIRGINIA

Government-Wide Expenses by Function  
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>
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
2017-18	2,183,992	756,574	4,390,173	1,040,596	2,553,964
2018-19	2,432,025	815,472	5,018,338	1,149,634	2,177,021

Table 1

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	<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>
\$	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	38,190,207
	24,942,640	1,740,882	1,786,425	1,333,403	864,755	9,484	41,239,959
	24,113,225	1,184,765	751,064	1,262,545	991,414	10,405	39,238,717
	24,743,660	1,221,501	1,114,874	1,165,960	1,101,563	14,863	40,954,911

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
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
2017-18	2,954,132	12,775,540	241,152
2018-19	3,439,395	12,836,899	529,937

(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
\$ 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
20,679,221	1,949,217	161,134	427,413	3,026,459	-	42,214,268
21,340,980	2,005,268	225,643	463,009	2,965,641	-	43,806,772

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>
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
2017-18	1,995,469	723,002	4,505,954	1,112,695	2,558,960	22,658,730
2018-19	2,255,423	733,782	4,843,017	1,244,354	2,224,237	23,292,323

(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

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<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>
\$ 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
1,021,052	661,213	29,623	3,223,790	3,650,407	42,140,895
1,071,994	1,130,526	12,460	3,194,090	3,011,845	43,014,051

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
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
2017-18	20,774,033	1,949,217	328,391	357,254	158,930	1,654,201
2018-19	20,795,449	2,005,268	385,048	320,568	215,622	1,724,593

(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

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<u>Miscellaneous</u>	<u>Recovered Costs</u>	<u>Inter- governmental (2)</u>	<u>Subtotal</u>	<u>Proceeds From Debt</u>	<u>Total</u>
\$ 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
293,108	226,368	16,043,151	41,784,653	-	41,784,653
318,702	173,447	16,332,477	42,271,174	-	42,271,174

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
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%	2,036,380	9.41%
2017-18	21,841,583	22,374,271	102.44%	224,500	22,598,771	103.47%	2,071,734	9.49%
2018-19	21,295,315	22,607,804	106.16%	100,981	22,708,785	106.64%	2,373,029	11.14%

(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	
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
2017-18	2,054,072,530	158,886,595	13,701,728	69,909,256	-	2,296,570,109
2018-19	2,074,702,400	166,582,252	13,309,929	69,434,398	-	2,324,028,979

(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
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
2017-18	.71/.71	.71/.71	4.496/4.496	2.248/2.248	1.25	0.71	n/a
2018-19	.71/.71	.71/.71	4.496/4.496	2.248/2.248	1.25	0.71	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
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
2017-18	14,508	2,296,570	23,340,000	1.02%	1,609
2018-19	14,523	2,324,029	21,640,000	0.93%	1,490

(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  
 Assessed Value and Net Bonded Debt Per Capita  
 Last Ten Fiscal Years

	FY 18 Carryover	FY 19 Original Budget	FY 19 Project Transfers	FY 19 Supplemental Budget	Final Budget
Expenditures:					
HVAC System Replacement	\$ 14,109	\$ -	\$ 117,107	\$ -	\$ 131,216
Roofing	121,039	-	(45,000)	18,785	94,824
Landscaping	25,375	-	(15,000)	-	10,375
Asphalt, Sidewalk, Path	3,136	-	-	-	3,136
Courthouse Complex Repairs	66,373	-	-	-	66,373
Sheriff's Equipment	-	10,000	-	-	10,000
Auto Replacement	6,097	30,000	378	-	36,475
Communications Equipment	414,045	-	(26,498)	-	387,547
Sheriff's Vehicles	1,685	135,000	-	-	136,685
Citizen's Convenience Center	732,911	-	1,095	-	734,006
Technology Improvements	79,339	65,000	26,150	-	170,489
Systems Integration	9,618	-	3,822	-	13,440
Economic Development	-	-	42,900	-	42,900
Swimming Pool	53,378	-	-	-	53,378
Fencing - ballfield and pool	71,036	10,000	-	-	81,036
Sitework	4,101	20,000	-	-	24,101
Tourism Signs	-	-	6,698	-	6,698
Recreation Center Addition	1,220	-	-	-	1,220
Parks - Kohn Property Development	-	15,000	-	-	15,000
Parks - Shelter	57,964	-	348	-	58,312
Parks - Trash Cans	501	-	-	-	501
Reassessment	-	312,000	(112,000)	-	200,000
Total expenditures	<u>\$ 1,661,927</u>	<u>\$ 597,000</u>	<u>\$ -</u>	<u>\$ 18,785</u>	<u>\$ 2,277,712</u>

School Board Capital Projects Carryover Budget Allocations

	FY 18 Carryover	FY 19 Original Budget	FY 19 Project Transfers	FY 19 Supplemental Budget	Final Budget
Expenditures:					
Dorsch scholarship fund	\$ 19,327	\$ -	\$ 3,524	\$ -	\$ 22,851
Furniture replacement	3,690	35,000	11,412	25,000	75,102
Band equipment	77,413	-	-	-	77,413
Athletic equipment and uniforms	-	16,000	3,572	18,758	38,330
Bus purchases	-	170,000	93,603	49,000	312,603
School vehicles	-	-	35,650	25,000	60,650
School food - service equipment	4,183	-	13,540	15,000	32,723
Fencing	4,343	-	3,637	-	7,980
Signs	5,879	-	-	-	5,879
Playgrounds and fields	11,472	-	-	50,000	61,472
Surfacing	26,560	40,000	-	25,000	91,560
Painting	168,964	-	(33,797)	-	135,167
HVAC	187,519	75,000	-	60,000	322,519
Cooley Lower Campus renovations	23,634	-	1,283	-	24,917
Cooley Upper Campus renovations	-	10,000	(1,283)	-	8,717
Roof replacements	349,755	-	(219,832)	-	129,923
Flooring replacements	22,544	-	12,332	-	34,876
Security improvements	257,348	35,000	-	20,000	312,348
Boyce Elementary repairs	50,000	-	9,440	-	59,440
Johnson Williams Middle renovation	-	-	2,381	-	2,381
Technology-Food service	-	10,000	(486)	-	9,514
Technology	482,809	187,000	65,024	-	734,833
Technology (VPSA)	22,549	154,000	-	-	176,549
	<u>\$ 1,717,989</u>	<u>\$ 732,000</u>	<u>\$ -</u>	<u>\$ 287,758</u>	<u>\$ 2,737,747</u>
Total expenditures					

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**Compliance**

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

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To the Honorable Members of  
The Board of Supervisors  
County of Clarke, 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, 2019, 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 December 20, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the County of Clarke, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2019-001.

### County of Clarke, Virginia's Response to Findings

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

### Purpose of this Report

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

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
December 20, 2019



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

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

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

We have audited the 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 the County of Clarke, Virginia's major federal programs for the year ended June 30, 2019. The 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 the 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of 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 the County of Clarke, Virginia's compliance.

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

In our opinion, the 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, 2019.

## Report on Internal Control over Compliance

Management of the 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 the 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
December 20, 2019

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019

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:			
Medicaid Cluster:			
Direct payments			
Medical Assistance Program	93.778	n/a	\$ 11,157
Pass Through Payments:			
Department of Social Services:			
Medical Assistance Program	93.778	1200118/19	<u>200,137</u>
Total Medicaid Cluster			\$ 211,294
Pass Through Payments:			
Promoting Safe and Stable Families	93.556	0950117/18	2,550
Temporary Assistance For Needy Families (TANF) Cluster:			
Temporary Assistance For Needy Families (TANF)	93.558	0400118/19	<u>\$ 75,645</u>
Total Temporary Assistance For Needy Families (TANF) Cluster			75,645
Refugee and Entrant Assistance - State Administered Programs	93.566	0500118/19	51
Low-Income Home Energy Assistance	93.568	0600418/19	10,595
Child Care and Development Fund (CCDF) Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760118/19	<u>\$ 14,325</u>
Total Child Care and Development Fund (CCDF) Cluster			14,325
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900118	72
Foster Care - Title IV-E	93.658	1100118/19	92,368
Adoption Assistance - Title IV-E	93.659	1120118/19	29,790
Social Services Block Grant	93.667	1000118/19	82,100
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150118	720
Children's Health Insurance Program (CHIP)	93.767	0540118/19	<u>4,152</u>
Total Department of Health and Human Services			\$ <u>523,662</u>
Department of Agriculture:			
Direct Payments:			
Agricultural Conservation Easement Program	10.931	n/a	<u>\$ 211,750</u>
Child Nutrition Cluster:			
Pass Through Payments:			
Department of Agriculture:			
Food Distribution	10.555	unavailable	\$ 46,265
Department of Education:			
National School Lunch Program (NSLP)	10.555	18/19N109941	198,137
School Breakfast Program (SBP)	10.553	18/19N109941	<u>56,155</u>
Total Child Nutrition Cluster			\$ <u>300,557</u>
Supplemental Nutrition Assistance Program (SNAP) Cluster:			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010118/19, 0040118/19	<u>\$ 181,696</u>
Total SNAP Cluster			<u>181,696</u>
Total Department of Agriculture			\$ <u>694,003</u>

Schedule of Expenditures of Federal Awards (Continued)  
 For the Year Ended June 30, 2019

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
National Park Service:			
Direct payments:			
Historic Preservation Fund Grants-In-Aid	15.904	n/a	\$ 17,255
Pass Through payments:			
Department of the Interior:			
Department of Historic Resources:			
Historic Preservation Fund Grants-In-Aid	15.904	P18AF00023	3,270
Total National Park Service			<u>\$ 20,525</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Homeland Security:			
Emergency Management Performance Grants	97.042	unavailable	\$ 11,075
Total Department of Homeland Security			<u>\$ 11,075</u>
Department of Justice:			
Direct payments:			
State Criminal Alien Assistance Program	16.606	n/a	\$ 1,301
Equitable Sharing Program	16.922	n/a	982
Pass Through Payments:			
Department of Criminal Justice Service:			
Violence Against Women Formula Grants	16.588	18-O4438VA17, 19-P4438VA18	27,168
Crime Victim Assistance	16.575	19-S3591VW17	51,798
Total Department of Justice			<u>\$ 81,249</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL-18-58232, 154AL-19-59084	\$ 12,380
Highway Safety Cluster			
State and Community Highway Safety	20.600	FSC-18-58249, FSC-19-59082	<u>\$ 4,615</u>
Total Highway Safety Cluster			4,615
Total Department of Transportation			<u>\$ 16,995</u>
Department of Education:			
Direct Payments:			
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A160046/17/18	\$ 169,805
Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B)	84.027	H027A170107/17	\$ 484,934
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A170112/18	<u>13,466</u>
Total Special Education Cluster			498,400
English Language Acquisition State Grants	84.365	Unknown	5,506
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	V048A160046/17/18	23,957
Supporting Effective Instruction State Grants	84.367	S367S160044/17/18	36,298
Student Support and Academic Enrichment Program	84.424	S424A170048/18	<u>23,267</u>
Total Department of Education			<u>\$ 757,233</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,104,742</u></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, 2019

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Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Clarke, Virginia under programs of the federal government for the year ended June 30, 2019. 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	\$	118,088
General Capital Projects Fund		17,255
Special Revenue Funds:		
Virginia Public Assistance Fund		689,490
Comprehensive Services Act Fund		4,712
Drug Enforcement Fund		982
Conservation Easement Fund		211,750
Debt Service Funds:		
School Debt Service Fund		110,734
Total primary government	\$	<u>1,153,011</u>
Component Unit School Board:		
School Operating Fund	\$	768,390
School Food Service Fund		300,557
Total component unit school board	\$	<u>1,068,947</u>
Total federal expenditures per basic financial statements	\$	<u>2,221,958</u>
Less amounts not reported on the Schedule of Expenditures of Federal Awards:		
Payment in lieu of taxes	\$	6,482
Build America Bond interest rate subsidy		110,734
Total federal expenditures per basic financial statements	\$	<u>2,104,742</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>2,104,742</u></u>

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

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**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:

CFDA #	Name of Federal Program or Cluster
84.027 84.173	Special Education Cluster (IDEA): Special Education - Grants to States (IDEA, Part B) Special Education - Preschool Grants (IDEA Preschool)
10.553 10.555 10.555	Child Nutrition Cluster: School Breakfast Program National School Lunch Program Food Distribution
10.561	SNAP Cluster: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

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

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

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**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None

**Section IV - Commonwealth of Virginia Findings**

2019-001 - Compliance Finding - No Annual Review of Employee System Access at Local Department of Social Services

**Criteria:** Per Section 3-15 of the *Specifications for Audits of Counties, Cities, and Towns*, the local government's Local Security Officer for the Department of Social Services should be annually reviewing each employee's access to each application with employee's supervisors to ensure that access is properly aligned with job responsibilities.

**Condition:** Of the three employees selected for testing, no system access forms were kept on file, and no annual review of access was documented within the past year.

**Cause:** There was turnover within the Department of Social Services during the year under audit, and newly hired staff had trouble locating all necessary files relating to system access.

**Effect:** Potential for unauthorized access to system programs.

**Recommendation:**

We recommend that the Local Security Officer perform and document an annual review of system access for each employee and that individual Computer Access Request Forms be maintained and kept on file for all users with system access.

**Management Response and Corrective Action Plan:**

The Clarke County Department of Social Services has conducted a desk audit of all system access forms for all current employees. We will be holding an agency meeting in January of 2020 and all Unit Supervisors will be reviewing the system access needs of each of their employees and signing off for an annual access review. Going forward, we have adopted the annual access review as part of the annual employee performance review and supervisors will recertify access need at that time.

All missing forms will be completed and the first annual access review will be completed by February 15, 2020. The system access forms and certifications will be placed in the agency HR file of each employee.

**Section V - Prior Year Audit Findings**

None

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