

COUNTY OF PAGE, VIRGINIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2017

COUNTY OF PAGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

Prepared by
Dennis Click, Budget Officer
Page County, Virginia

**COUNTY OF PAGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	i
Organizational Chart	ii
Directory of Principal Officials	iii

FINANCIAL SECTION

Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-9

Basic Financial Statements:

Government-wide Financial Statements:

Exhibit 1	Statement of Net Position	10
Exhibit 2	Statement of Activities	11-12

Fund Financial Statements:

Exhibit 3	Balance Sheet — Governmental Funds	13
Exhibit 4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	14
Exhibit 5	Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	15
Exhibit 6	Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Exhibit 7	Statement of Fiduciary Net Position — Fiduciary Funds	17

Notes to the Financial Statements	18-76
---	-------

Required Supplementary Information:

Exhibit 8	General Fund — Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual	77
Exhibit 9	Schedule of OPEB Funding Progress	78
Exhibit 10	Schedule of Changes in Net Pension Liability and Related Ratios — Primary Government	79
Exhibit 11	Schedule of Changes in Net Pension Liability and Related Ratios — Component Unit School Board (nonprofessional)	80

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

Page

Required Supplementary Information: (Continued)

Exhibit 12	Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan.....	81
Exhibit 13	Schedule of Employer Contributions	82
Exhibit 14	Notes to Required Supplementary Information	83

Other Supplementary Information:

Exhibit 15	Capital Projects Fund — Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual.....	84
Exhibit 16	Combining Balance Sheet — Nonmajor Special Revenue Funds.....	85
Exhibit 17	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances — Nonmajor Special Revenue Funds	86
Exhibit 18	Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual — Nonmajor Special Revenue Funds	87-89
Exhibit 19	Combining Statement of Fiduciary Net Position — Fiduciary Funds.....	90
Exhibit 20	Combining Statement of Changes in Assets and Liabilities — Agency Funds.	91
Exhibit 21	Combining Balance Sheet — Discretely Presented Component Unit — School Board.....	92
Exhibit 22	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds — Discretely Presented Component Unit — School Board	93
Exhibit 23	Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual — Discretely Presented Component Unit — School Board	94
Exhibit 24	Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual — Nonmajor Special Revenue Fund — Discretely Presented Component Unit — School Board	95
Exhibit 25	Statement of Net Position — Internal Service Fund — Discretely Presented Component Unit — School Board	96
Exhibit 26	Statement of Revenues, Expenses, and Changes in Net Position — Internal Service Fund — Discretely Presented Component Unit — School Board	97
Exhibit 27	Statement of Cash Flows — Internal Service Fund — Discretely Presented Component Unit — School Board	98

Supporting Schedules

Schedule 1	Schedule of Revenues — Budget and Actual — Governmental Funds	99-102
Schedule 2	Schedule of Expenditures — Budget and Actual — Governmental Funds	103-106

TABLE OF CONTENTS (CONTINUED)

STATISTICAL SECTION		<u>Page</u>
Table 1	Net Position by Component.....	107-108
Table 2	Changes in Net Position	109-112
Table 3	Governmental Activities Tax Revenues by Source	113
Table 4	Fund Balances of Governmental Funds	114-115
Table 5	Changes in Fund Balances of Governmental Funds	116-117
Table 6	General Governmental Tax Revenues by Source.....	118
Table 7	Assessed Value and Estimated Actual Value of Taxable Property	119-120
Table 8	Property Tax Rates	121
Table 9	Principal Property Taxpayers	122
Table 10	Property Tax Levies and Collections	123
Table 11	Ratios of Outstanding Debt by Type.....	124
Table 12	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita	125
Table 13	Demographic and Economic Statistics	126
Table 14	Principal Employers.....	127
Table 15	Full-time Equivalent County Government Employees by Function	128
Table 16	Operating Indicators by Function.....	129
Table 17	Capital Asset Statistics by Function	130

COMPLIANCE SECTION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	131-132
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	133-134
Schedule of Expenditures of Federal Awards	135-137
Schedule of Findings and Questioned Costs	138

INTRODUCTORY SECTION



COUNTY OF PAGE

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

Board of Supervisors:

Johnny Woodward – Chairman – At- Large
D. Keith Guzy, Jr. – District 1
David Wiatrowski – District 2
Mark Stroupe – District 3
Larry Foltz – District 4
Dorothy F. Pendley – District 5

County Administrator:

Amity Moler

November 30th, 2017

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the County of Page (County) for the fiscal year ended 2017. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the County. All disclosures necessary to enable the reader to gain an understanding of the County's activities have been included.

The accounting firm of Robinson, Farmer, Cox Associates, Certified Public Accountants, has audited the County's financial statements. The goal of the independent audit is to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by Government Auditing Standards Board and the Specification for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accounts. Based upon this audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

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

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

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

The Reporting Entity and Economic Outlook

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

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

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

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

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

There were 9,305 households out of which 29.60% had children under the age of 18 living with them, 55.80% were married couples living together, 10.50% had a female householder with no husband present, and 28.70% were non-families. 24.40% of all households were made up of individuals and 11.10% had someone living alone who was 65 years of age or older. The average

household size was 2.46 and the average family size was 2.91. In the county, the population was spread out with 23.00% under the age of 18, 7.70% from 18 to 24, 28.30% from 25 to 44, 25.30% from 45 to 64, and 15.70% who were 65 years of age or older. The median age was 39 years.

Growth has remained steady inside the County, with yet another year of increased Transient Occupancy tax revenues, that in no small part thanks to the kick-off event of Cooter's in Luray, VA. A multi-disciplinary effort helped welcome this new attraction to our county and have topped \$1 million dollars in Transient Occupancy tax collections. Meal taxes also continue to beat estimates and we have welcomed many new rental properties and service industry locations into the burgeoning tourism industry of Page County. In fact, TLC named Luray #2 on their list of Most Beautiful Wedding Locales in the United States. Many of our most sought-after destinations remain small and independently owned, keeping most of the economic benefits within the community.

Major Initiatives and Goals

The Mission Statement of Page County is as follows:

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

During Fiscal Year 2017, the County began the substantial bulk of its design and engineering processes for a new cell (Cell 10) at the Battle Creek Landfill. We maintain contracts with several businesses and Warren County to dispose of waste long-term. This has made our landfill operations operationally self-sufficient, however while we are operationally in the black, significant debt service remains (discussed in more detail later as a part of debt, and debt service expenditures). Projections hold that an additional significant waste disposal contract could compensate for this as well. The landfill remains a net gain as the minimal costs incurred far outweigh the expense of tipping fees if the waste were to be hauled elsewhere.

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

Our Fire and EMS Division was formed in 2003, and is presently staffed with 30 full-time and part-time employees. Currently, the County operates 3 volunteer rescue stations (one located in each independent town in the County), the Luray, Shenandoah, and Stanley Volunteer Rescue Squads. Additionally, the Department provides emergency medical services and fire response training for the 6 volunteer fire departments and rescue stations in the County. In Fiscal Year 2017, we were able to achieve over a half of a million dollars of revenue while responding to more calls and making minor upgrades to our fleet.

Financial Information

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

Single Audit

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

As a part of the County's single audit, described earlier, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2017 provided no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations.

Budgeting Controls

Budgets are adopted on a basis consistent with generally accepted accounting principles. Governmental funds utilize the current financial resources measurement focus and the modified accrual basis of accounting. Revenues and related assets are recorded when measurable and available to finance operations during the year. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Proprietary and Fiduciary Funds use the accrual basis of accounting which recognizes revenues when earned and expenses when incurred.

The appropriations resolution places legal restrictions on expenditures at the functional level. Formal budgets are legally adopted for the governmental funds, which include the General, Social Services, Children's Services Act (formerly Comprehensive Services Act), Capital Projects Funds, Parks and Recreation, Juvenile Community Crime Control, Victim Witness Protection, Water Quality, and Airport Hangar funds of the primary government and component unit – School Board.

Budgetary integration is employed as a management control device during the year, and budgets are monitored and reported to the Board of Supervisors on a monthly basis.

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

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

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

Relevant Financial Policies

The County of Page, Virginia has adopted a comprehensive set of financial policies. The County has a policy that requires the adoption of a balance annual operating budget (i.e., estimated revenues equal to appropriations and transfers to other funds). For Fiscal Year 2017, no carryover funds were utilized in order to balance the adopted budget. Several appropriations, as they related to restricted sources of funds and our component unit, re-appropriated carryover funds, but none were required to balance the budget. The County also has a policy in place to maintain a 15% Fund Balance in order to not only meet our debt covenants, but remain agile and adaptive in the current economic climate.

Other Information

Independent Audit

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

Acknowledgments

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

Sincerely,

A handwritten signature in black ink that reads "Dennis Lee Click". The script is fluid and cursive, with the first letters of each name being capitalized and prominent.

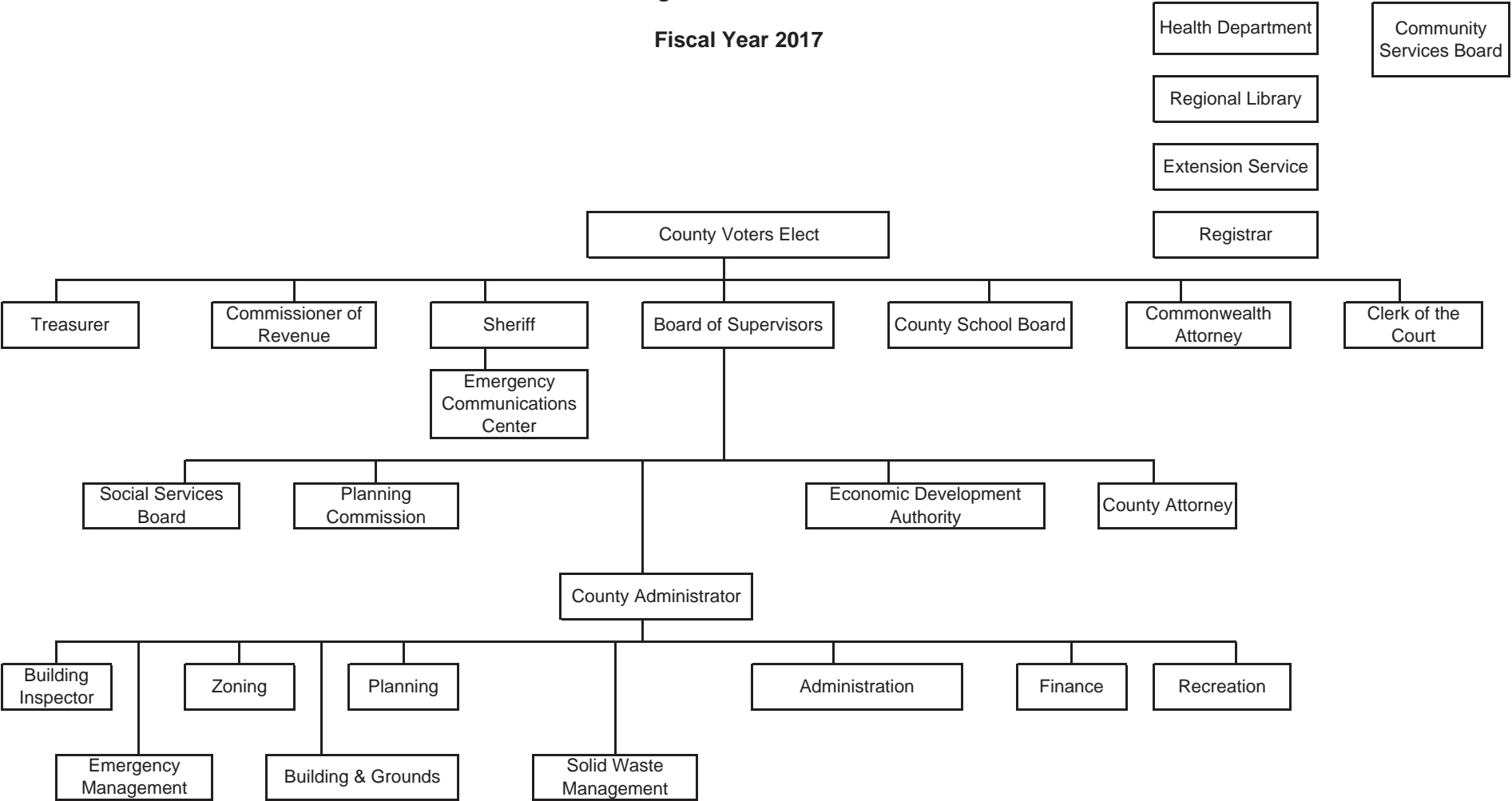
Dennis Lee Click
Budget Officer

County of Page, Virginia

Organizational Chart

Fiscal Year 2017

State Regional Agencies



COUNTY OF PAGE, VIRGINIA

BOARD OF SUPERVISORS

Johnny Woodward, Chairman

Mark Stroupe
David Wiatrowski
Dorothy F. Pendley

Larry Foltz
D. Keith Guzy, Jr.

Amity Moler, County Administrator

OFFICIALS

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

SCHOOL BOARD

Morgan S. Phenix, Chairman

Larry W. Foltz
Melissa S. Deibert
Jackie Sullivan-Smoot, Vice Chairman

Randy J. Bailey
Sharon K. Lucas
Ellen H. Fields, Clerk

FINANCE BOARD

Members, Page County Board of Supervisors
Penny Gray, Treasurer
Dennis Click, Budget Officer

BOARD OF SOCIAL SERVICES

Louise Kyger, Chairman

Ted Booker
Donnie Roudabush

Fred Fielding
Darrell Short

Jan Sletten

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Page, Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of County of Page, Virginia, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules relating to pension and OPEB funding on pages 4-9, 77 and 78-83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017, on our consideration of County of Page, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Page, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
November 30, 2017

Management's Discussion and Analysis

The following is a narrative overview and analysis of the financial activities of County of Page, Virginia for the fiscal year ended June 30, 2017.

Financial Highlights

The assets and deferred outflows of the County of Page, Virginia were short of its liabilities and deferred inflows at the close of the most recent fiscal year by \$(7,989,511). Of this amount, \$(13,005,687) is unrestricted. This deficit is attributable mainly to landfill remediation costs incurred by the County in 2006. The Component Unit School Board's net position was \$(4,729,554) of which \$(31,844,589) is unrestricted. This deficit can be attributed to the recording of the Component Unit School Board's VRS net pension liability of \$34,704,670.

At the end of the fiscal year, unassigned fund balance for the general fund was \$7,986,584.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$10,043,337, an increase of \$3,275,880 in comparison to the prior year. \$7,986,584 is available for spending at the government's discretion (unassigned fund balance).

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, 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. A reconciliation of the two methods is provided in Exhibits 4 & 6 in this report.

The County maintains seven 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 special revenue fund and the capital projects fund, both of which are considered to be major funds. Data from the other four governmental 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 is provided on Exhibits 16-18 in this report.

Proprietary Funds

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

The County of Page has one internal service fund, which is retained for purposes of the school board component unit: Health Insurance Fund. The Health Insurance Fund accounts for insurance premiums paid by the School Board for all departments. At June 30th the plan surplus was \$29,629 with an overall net position of \$829,953. A thorough explanation and historical claim and settlement data is available in Note 15 of this report.

Fiduciary Funds

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

Notes to the Financial Statements

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

Government-wide Financial Analysis

As previously noted, net position may serve as a useful indicator of a government's financial position. The County of Page's assets failed to exceed its liabilities and deferred inflows of resources by \$(7,989,511) at the close of the fiscal year.

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

County of Page, Virginia's Net Position

	2017	2016
Current and Other Assets	\$ 27,987,735	\$ 23,350,442
Capital Assets	49,268,601	50,830,107
Total Assets	\$ 77,256,336	\$ 74,180,549
Pension Contributions	\$ 625,053	\$ 821,590
Items Related to Net Pension Liability	641,666	-
Total Deferred Outflows of Resources	\$ 1,266,719	\$ 821,590
Long Term Liabilities	\$ 70,770,945	\$ 69,763,302
Other Liabilities	5,269,732	4,336,345
Total Liabilities	\$ 76,040,677	\$ 74,099,647
Unavailable Revenue-Property Taxes	\$ 9,811,153	\$ 9,713,178
Items Related to Net Pension Liability	660,736	798,550
Total Deferred Inflows of Resources	\$ 10,471,889	\$ 10,511,728
Net Investment in Capital Assets	\$ 2,205,669	\$ (124,706)
Restricted	2,810,507	741,443
Unrestricted	(13,005,687)	(10,225,973)
Total Net Position	\$ (7,989,511)	\$ (9,609,236)

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

Restricted net position represents resources that are subject to external restrictions on how they may be used. Of the \$2,810,507 in restricted net position, \$815,711 is restricted for debt service and bond covenants, while \$1,994,796 is restricted for capital projects.

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

Governmental Activities

Governmental activities have increased the County's net position by \$1,619,725 due in large part to keeping expenditure growth low, at 1.4%, and increasing revenues by 5.25% (primarily through general property taxes, meals and lodging taxes).

CHANGES IN NET POSITION For The Year Ended June 30, 2017 Governmental Activities

Revenues:	2017	2016
Program Revenues:		
Charges for Services	\$ 2,412,388	\$ 2,505,460
Operating Grants and Contributions	8,754,656	8,616,224
General Revenues:		
General Property Taxes	21,317,725	20,735,519
Other Local Taxes	3,986,406	3,379,186
Use of Money and Property	46,985	32,357
Miscellaneous	388,957	178,058
Grants and Contributions Not Restricted	2,351,768	2,365,622
Total Revenues	<u>\$ 28,091,841</u>	<u>\$ 26,690,742</u>
Expenses:		
General Government	\$ 2,350,004	\$ 2,613,493
Judicial Administration	1,140,691	1,113,134
Public Safety	8,669,850	8,555,808
Health and Welfare	3,931,959	3,542,736
Education	12,289,299	12,215,154
Parks, Recreation, and Cultural	317,432	303,900
Community Development	3,612,114	3,667,775
Public Works	2,822,940	2,524,857
Interest on Long-Term Debt	2,504,871	2,579,296
Total Expenses	<u>\$ 37,639,160</u>	<u>\$ 37,116,153</u>
Changes in Net Position	\$ 1,619,725	\$ 696,273
Net Position, Beginning	(9,609,236)	(10,305,509)
Net Position, Ending	<u><u>\$ (7,989,511)</u></u>	<u><u>\$ (9,609,236)</u></u>

Financial Analysis of the Government's Funds

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

Governmental Funds

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

At the year end, the County's governmental funds reported combined ending fund balances of \$10,043,337 an increase of \$3,275,880 over the prior year. As discussed earlier, this increase is attributable to increased property, meals and lodging tax collections and maintaining prior year expenditure levels. \$2,810,507 is restricted to indicate that it is not available for new spending because it has already been committed to bond covenants for the USDA loan for improvements to Battlecreek Landfill and for capital projects expenditures (also primarily related to improvements at Battlecreek Landfill).

The general fund is the chief operating fund of the County. As of June 30, 2017, the total fund balance was \$8,028,041, of which \$7,986,584 was unassigned. The general fund balance increased by \$2,321,337 primarily due to increased tax revenue and a reduction in expenditures. The Capital Projects Fund ended the year with a fund balance of \$1,895,703, an increase of \$944,688 which is attributable to debt proceeds of \$3,027,000 received for the Battlecreek Landfill project. However only \$1,822,326 was spent during the year on the project. The County's other governmental funds showed a modest increase of \$9,855 in fund balance.

General Fund Budgetary Highlights

Differences between the original budgeted appropriations and the final amended budgeted appropriations resulted in an increase of \$796,658 in appropriations and can be briefly summarized as follows:

- \$602,113 increase in public safety expenditures due in part to the receipt and expenditures associated with various grant, fire & rescue, and other law enforcement programs including forfeited asset proceeds, PSAP, and two-for-life.
- \$146,250 increase in contributions to the Component Unit School Board.

These increased budgeted expenditures did not result in actual expenditures during the year contributing to the \$1,513,726 positive variance when compared to the final budget expenditures.

Final budgeted revenues increased by \$532,439 from the original budget due to the public safety grants discussed above. Actual revenues exceeded the final budget by \$894,601 primarily due to increased personal property taxes and transient occupancy tax collections.

Capital Asset and Debt Administration

Capital Assets

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

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

Governmental Activities	2017	2016
Land	\$ 1,970,464	\$ 1,970,464
Buildings and Systems	41,757,439	44,330,015
Machinery and Equipment	1,284,273	1,791,508
Construction in Progress	4,256,425	2,738,120
Total	\$ 49,268,601	\$ 50,830,107

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

Long-term debt

The County carried several liabilities that fall into the realm of long-term debt. Among these general categories are General Obligation Bonds and Revenue Bonds, which have financed large scale projects for the County. Included in Revenue Bonds are our Lease Revenue Bonds, a bond secured by payment of lease payments by the party securing the bond. Substantial amounts of debt are related to landfill closure and post closure activities, a liability that is required to be tracked and updated by the County. Capital leases are a useful tool for managing cash flow through (often smaller) debt instruments, and the County held just under \$27,255 of these at year end. Premiums related to the issuance of our existing bonds continue to decrease as we have not had any new bond premiums added in relation to debt issuance. We continue to see the impact of GASB Statement No. 68, and the new pension reporting standards, as part of our long-term debt. Also of note, GASB Statement No. 45 outlines the methodology of calculating Other Post Employment Benefit obligations. Lastly, we have the balance of leave which is eligible for a financial payment as employee's leave employment with the County.

At fiscal year end the County had the following outstanding debt:

County of Page, Virginia's Outstanding Debt For Year Ended June 30, 2017

Governmental Activities	2017	2016
General Obligation Bonds	\$ 42,748,467	\$ 44,733,233
Revenue Bonds	16,277,776	14,119,124
Landfill Closure/Post-Closure	6,074,073	5,762,288
Capital Leases	27,255	92,235
Premiums on Bond Issuance	546,210	583,413
Net Pension Liability	3,439,979	3,049,509
Net OPEB Obligation	902,000	804,300
Compensated Absences	755,185	619,200
Total Outstanding Debt	\$ 70,770,945	\$ 69,763,302

During the current fiscal year, the County's long-term debt decreased by \$1,007,643.

Additional information on the County's long-term debt can be found in Note 11 to the financial statements.

Economic Factors and Next Year's Budgets

- As of the end of this reporting period, unemployment sat at 4.5% for Page County, exactly the same rate as at the close of the prior fiscal year. This is higher in comparison with the state's average of 3.8% for the same period, and just above the national average of 4.4%.
- Earnings on idle cash continue to remain at low levels.
- It is expected that the Commonwealth of Virginia may continue to decrease its funding to localities, particularly given the impact of federal government budgetary cuts to the Commonwealth.

These factors will be considered when preparing the County's budget and future plans for expenditures.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2017

	Primary Government	Component Unit	Component Unit	Component Unit
	Governmental Activities	School Board	Economic Development Authority	Luray-Page Airport Authority
ASSETS				
Cash and cash equivalents	\$ 9,798,036	\$ 2,294,625	\$ 259,190	\$ 252,271
Receivables (net of allowance for uncollectibles):				
Taxes receivable	13,341,717	-	-	-
Accounts receivable	840,317	41,871	1,583,302	5,612
Notes receivable	-	-	5,112	-
Due from primary government	-	2,155,985	-	-
Due from other governmental units	1,189,298	937,132	-	28,726
Inventories	-	37,156	-	37,837
Prepaid items	7,860	-	1,475	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	2,810,507	-	-	-
Capital assets (net of accumulated depreciation):				
Land	1,970,464	977,491	2,751,000	1,936,386
Buildings and improvements	41,757,439	31,832,364	-	7,320,840
Machinery and equipment	1,284,273	1,419,634	-	209,165
Construction in progress	4,256,425	12,953	-	4,411,358
Total assets	<u>\$ 77,256,336</u>	<u>\$ 39,709,211</u>	<u>\$ 4,600,079</u>	<u>\$ 14,202,195</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions subsequent to measurement date	\$ 625,053	\$ 2,867,451	\$ -	\$ -
Items related to measurement of net pension liability	641,666	2,399,603	-	-
Total deferred outflows of resources	<u>\$ 1,266,719</u>	<u>\$ 5,267,054</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ 1,895,464	\$ 367,073	\$ 750	\$ 62,121
Accrued liabilities	325,896	3,157,375	-	-
Retainage payable	-	-	-	331,837
Customers' deposits	-	-	-	1,380
Accrued interest payable	892,387	44,860	-	-
Due to component unit	2,155,985	-	-	-
Long-term liabilities:				
Due within one year	3,141,553	645,313	22,767	-
Due in more than one year	67,629,392	43,510,176	1,542,235	-
Total liabilities	<u>\$ 76,040,677</u>	<u>\$ 47,724,797</u>	<u>\$ 1,565,752</u>	<u>\$ 395,338</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue-property taxes	\$ 9,811,153	\$ -	\$ -	\$ -
Items related to measurement of net pension liability	660,736	1,981,022	-	-
Total deferred inflows of resources	<u>\$ 10,471,889</u>	<u>\$ 1,981,022</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 2,205,669	\$ 27,115,035	\$ 2,751,000	\$ 13,484,098
Restricted:				
Capital projects	1,994,796	-	-	-
Debt service and bond covenants	815,711	-	-	-
Unrestricted	(13,005,687)	(31,844,589)	283,327	322,759
Total net position	<u>\$ (7,989,511)</u>	<u>\$ (4,729,554)</u>	<u>\$ 3,034,327</u>	<u>\$ 13,806,857</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

County of Page, Virginia

Statement of Activities
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,350,004	\$ 22,971	\$ 324,572	\$ -
Judicial administration	1,140,691	86,574	617,733	-
Public safety	8,669,850	802,672	2,791,463	-
Public works	2,822,940	1,452,965	11,992	-
Health and welfare	3,931,959	17,783	2,389,623	-
Education	12,289,299	-	-	-
Parks, recreation, and cultural	317,432	29,423	-	-
Community development	3,612,114	-	2,619,273	-
Interest on long-term debt	2,504,871	-	-	-
Total governmental activities	<u>\$ 37,639,160</u>	<u>\$ 2,412,388</u>	<u>\$ 8,754,656</u>	<u>\$ -</u>
COMPONENT UNITS:				
School Board	\$ 37,790,139	\$ 2,244,878	\$ 24,478,204	\$ -
Economic Development Authority	77,476	-	84,391	-
Luray-Page Airport Authority	629,486	292,429	-	2,787,666
Total component units	<u>\$ 38,497,101</u>	<u>\$ 2,537,307</u>	<u>\$ 24,562,595</u>	<u>\$ 2,787,666</u>

General revenues:

- General property taxes
- Local sales tax
- Motor vehicle licenses
- Transient occupancy taxes
- Meals tax
- Business licenses
- Tax on recordation and wills
- Other local taxes
- Unrestricted revenues from use of money and property
- Miscellaneous
- Grants and contributions not restricted to specific programs
- Total general revenues

Change in net position

Net position - beginning

Net position - ending

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government	Component Unit	Component Unit	Component Unit	
Governmental		Economic Development	Luray-Page	
Activities	School Board	Authority	Airport Authority	
\$ (2,002,461)	\$ -	\$ -	\$ -	
(436,384)	-	-	-	
(5,075,715)	-	-	-	
(1,357,983)	-	-	-	
(1,524,553)	-	-	-	
(12,289,299)	-	-	-	
(288,009)	-	-	-	
(992,841)	-	-	-	
(2,504,871)	-	-	-	
<u>\$ (26,472,116)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (11,067,057)	\$ -	\$ -	
-	-	6,915	-	
-	-	-	2,450,609	
<u>\$ -</u>	<u>\$ (11,067,057)</u>	<u>\$ 6,915</u>	<u>\$ 2,450,609</u>	
\$ 21,317,725	\$ -	\$ -	\$ -	
1,605,724	-	-	-	
442,855	-	-	-	
1,150,605	-	-	-	
371,091	-	-	-	
179,484	-	-	-	
172,219	-	-	-	
64,428	-	-	-	
46,985	38,119	396	407	
388,957	562,607	-	1,866	
2,351,768	12,122,367	-	-	
<u>\$ 28,091,841</u>	<u>\$ 12,723,093</u>	<u>\$ 396</u>	<u>\$ 2,273</u>	
\$ 1,619,725	\$ 1,656,036	\$ 7,311	\$ 2,452,882	
(9,609,236)	(6,385,590)	3,027,016	11,353,975	
<u>\$ (7,989,511)</u>	<u>\$ (4,729,554)</u>	<u>\$ 3,034,327</u>	<u>\$ 13,806,857</u>	

FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2017

	General	Capital Projects Fund	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 9,344,303	\$ 333,955	\$ 119,778	\$ 9,798,036
Receivables (net of allowance for uncollectibles):				
Taxes receivable	13,341,717	-	-	13,341,717
Accounts receivable	840,317	-	-	840,317
Due from other funds	131,629	-	36,107	167,736
Due from other governmental units	816,766	-	372,532	1,189,298
Prepaid items	7,860	-	-	7,860
Restricted assets:				
Cash and cash equivalents	-	2,810,507	-	2,810,507
Total assets	<u>\$ 24,482,592</u>	<u>\$ 3,144,462</u>	<u>\$ 528,417</u>	<u>\$ 28,155,471</u>
LIABILITIES				
Accounts payable	\$ 504,951	\$ 1,114,034	\$ 276,479	\$ 1,895,464
Accrued liabilities	190,455	134,725	716	325,896
Due to other funds	36,107	-	131,629	167,736
Due to component unit	2,155,985	-	-	2,155,985
Total liabilities	<u>\$ 2,887,498</u>	<u>\$ 1,248,759</u>	<u>\$ 408,824</u>	<u>\$ 4,545,081</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	<u>\$ 13,567,053</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,567,053</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	\$ 7,860	\$ -	\$ -	\$ 7,860
Restricted:				
Debt service	-	815,711	-	815,711
Capital projects		1,994,796		1,994,796
Committed:				
Parks and recreation	-	-	118,949	118,949
Assigned:				
Page County water quality	9,911	-	-	9,911
Local dare	2,419	-	-	2,419
Crime victim witness	13,660	-	-	13,660
Department of Justice VJCAA	6,751	-	-	6,751
DHCD	856	-	-	856
Emergency services	-	-	644	644
Unassigned	7,986,584	(914,804)	-	7,071,780
Total fund balances	<u>\$ 8,028,041</u>	<u>\$ 1,895,703</u>	<u>\$ 119,593</u>	<u>\$ 10,043,337</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 24,482,592</u>	<u>\$ 3,144,462</u>	<u>\$ 528,417</u>	<u>\$ 28,155,471</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2017

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 10,043,337
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	49,268,601
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.	3,095,164
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.	625,053
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(71,021,666)</u>
Net position of governmental activities	\$ <u><u>(7,989,511)</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
Year Ended June 30, 2017

	General	Special Revenue Fund	Capital Projects Fund	Other Governmental Funds	Total
REVENUES					
General property taxes	\$ 21,051,318	\$ -	\$ -	\$ -	\$ 21,051,318
Other local taxes	3,986,406	-	-	-	3,986,406
Permits, privilege fees, and regulatory licenses	223,187	-	-	-	223,187
Fines and forfeitures	81,788	-	-	-	81,788
Revenue from the use of money and property	46,952	-	33	-	46,985
Charges for services	2,060,207	-	-	47,206	2,107,413
Miscellaneous	388,957	-	-	-	388,957
Intergovernmental:					
Commonwealth	5,573,279	-	-	1,372,093	6,945,372
Federal	524,249	2,619,273	-	1,017,530	4,161,052
Total revenues	\$ 33,936,343	\$ 2,619,273	\$ 33	\$ 2,436,829	\$ 38,992,478
EXPENDITURES					
Current:					
General government administration	\$ 2,200,628	\$ -	\$ -	\$ -	\$ 2,200,628
Judicial administration	1,211,995	-	-	-	1,211,995
Public safety	8,293,850	-	-	-	8,293,850
Public works	2,046,617	-	-	-	2,046,617
Health and welfare	423,745	-	-	3,500,849	3,924,594
Education	9,628,769	-	-	-	9,628,769
Parks, recreation, and cultural	298,518	-	-	19,568	318,086
Community development	1,012,232	2,619,273	-	-	3,631,505
Nondepartmental	141,416	-	-	-	141,416
Capital projects	-	-	1,822,326	-	1,822,326
Debt service:					
Principal retirement	2,918,094	-	-	-	2,918,094
Interest and other fiscal charges	2,605,718	-	-	-	2,605,718
Total expenditures	\$ 30,781,582	\$ 2,619,273	\$ 1,822,326	\$ 3,520,417	\$ 38,743,598
Excess (deficiency) of revenues over (under) expenditures	\$ 3,154,761	\$ -	\$ (1,822,293)	\$ (1,083,588)	\$ 248,880
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 628,213	\$ -	\$ 399,454	\$ 1,093,443	\$ 2,121,110
Transfers out	(1,461,637)	-	(659,473)	-	(2,121,110)
Issuance of general obligation bonds	-	-	3,027,000	-	3,027,000
Total other financing sources (uses)	\$ (833,424)	\$ -	\$ 2,766,981	\$ 1,093,443	\$ 3,027,000
Net change in fund balances	\$ 2,321,337	\$ -	\$ 944,688	\$ 9,855	\$ 3,275,880
Fund balances - beginning	5,706,704	-	951,015	109,738	6,767,457
Fund balances - ending	\$ 8,028,041	\$ -	\$ 1,895,703	\$ 119,593	\$ 10,043,337

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

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

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

Net change in fund balances - total governmental funds	\$	3,275,880
--	----	-----------

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.	(1,561,506)
---	-------------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	404,221
--	---------

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.	(383,488)
--	-----------

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.	<u>(115,382)</u>
--	------------------

Change in net position of governmental activities	\$ <u><u>1,619,725</u></u>
---	----------------------------

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Agency Funds
	<hr/>
ASSETS	
Cash and cash equivalents	\$ <u>186,463</u>
Total assets	\$ <u><u>186,463</u></u>
LIABILITIES	
Amounts held for social services clients	\$ 9,977
Amounts held for others	136,663
Amounts held for inmates	<u>39,823</u>
Total liabilities	\$ <u><u>186,463</u></u>

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements June 30, 2017

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Financial Reporting Entity

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

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

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

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

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

B. Government-wide and fund financial statements

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements June 30, 2017 (Continued)

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

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

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

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

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

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

C. Related Organizations

The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment. The Board of Supervisors appoints the board members of the Economic Development Authority of Page County, Virginia.

D. Jointly Governed Organizations

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

Rockingham Library Association — The County of Page, the County of Rockingham, and the City of Harrisonburg participate in the Rockingham County Library Association which provides library services to its participants. The Rockingham Library Association is governed by a Board of Trustees consisting of 19 members, who are elected at the annual meeting each year of the Rockingham Library Association. Each locality's contribution is set by contractual agreement with the Rockingham Library Association. The County of Page contributed \$223,996 to the Association for operating purposes for the year ended June 30, 2017.

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

D. Jointly Governed Organizations (continued)

The County, in conjunction with other localities, has created the Northwestern Community Services Board. The School Board participates in the Shenandoah Valley Regional Program for Special Education. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$78,388 to the Northwestern Community Services Board.

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

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

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

Property taxes, other local taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

The *special revenue fund* accounts for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Workplace Investment Act fund is considered a major fund.

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

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

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

Additionally, the government reports the following fund types:

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special revenue funds included Virginia Public Assistance, Comprehensive Services Act, E-911 and Parks and Recreation funds.

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's internal service funds are charges to funds for services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Cash and cash equivalents

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

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

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

2. Receivables and payables

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

3. Property taxes

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

4. Allowance for uncollectible accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$236,343 at June 30, 2017 and is comprised solely of property taxes. This allowance represents 1.7% of outstanding property taxes at June 30, 2017.

5. Inventories and prepaid items

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

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

6. Restricted assets

At June 30, 2017, the County’s restricted assets totaled \$2,810,507 at June 30, 2017 and consisted of unspent debt proceeds of \$1,994,796 and \$815,711 in debt service reserve funds in the Capital Projects Fund.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements June 30, 2017 (Continued)

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

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

7. Capital assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no capitalized interest during the current fiscal year.

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

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

8. Long-term obligations

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

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

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

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

9. Fund equity

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

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

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

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

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

10. Net position

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

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

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

11. Net position flow assumption

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

12. Reclassifications

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

G. Investments

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

H. Use of Estimates

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

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The County has two items that qualify for reporting in this category. One item is comprised of certain items related to the measurement of the net pension asset. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. The other item is comprised of contributions to the pension plan made during the current year and subsequent to the net pension asset measurement date, which will be recognized as a reduction of the net pension asset next fiscal year. For more detailed information on this item, reference the pension note.

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

I. Deferred Outflows/Inflows of Resources (continued)

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

J. Pensions

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

THIS SPACE LEFT BLANK INTENTIONALLY

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2017 (Continued)

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance—total governmental funds* and *net position—governmental activities* as reported in the government-wide statements of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of these differences are as follows:

	Primary Government	Component Unit School Board
Bonds payable, including unamortized premiums	\$ (59,572,453)	\$ -
Accrued interest payable	(892,387)	(44,860)
Capital leases	(27,255)	(7,127,407)
Landfill closure and post-closure costs	(6,074,073)	-
Net pension liability	(3,439,979)	(34,704,670)
Net OPEB obligation	(902,000)	(2,055,300)
Deferred outflows related to measurement of net pension liability	641,666	2,399,603
Compensated absences	(755,185)	(268,112)
Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	\$ (71,021,666)	\$ (41,800,746)

Another element of that reconciliation states that “other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.” The details of this difference for the primary government are as follows:

	Primary Government	Component Unit School Board
Unavailable revenue - property taxes	\$ 3,755,900	\$ -
Deferred inflows related to measurement of net pension liability	(660,736)	(1,981,022)
Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	\$ 3,095,164	\$ (1,981,022)

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2017 (Continued)

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:
(CONTINUED)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances—total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of these differences are as follows:

	Primary Government	Component Unit School Board
Capital outlay	\$ 1,771,492	\$ 717,219
Depreciation expense	(1,684,390)	(1,450,375)
Primary government capital asset allocation	(1,648,608)	1,648,608
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ (1,561,506)	\$ 915,452

Another element of that reconciliation states that “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of these differences are as follows:

	Primary Government	Component Unit School Board
Increase in unavailable revenue-property taxes	\$ 266,407	\$ -
Increase in deferred inflows of resources related to measurement of net pension liability	137,814	1,447,380
Net adjustment to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 404,221	\$ 1,447,380

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2017 (Continued)

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:
(CONTINUED)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued)

Another element of that reconciliation states that “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.” The details of these differences are as follows:

	Primary Government	Component Unit School Board
Debt issued or incurred:		
Issuance of bonds	\$ (3,027,000)	\$ -
Principal repayments:		
General obligation debt	1,984,766	-
Capital lease	64,980	455,810
Revenue bonds	868,348	-
Increase in landfill closure and post-closure costs	(311,785)	-
Amortization of bond premium	37,203	-
Net adjustment to (decrease) increase net changes in balances-total governmental funds to arrive at changes in net position of governmental activities	\$ (383,488)	\$ 455,810

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of these differences are as follows:

	Primary Government	Component Unit School Board
Accrued interest payable	\$ 63,644	\$ (44,860)
Net pension liability	(390,470)	(3,724,514)
Deferred outflows related to measurement of net pension liability	445,129	2,265,049
Compensated absences	(135,985)	(13,614)
Net OPEB obligation	(97,700)	(197,200)
Net adjustment to (decrease) increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	\$ (115,382)	\$ (1,715,139)

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements June 30, 2017 (Continued)

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgets and Budgetary Accounting

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

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

NOTE 4—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements June 30, 2017 (Continued)

NOTE 4—DEPOSITS AND INVESTMENTS: (CONTINUED)

Custodial Credit Risk (Investments)

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

Credit Risk of Debt Securities

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

1. U.S. Treasury Bills, Notes, Bonds and other direct obligations of the United States Government.
2. Obligations of Agencies of the Federal Government, including but not limited to the Federal Farm Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation and Student Loan Marketing Association.
3. Obligations of the Commonwealth of Virginia and of its local governments and public bodies, provided such obligations have a debt rating of at least "AA" or equivalent by Moody's and/or Standard & Poor's.
4. Repurchase Agreements executed through Federal Reserve Member Banks or Primary Dealers in U.S. Government securities, and collateralized by Treasury or Agency obligations the market value of which is at least 102% of the purchase price of the repo.
5. Certificates of deposit or other deposits of national banks located within the Commonwealth and state-chartered banks under Commonwealth supervision provided such deposits are insured or collateralized as provided by the Virginia Security for Public Deposits Act.
6. U.S. dollar denominated Bankers' Acceptances issued by a domestic bank or a foreign bank with an agency domiciled in the U.S., and rated by Thomson Bankwatch at least B/C (issuing bank) and I (country of origin). Not more than 40% of the total funds available for investment may be invested in banker's acceptances.
7. U.S. dollar denominated Commercial Paper issued by an entity incorporated in the U.S. and rated at least A-1 by Standard & Poor's Corp. and P-1 by Moody's Investors Service. Not more than 35% of the total funds available for investment may be invested in commercial paper, and not more than 5% in the obligations of any one issuer.
8. The County's rated debt investments as of June 30, 2017 were rated by Moody and/or an equivalent national rating organization and the ratings are presented below using the Moody rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government	
Investment Pool	\$ <u>8,522,574</u>
Total	\$ <u><u>8,522,574</u></u>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2017 (Continued)

NOTE 4—DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

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

Investment Maturities (in years)					
Investment Type	Fair Value	Less Than			Greater Than
		1 Year	1-5 Years	6-10 Years	10 Years
Local Government Investment Pool	\$ 8,522,574	\$ 8,522,574	\$ -	\$ -	\$ -
Total	\$ 8,522,574	\$ 8,522,574	\$ -	\$ -	\$ -

External Investment Pools

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

DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD:

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

NOTE 5—INTERFUND OBLIGATIONS:

Fund	Interfund Receivable Primary Government/ Component Unit	Interfund Payable Primary Government/ Component Unit	Due From Other Funds	Due To Other Funds
Primary Government:				
General Fund	\$ -	\$ 2,155,985	\$ 131,629	\$ 36,107
Virginia Public Assistance Fund	-	-	-	131,629
Comprehensive Services Act	-	-	36,107	-
Sub-total	\$ -	\$ 2,155,985	\$ 167,736	\$ 167,736
Discretely Presented Component Units:				
School Fund	\$ 2,155,985	\$ -	\$ -	\$ -
Total reporting entity	\$ 2,155,985	\$ 2,155,985	\$ 167,736	\$ 167,736

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

COUNTY OF PAGE, VIRGINIA**Notes to the Financial Statements
June 30, 2017 (Continued)****NOTE 6—INTERFUND TRANSFERS:**

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 628,213	\$ 1,461,637
Virginia Public Assistance Fund	375,064	-
Comprehensive Services Act	718,379	-
County Capital Projects Fund	399,454	659,473
Total reporting entity	<u>\$ 2,121,110</u>	<u>\$ 2,121,110</u>

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

NOTE 7—DUE FROM OTHER GOVERNMENTAL UNITS:

Due from other governments consists of payments due from federal, and state governmental units at June 30, 2017 as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>	<u>Component Unit Luray-Page Airport Authority</u>
Commonwealth of Virginia:			
State sales taxes	\$ -	\$ 669,011	\$ -
Local sales taxes	307,077	-	-
Compensation board	282,747	-	-
Comprehensive Services Act funds	281,208	-	-
Public assistance and welfare	44,848	-	-
Other funds	171,866	1,121	2,345
Federal Government:			
Public assistance and welfare	86,781	-	-
School funds	-	267,000	-
Other funds	14,771	-	26,381
Total	<u>\$ 1,189,298</u>	<u>\$ 937,132</u>	<u>\$ 28,726</u>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements June 30, 2017 (Continued)

NOTE 8—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2017 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 1,970,464	\$ -	\$ -	\$ 1,970,464
Construction in progress	2,738,120	1,670,554	(152,249)	4,256,425
Total capital assets not being depreciated	\$ 4,708,584	\$ 1,670,554	\$ (152,249)	\$ 6,226,889
Capital assets being depreciated				
Buildings	\$ 51,817,430	\$ 152,249	\$ (1,984,766)	\$ 49,984,913
Machinery and equipment	6,927,123	100,938	(119,190)	6,908,871
Total capital assets being depreciated	\$ 58,744,553	\$ 253,187	\$ (2,103,956)	\$ 56,893,784
Accumulated depreciation				
Buildings	\$ (7,487,415)	\$ (1,076,217)	\$ 336,158	\$ (8,227,474)
Machinery and equipment	(5,135,615)	(608,173)	119,190	(5,624,598)
Total accumulated depreciation	\$ (12,623,030)	\$ (1,684,390)	\$ 455,348	\$ (13,852,072)
Total capital assets being depreciated, net	\$ 46,121,523	\$ (1,431,203)	\$ (1,648,608)	\$ 43,041,712
Governmental activities capital assets, net	\$ 50,830,107	\$ 239,351	\$ (1,800,857)	\$ 49,268,601

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

Governmental activities:	
General government administration	\$ 16,448
Judicial administration	15,362
Public safety	316,998
Public works	459,546
Health and welfare	19,467
Education	856,569
Total depreciation expense-governmental activities:	\$ 1,684,390

Capital assets of the governmental activities in the amount of \$1,984,766 were transferred to the Component Unit School Board, additionally, a net transfer of \$336,158 was transferred in accumulated depreciation from the governmental activities to the Component Unit School Board, due to debt repayments made by the Primary Government for the year ended June 30, 2017 as required by the Code of Virginia.

COUNTY OF PAGE, VIRGINIA**Notes to the Financial Statements
June 30, 2017 (Continued)****NOTE 8—CAPITAL ASSETS: (CONTINUED)**Capital Leases:

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

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Equipment	\$ 310,300
Less: Accumulated depreciation	(88,657)
Total	<u>\$ 221,643</u>

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

Year Ended June 30,	Governmental Activities
2018	\$ 27,429
Total minimum lease payments	\$ 27,429
Less: Amount representing interest	(174)
Present value of minimum lease payments	<u>\$ 27,255</u>

Discretely presented component unit-School Board

Activity for the School Board for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 977,491	\$ -	\$ -	\$ 977,491
Construction in progress	516,821	221,334	(725,202)	12,953
Total capital assets not being depreciated	<u>\$ 1,494,312</u>	<u>\$ 221,334</u>	<u>\$ (725,202)</u>	<u>\$ 990,444</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 40,190,255	\$ 2,709,968	\$ -	\$ 42,900,223
Machinery and equipment	6,315,440	495,885	-	6,811,325
Total capital assets being depreciated	<u>\$ 46,505,695</u>	<u>\$ 3,205,853</u>	<u>\$ -</u>	<u>\$ 49,711,548</u>
Accumulated depreciation:				
Buildings and improvements	\$ (9,646,375)	\$ (1,421,484)	\$ -	\$ (11,067,859)
Machinery and equipment	(5,026,642)	(365,049)	-	(5,391,691)
Total accumulated depreciation	<u>\$ (14,673,017)</u>	<u>\$ (1,786,533)</u>	<u>\$ -</u>	<u>\$ (16,459,550)</u>
Total capital assets being depreciated, net	<u>\$ 31,832,678</u>	<u>\$ 1,419,320</u>	<u>\$ -</u>	<u>\$ 33,251,998</u>
School Board capital assets, net	<u>\$ 33,326,990</u>	<u>\$ 1,640,654</u>	<u>\$ (725,202)</u>	<u>\$ 34,242,442</u>

Depreciation expense for the Component Unit School Board was \$1,450,375 and a net transfer of \$336,158 was transferred in accumulated depreciation from the primary government due to debt repayments for the year ended June 30, 2017.

COUNTY OF PAGE, VIRGINIA**Notes to the Financial Statements
June 30, 2017 (Continued)****NOTE 8—CAPITAL ASSETS: (CONTINUED)****Discretely presented component unit-School Board: (Continued)**Capital Leases: (continued)

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

The assets acquired through capital leases are as follows:

	<u>School Board</u>
Asset:	
Building improvements	\$ 7,524,075
School buses	650,686
Less: Accumulated depreciation	(893,303)
Total	<u>\$ 7,281,458</u>

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

<u>Year Ended June 30,</u>	<u>School Board</u>
2018	\$ 689,710
2019	633,197
2020	575,931
2021	593,444
2022	611,372
Thereafter	5,609,853
Total minimum lease payments	\$ 8,713,507
Less: Amount representing interest	(1,586,100)
Present value of minimum lease payments	<u>\$ 7,127,407</u>

Discretely presented component unit-Economic Development Authority of Page County

Activity for the Authority for the year ended June 30, 2017 was as follows:

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

COUNTY OF PAGE, VIRGINIA**Notes to the Financial Statements
June 30, 2017 (Continued)****NOTE 8—CAPITAL ASSETS: (CONTINUED)**Capital Leases: (continued)**Discretely presented component unit-Luray-Page County Airport Authority**

Activity for the Authority for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,936,386	\$ -	\$ -	\$ 1,936,386
Construction in progress	1,510,086	2,901,272	-	4,411,358
Total capital assets not being depreciate	\$ 3,446,472	\$ 2,901,272	\$ -	\$ 6,347,744
Capital assets being depreciated:				
Buildings and improvements	\$ 9,897,830	\$ -	\$ -	\$ 9,897,830
Equipment	282,218	99,117	-	381,335
Total capital assets being depreciated	\$ 10,180,048	\$ 99,117	\$ -	\$ 10,279,165
Accumulated depreciation:				
Buildings and improvements	\$ (2,331,322)	\$ (245,668)	\$ -	\$ (2,576,990)
Machinery and equipment	(146,162)	(26,008)	-	(172,170)
Total accumulated depreciation	\$ (2,477,484)	\$ (271,676)	\$ -	\$ (2,749,160)
Total capital assets being depreciated, net	\$ 7,702,564	\$ (172,559)	\$ -	\$ 7,530,005
Total capital assets, net	\$ 11,149,036	\$ 2,728,713	\$ -	\$ 13,877,749

THIS SPACE LEFT BLANK INTENTIONALLY

NOTE 9—PENSION PLAN:

Plan Description

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (continued)

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2017 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2017. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2017.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2017 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (continued)

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2017 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (continued)

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2017 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.) <u>Defined Contributions Component: (Cont.)</u> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2017 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (continued)

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2017 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (continued)

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2017 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (continued)

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2017 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2017 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements June 30, 2017 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (continued)

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

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	98	78
Inactive members:		
Vested inactive members	27	11
Non-vested inactive members	21	31
Inactive members active elsewhere in VRS	70	21
Total inactive members	118	63
Active members	160	116
Total covered employees	376	257

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2017 was 9.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$625,053 and \$821,590 for the years ended June 30, 2017 and June 30, 2016, respectively.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements June 30, 2017 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Contributions (continued)

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2017 was 8.71% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$157,424 and \$190,113 for the years ended June 30, 2017 and June 30, 2016, respectively.

Net Pension Liability

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

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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

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

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements June 30, 2017 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 – Non-LEOS:

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

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

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

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements June 30, 2017 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees (continued)

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2017 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

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

COUNTY OF PAGE, VIRGINIA**Notes to the Financial Statements
June 30, 2017 (Continued)****NOTE 9—PENSION PLAN: (CONTINUED)****Discount Rate**

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

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	\$ 27,260,457	\$ 24,210,948	\$ 3,049,509
Changes for the year:			
Service cost	\$ 815,168	\$ -	\$ 815,168
Interest	1,854,324	-	1,854,324
Differences between expected and actual experience	(720,271)	-	(720,271)
Contributions - employer	-	813,605	(813,605)
Contributions - employee	-	344,074	(344,074)
Net investment income	-	416,341	(416,341)
Benefit payments, including refunds of employee contributions	(1,540,242)	(1,540,242)	-
Administrative expenses	-	(15,091)	15,091
Other changes	-	(178)	178
Net changes	\$ 408,979	\$ 18,509	\$ 390,470
Balances at June 30, 2016	\$ 27,669,436	\$ 24,229,457	\$ 3,439,979

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2017 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability (continued)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	\$ 8,083,369	\$ 7,105,213	\$ 978,156
Changes for the year:			
Service cost	\$ 202,648	\$ -	\$ 202,648
Interest	548,589	-	548,589
Differences between expected and actual experience	(180,406)	-	(180,406)
Contributions - employer	-	187,632	(187,632)
Contributions - employee	-	91,246	(91,246)
Net investment income	-	118,941	(118,941)
Benefit payments, including refunds of employee contributions	(492,769)	(492,769)	-
Administrative expenses	-	(4,451)	4,451
Other changes	-	(51)	51
Net changes	\$ 78,062	\$ (99,452)	\$ 177,514
Balances at June 30, 2016	\$ 8,161,431	\$ 7,005,761	\$ 1,155,670

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County			
Net Pension Liability	\$ 7,189,628	\$ 3,439,979	\$ 345,652
Component Unit School Board (nonprofessional)			
Net Pension Liability	\$ 2,075,131	\$ 1,155,670	\$ 378,540

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2017 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2017, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$144,242 and \$146,723, respectively. At June 30, 2017, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Primary Government</u>		<u>Component Unit School Board (nonprofessional)</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 660,736	\$ 28,726	\$ 122,022
Change in assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	641,666	-	184,877	-
Employer contributions subsequent to the measurement date	<u>625,053</u>	<u>-</u>	<u>157,424</u>	<u>-</u>
Total	<u>\$ 1,266,719</u>	<u>\$ 660,736</u>	<u>\$ 371,027</u>	<u>\$ 122,022</u>

\$625,053 and \$157,424 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2018	\$ (235,250)	\$ (30,530)
2019	(235,248)	(54,508)
2020	198,527	102,463
2021	252,901	74,156
2022	-	-
Thereafter	-	-

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements June 30, 2017 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional)

Plan Description

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

Contributions

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

Each School Division's contractually required contribution rate for the year ended June 30, 2017 was 14.66% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 16.32%. The actuarial determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 89.84% of the actuarial rate for the year ended June 30, 2017. Contributions to the pension plan from the School Board were \$2,710,027 and \$2,546,097 for the years ended June 30, 2017 and June 30, 2016, respectively.

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

At June 30, 2017, the school division reported a liability of \$33,549,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the school division's proportion was .23940% as compared to .23837% at June 30, 2015.

COUNTY OF PAGE, VIRGINIA**Notes to the Financial Statements
June 30, 2017 (Continued)****NOTE 9—PENSION PLAN: (CONTINUED)****Component Unit School Board (professional) (continued)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

For the year ended June 30, 2017, the school division recognized pension expense of \$2,737,000. 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, 2017, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,087,000
Net difference between projected and actual earnings on pension plan investments	1,916,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	270,000	772,000
Employer contributions subsequent to the measurement date	<u>2,710,027</u>	<u>-</u>
Total	\$ <u><u>4,896,027</u></u>	\$ <u><u>1,859,000</u></u>

\$2,710,027 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2018	\$ (373,000)
2019	(373,000)
2020	674,000
2021	461,000
2022	(62,000)
Thereafter	-

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements June 30, 2017 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2017 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements June 30, 2017 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (continued)

Discount Rate

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

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

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

School division's proportionate
share of the VRS Teacher
Employee Retirement Plan

Net Pension Liability (Asset)	\$	47,825,331	\$	33,549,000	\$	21,790,190
-------------------------------	----	------------	----	------------	----	------------

Pension Plan Fiduciary Net Position

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements June 30, 2017 (Continued)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS:

Beginning in fiscal year 2009, the County and School Board implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other postemployment benefits (OPEB) offered to retirees. This standard addresses how local governments should account for and report their costs related to postemployment health care and other non-pension benefits, such as the County and School Board retiree health benefit subsidy. Historically, the County and School Board's subsidy was funded on a pay-as-you-go basis, but GASB Statement No. 45 requires that the County and School Board accrue the cost of the retiree health subsidy and other postemployment benefits during the period of the employee's active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of postemployment benefits and the financial impact on the County and School Board. This funding methodology mirrors the funding approach used to pension benefits.

COUNTY

A. Plan Description

The County's retiree health insurance program is a single employer defined benefit healthcare plan. A retired employee of the County, who is participating in the employer's medical and dental program, is eligible to elect post-retirement coverage if the employee is at least 50 and has at least 30 years of service. Disabled employees who are unable to perform the essential functions of their position with or without accommodations are also eligible. Retired employees may resume coverage for life insurance, medical insurance, disability insurance and dental insurance. The employee is responsible for 100% of the cost.

B. Funding Policy

The Page County Government establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The county also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Retirees pay 100% of their premiums, less a subsidy of 4% per year for each year of service with Page County up to a maximum of 30 years. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of other postemployment benefits (OPEB) under GASB 45 is calculated based on the annual required contribution or ARC. The estimated pay-as-you-go cost for OPEB benefits is \$176,900 for fiscal year 2017. The County has elected not to pre-fund OPEB liabilities. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

COUNTY OF PAGE, VIRGINIA**Notes to the Financial Statements
June 30, 2017 (Continued)****NOTE 10—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)****COUNTY (continued)****C. Annual OPEB Cost and Net OPEB Obligation (continued)**

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the county's net OPEB obligation:

Annual Required Contribution (ARC)	\$ 178,200
Interest on OPEB Obligation	32,200
Adjustment to ARC	(33,500)
Annual OPEB cost	\$ 176,900
Contributions Made	(79,200)
Increase in Net OPEB Obligation	\$ 97,700
Net OPEB Obligation - beginning of year	804,300
Net OPEB Obligation - end of year	\$ <u>902,000</u>

For 2017, the County's expected cash payment of \$79,200 was \$97,700 less than the OPEB cost (expense) of \$176,900. The Government's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the preceding two years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2017	\$ 176,900	45%	\$ 902,000
June 30, 2016	170,800	41%	804,300
June 30, 2015	164,900	35%	702,900

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014, the date of the most recent actuarial valuation, rolled forward to the measurement date of June 30, 2016, was as follows:

Actuarial accrued liability (AAL)	\$ 2,407,300
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability	\$ 2,407,300
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 6,831,479
UAAL as a percentage of covered payroll	35.24%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Cost Method

In the June 30, 2014 most recent actuarial valuation, the projected unit credit method, with linear proration to assumed benefit commencement was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2014, the date of the most recent actuarial valuation, was 30 years.

Actuarial Assumptions	Not funded
Discount rate	4.0%
Payroll growth	2.5%

SCHOOL BOARD

A. Plan Description

The School Board provides post-retirement health care insurance benefits for employees who are eligible. The plan is administered by the School Board. Retired employees, who were employed by Page County Public Schools with at least 26 years of service, who have attained the age of 55, and who retire under the VRS plan are eligible to receive a subsidy from the post-retirement medical plan. The plan has no separate financial report.

B. Funding Policy

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again, this is determined annually as part of the budgetary process. Retirees pay 100% of premiums for themselves and spouses. Coverage ceases when retirees reach the age of 65.

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of other postemployment benefits (OPEB) under GASB 45 is calculated based on the annual required contribution or ARC. The estimated pay-as-you-go cost for OPEB benefits was \$373,000 for fiscal year 2017. The School Board has elected not to pre-fund OPEB liabilities. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

COUNTY OF PAGE, VIRGINIA**Notes to the Financial Statements
June 30, 2017 (Continued)****NOTE 10—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)****SCHOOL BOARD (continued)****C. Annual OPEB Cost and Net OPEB Obligation (continued)**

The following table shows the components of the Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Board's net OPEB obligation:

Annual Required Contribution (ARC)	\$ 376,100
Interest on OPEB Obligation	74,300
Adjustment to ARC	(77,400)
Annual OPEB cost	\$ 373,000
Contributions Made	(175,800)
Increase in Net OPEB Obligation	\$ 197,200
Net OPEB Obligation - beginning of year	1,858,100
Net OPEB Obligation - end of year	\$ 2,055,300

For 2017, the School Board's expected cash payment of \$175,800 was \$197,200 less than the OPEB cost (expense) of \$373,000. The Government's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the preceding two years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2017	\$ 373,000	47%	\$ 2,055,300
June 30, 2016	436,500	46%	1,858,100
June 30, 2015	420,800	41%	1,622,900

D. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2016, the date of the most recent actuarial valuation, rolled forward to the measurement date of June 30, 2017, was as follows:

Actuarial accrued liability (AAL)	\$ 3,935,700
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability	\$ 3,935,700
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 18,716,200
UAAL as a percentage of covered payroll	21.03%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements June 30, 2017 (Continued)

NOTE 10—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

SCHOOL BOARD (continued)

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Cost Method

In the July 1, 2016 actuarial valuation, the date of the most recent actuarial valuation, the projected unit credit method, with linear pro-rata to assumed benefit commencement was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll as an open basis. The remaining amortization period at July 1, 2016 was 30 years.

Interest Assumptions

Interest Assumptions	Not funded
Discount rate	4.0%
Payroll growth	2.5%

Health Insurance Credit Program

A. Plan description

The School board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a monthly health insurance credit of \$4 multiplied by the smaller of (i) twice the amount of their creditable service or (ii) the amount of creditable service they would have completed at age 60 if they had remained in service to that age.

Benefit provisions and eligibility requirements are established Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 9.

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.10% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2017, 2016, and 2015 were \$174,244, \$170,155, and \$198,572, respectively and equaled the required contributions for each year.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2017 (Continued)

NOTE 11—LONG-TERM OBLIGATIONS:

Primary Government Obligations

Changes in Long-Term Liabilities

The following is a summary of long-term obligations transactions of the Primary Government for the year ended June 30, 2017:

	Balance July 1, 2016	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2017
Revenue bonds	\$ 14,119,124	\$ 3,027,000	\$ 868,348	\$ 16,277,776
General obligation bonds	44,733,233	-	1,984,766	42,748,467
Premiums on bond issue	583,413	-	37,203	546,210
Capital lease	92,235	-	64,980	27,255
Landfill closure and post-closure care costs	5,762,288	311,785	-	6,074,073
Net pension liability	3,049,509	2,684,761	2,294,291	3,439,979
Net OPEB obligation	804,300	176,900	79,200	902,000
Compensated absences	619,200	600,385	464,400	755,185
Total	\$ <u>69,763,302</u>	\$ <u>6,800,831</u>	\$ <u>5,793,188</u>	\$ <u>70,770,945</u>

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

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

Year Ending June 30,	Governmental Activities	
	Capital Lease	
	Principal	Interest
2018	\$ 27,255	\$ 174
Totals	\$ <u>27,255</u>	\$ <u>174</u>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2017 (Continued)

NOTE 11—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government Obligations: (continued)

Year Ending June 30,	Governmental Activities			
	Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 887,296	\$ 858,096	\$ 2,047,817	\$ 1,901,703
2019	844,616	838,254	2,134,076	1,808,329
2020	856,513	823,190	2,211,272	1,710,443
2021	772,210	794,376	2,294,008	1,608,928
2022	795,060	778,597	2,303,154	1,503,211
2023	817,986	761,120	2,393,098	1,395,000
2024	840,523	743,941	2,493,308	1,283,571
2025	864,694	725,019	2,594,472	1,166,747
2026	888,523	706,348	2,711,792	1,043,735
2027	630,675	354,244	2,815,470	914,200
2028	397,205	334,412	2,175,000	798,650
2029	294,968	322,492	2,270,000	699,090
2030	307,751	309,709	2,375,000	596,536
2031	321,088	296,372	2,485,000	488,088
2032	335,004	282,456	2,600,000	373,473
2033	349,522	267,938	2,720,000	252,310
2034	364,669	252,791	750,000	172,500
2035	380,473	236,987	785,000	137,195
2036	396,962	220,498	825,000	100,165
2037	414,166	203,294	860,000	61,410
2038	432,115	185,345	905,000	20,815
2039	450,841	166,619	-	-
2040	470,380	147,080	-	-
2041	490,765	126,695	-	-
2042	512,034	105,426	-	-
2043	534,224	83,236	-	-
2044	557,376	60,084	-	-
2045	581,532	35,928	-	-
2046	488,605	11,163	-	-
Totals	\$ 16,277,776	\$ 11,031,709	\$ 42,748,467	\$ 18,036,098

COUNTY OF PAGE, VIRGINIA**Notes to the Financial Statements
June 30, 2017 (Continued)****NOTE 11—LONG-TERM OBLIGATIONS: (CONTINUED)****Primary Government Obligations: (continued)****Details of Long-Term Obligations****Governmental Activities:**

	<u>Outstanding</u>	<u>One Year</u>
General Obligation Bonds:		
<u>Virginia Public School Authority (V.P.S.A.) Bonds:</u>		
\$1,500,000 Virginia Public School Authority Bond issued November 16, 2000, due in annual installments of \$80,000 to \$85,000 through July 15, 2020. Interest payable semi-annually at varying interest rates of 4.975% to 5.85%.	\$ 320,000	\$ 80,000
\$30,695,000 Virginia Public School Authority Bond issued November 19, 2006, at a premium of \$305,572 due in annual installments of \$655,000 to \$2,005,000 through November 19, 2032. Interest payable semi-annually at 6.1% to 6.4%.	23,420,000	1,020,045
\$12,019,506 Virginia Public School Authority Bond issued November 19, 2006, at a premium of \$331,039 due in annual installments of \$458,384 to \$740,470 through November 19, 2032. Interest payable semi-annually at 6.1% to 6.4%.	6,688,467	607,772
\$13,790,000 Virginia Public School Authority Bond issued May 2, 2008, at a premium of \$210,714, due in annual installments of \$444,193 to \$925,815 through July 15, 2037. Interest is payable semi-annually at 4.6% to 5.1%.	<u>12,320,000</u>	<u>340,000</u>
Total general obligation bonds	\$ <u>42,748,467</u>	\$ <u>2,047,817</u>

Revenue Bonds:

\$931,000 revenue bonds issued January 15, 2003 due in annual installments of \$62,067 through January 15, 2018. Interest payable annually at 4.11%.	\$ <u>62,067</u>	\$ <u>62,067</u>
\$4,000,000 revenue bonds issued October 15, 2012 due in annual installments of \$108,152 to \$316,063 through October 15, 2027. Interest payable annually at 2.65%.	\$ <u>2,929,729</u>	\$ <u>249,062</u>
\$13,000,000 bonds issued June 16, 2006 , payments vary throughout the life of the loan. Interest on the bonds is 2.76% through June 2046. These bonds were issued in connection with the Battle Creek landfill.	\$ <u>10,541,980</u>	\$ <u>293,167</u>
\$3,027,000 revenue bonds issued August 31, 2016 , payments vary throughout the life of the loan. Interest on the bonds is 1.82% through August 1, 2026. These bonds were issued in connection with the Phase II of Battle Creek landfill.	\$ <u>2,744,000</u>	\$ <u>283,000</u>
Total revenue bonds	\$ <u>16,277,776</u>	\$ <u>887,296</u>

Capital Lease

\$310,300 capital lease payable for the purchase of a 725 Caterpillar truck dated October 17, 2012 payable in annual installments of \$66,743 including interest at 2.9% through October 2018.	\$ <u>27,255</u>	\$ <u>27,255</u>
--	------------------	------------------

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2017 (Continued)

NOTE 11—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government Obligations: (continued)

Details of Long-Term Obligations (continued)

Governmental Activities: (continued)

	Total Amount Outstanding	Amount Due Within One Year
Net pension liability (to be liquidated by general fund)	\$ 3,439,979	\$ -
Net OPEB obligation (to be liquidated by general fund)	\$ 902,000	\$ -
Compensated absences (to be liquidated by general fund)	\$ 755,185	\$ 453,111
Landfill closure and post-closure care costs	\$ 6,074,073	\$ -
Unamortized premium on bond issues	\$ 546,210	\$ 37,203
Total Long-term obligations	<u>\$ 70,770,945</u>	<u>\$ 3,141,553</u>

Component Unit Obligations:

Change in Component Unit-School Board Long-Term Obligations

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

	Balance July 1, 2016	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2017
Capital leases	\$ 7,583,217	\$ -	\$ 455,810	\$ 7,127,407
Net pension liability	30,980,156	8,922,739	5,198,225	34,704,670
Compensated absences	254,498	166,313	152,699	268,112
Net OPEB obligation	1,858,100	373,000	175,800	2,055,300
Total	<u>\$ 40,675,971</u>	<u>\$ 9,462,052</u>	<u>\$ 5,982,534</u>	<u>\$ 44,155,489</u>

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

Year Ending June 30,	Governmental Activities	
	Capital Leases	
	Principal	Interest
2018	\$ 484,446	\$ 205,264
2019	441,355	191,842
2020	396,703	179,228
2021	425,681	167,763
2022	456,022	155,350
Thereafter	4,923,200	686,653
Totals	<u>\$ 7,127,407</u>	<u>\$ 1,586,100</u>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2017 (Continued)

NOTE 11—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit Obligations: (continued)

Details of Component Unit-School Board Long-Term Obligations

	Total Amount Outstanding	Amount Due Within One Year
<u>Capital Leases</u>		
\$365,103 capital lease payable for the purchase of four school buses dated August 15, 2013 payable in annual installments of \$73,021 including interest at 2.271% through August 15, 2017.	\$ 71,399	\$ 71,399
\$285,583 capital lease payable for the purchase of three school buses dated July 6, 2015 payable in annual installments of \$74,269 including interest at 2.696% through August 06, 2018.	142,741	70,422
\$7,524,075 capital lease payable for the purchase of energy conservation improvements dated March 9, 2015 payable in semi-annual installments of \$364,885 including interest at 3.05% through September 1, 2030.	6,913,267	342,625
Total capital leases	\$ 7,127,407	\$ 484,446
board)	\$ 34,704,670	\$ -
board)	\$ 2,055,300	\$ -
Compensated absences (to be liquidated by component unit school board)	\$ 268,112	\$ 160,867
Total Long-term obligations	\$ 44,155,489	\$ 645,313

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

The following is a summary of long-term obligations for the Authority for the year ended June 30, 2017:

Series 2009 Revenue Bond

\$1,672,600 Revenue Bond issued on October 14, 2009 by USDA (the lender) with monthly payments of \$7,326, and an interest rate of 4.25%, balance at June 30, 2015	\$ 1,565,002
Less: current portion	(22,767)
Total Long-term obligations, net of current portion	\$ 1,542,235

COUNTY OF PAGE, VIRGINIA**Notes to the Financial Statements
June 30, 2017 (Continued)**

NOTE 11—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit Obligations: (continued)

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

Year Ending June 30,	Revenue Bond	
	Principal	Interest
2018	\$ 22,767	\$ 65,145
2019	23,754	64,158
2020	24,783	63,129
2021	25,857	62,055
2022	26,978	60,934
2023	28,147	59,765
2024	29,367	58,545
2025	30,639	57,273
2026	31,967	55,945
2027	33,352	54,560
2028	34,798	53,114
2029	36,306	51,606
2030	37,879	50,033
2031	39,521	48,391
2032	41,234	46,678
2033	43,021	44,891
2034	44,885	43,027
2035	46,830	41,082
2036	48,860	39,052
2037	50,977	36,935
2038	53,187	34,725
2039	55,492	32,420
2040	57,896	30,016
2041	60,406	27,506
2042	63,023	24,889
2043	65,755	22,157
2044	68,604	19,308
2045	71,577	16,335
2046	74,679	13,233
2047	77,916	9,996
2048	81,293	6,619
2049	84,816	3,096
2050	48,436	224
Total	\$ <u>1,565,002</u>	\$ <u>1,296,842</u>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements June 30, 2017 (Continued)

NOTE 12—RISK MANAGEMENT:

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

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

The Component Unit School Board administers the health insurance program for the Health Insurance Fund (an Internal Service Fund) by charging the various fund types a portion of the premium.

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

NOTE 13—CONTINGENT LIABILITIES:

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

NOTE 14—DEFERRED AND UNAVAILABLE REVENUE-PROPERTY TAXES:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred and unavailable revenue in the government-wide and fund financial statements totaling \$9,811,153 and \$13,567,053 respectively, is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2017, but paid in advance by the taxpayers totaled \$576,442 at June 30, 2017.
- B. Unbilled Property Taxes – Property taxes for the second half of 2017 that had not been billed as of June 30, 2017 amounted to \$9,234,711.
- C. Unavailable Property Taxes – Uncollected tax billings not available for funding of current expenditures totaled \$3,755,900 at June 30, 2017.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements June 30, 2017 (Continued)

NOTE 15—HEALTH INSURANCE FUND:

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

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

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

Anthem has established a surplus (liability) for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. At June 30, 2017 the plan surplus was \$29,629. The net position, \$829,953 of the Plan maintained by the School Board can be found on Exhibit 25. The following represents the change in approximate aggregate liabilities for the fund:

	Beginning of Fiscal Year Surplus (Liability)	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End Surplus (Liability)
2016-2017	\$ 68,462	\$ 2,858,126	\$ 2,896,959	\$ 29,629
2015-2016	264,680	3,839,258	4,035,476	68,462
2014-2015	448,235	3,615,957	3,799,512	264,680
2013-2014	28,823	3,837,928	3,418,516	448,235
2012-2013	5,509	3,487,173	3,463,859	28,823

NOTE 16—LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS:

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements June 30, 2017 (Continued)

NOTE 16—LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS: (CONTINUED)

The post-closure and thirty year monitoring costs for the Stanley landfill are estimated at \$2,098,615. The estimated total current cost of the landfill closure and post-closure care of \$2,098,615 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were performed as of June 30, 2017. Included in the County's post-closure and thirty year monitoring costs of \$2,098,615 is \$1,410,704 for corrective action costs for exceeding groundwater protection standards. However, the actual cost of closure and post-closure may be different due to inflation, changes in technology, or change in landfill laws and regulations.

During June of 2005, the County acquired Battle Creek landfill. The post-closure and thirty year monitoring costs are estimated at \$10,641,111. The estimated total current cost of the landfill closure and post-closure care of \$3,975,458 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were performed as of June 30, 2017. The estimated useful life of the Battle Creek landfill is 34 years. However, the actual cost of closure and post-closure may be different due to inflation, changes in technology, or change in landfill laws and regulations.

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

At June 30, 2017, the County demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Government Financial Assurance Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

NOTE 17—CONSTRUCTION CONTRACTS OUTSTANDING:

The Primary Government had the following material contracts outstanding at June 30, 2017:

<u>Project</u>	<u>Original Contract Amount</u>	<u>Amount Spent as of June 30, 2017</u>	<u>Amount of Contract Remaining at Year End</u>
Battlecreek Landfill Cell 10 Phase II \$	<u>2,519,372</u> \$	<u>1,212,626</u> \$	<u>1,306,746</u>

NOTE 18—LITIGATION:

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

NOTE 19—UPCOMING PRONOUNCEMENTS:

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

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

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

Statement No. 86, *Certain Debt Extinguishment Issues*, improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 20,439,399	\$ 20,456,399	\$ 21,051,318	\$ 594,919
Other local taxes	3,476,000	3,459,000	3,986,406	527,406
Permits, privilege fees, and regulatory licenses	203,577	203,477	223,187	19,710
Fines and forfeitures	91,500	82,100	81,788	(312)
Revenue from the use of money and property	50,000	50,000	46,952	(3,048)
Charges for services	1,953,583	1,957,583	2,060,207	102,624
Miscellaneous	209,925	219,575	388,957	169,382
Intergovernmental:				
Commonwealth	5,826,237	6,073,353	5,573,279	(500,074)
Federal	259,082	540,255	524,249	(16,006)
Total revenues	<u>\$ 32,509,303</u>	<u>\$ 33,041,742</u>	<u>\$ 33,936,343</u>	<u>\$ 894,601</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,257,793	\$ 2,267,793	\$ 2,200,628	\$ 67,165
Judicial administration	1,207,254	1,239,993	1,211,995	27,998
Public safety	8,486,652	9,070,765	8,293,850	776,915
Public works	2,079,062	2,091,054	2,046,617	44,437
Health and welfare	434,499	434,499	423,745	10,754
Education	9,798,775	9,945,025	9,628,769	316,256
Parks, recreation, and cultural	302,326	302,326	298,518	3,808
Community development	1,044,263	1,066,827	1,012,232	54,595
Nondepartmental	275,800	264,800	141,416	123,384
Debt service:				
Principal retirement	2,863,663	2,863,663	2,918,094	(54,431)
Interest and other fiscal charges	2,748,563	2,748,563	2,605,718	142,845
Total expenditures	<u>\$ 31,498,650</u>	<u>\$ 32,295,308</u>	<u>\$ 30,781,582</u>	<u>\$ 1,513,726</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,010,653</u>	<u>\$ 746,434</u>	<u>\$ 3,154,761</u>	<u>\$ 2,408,327</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 628,213	\$ 628,213
Transfers out	<u>(1,010,653)</u>	<u>(1,146,297)</u>	<u>(1,461,637)</u>	<u>(315,340)</u>
Total other financing sources (uses)	<u>\$ (1,010,653)</u>	<u>\$ (1,146,297)</u>	<u>\$ (833,424)</u>	<u>\$ 312,873</u>
Net change in fund balances	\$ -	\$ (399,863)	\$ 2,321,337	\$ 2,721,200
Fund balances - beginning	-	399,863	5,706,704	5,306,841
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,028,041</u>	<u>\$ 8,028,041</u>

Schedule of OPEB Funding Progress
June 30, 2017

PRIMARY GOVERNMENT:**County Other Postemployment Benefit Program**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
6/30/2014 @	\$ -	\$ 2,407,300	\$ 2,407,300	0.00%	\$ 6,831,479	35.24%
6/30/2014 ®	-	2,308,300	2,308,300	0.00%	6,664,858	34.63%
6/30/2014	-	2,203,500	2,203,500	0.00%	6,502,300	33.89%

@ = Roll-forward of valuation date results to June 30, 2016

® = Roll-forward of valuation date results to June 30, 2015

DISCRETELY PRESENTED COMPONENT UNIT:**School Board Other Postemployment Benefit Program**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
6/30/2016	\$ -	\$ 3,935,700	\$ 3,935,700	0.00%	\$ 18,716,200	21.03%
6/30/2014 ®	-	4,677,400	4,677,400	0.00%	18,939,745	24.70%
6/30/2014	-	4,433,500	4,433,500	0.00%	18,477,800	23.99%

® = Roll-forward of valuation date results to June 30, 2015

Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
Years Ended June 30, 2015 through June 30, 2017

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

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

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

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

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

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

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

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

Schedule of Employer Contributions

Years Ended June 30, 2008 through June 30, 2017

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2017	\$ 625,053	\$ 625,053	\$ -	\$ 6,869,047	9.10%
2016	821,590	821,590	-	6,728,828	12.21%
2015	821,982	821,982	-	6,732,041	12.21%
2014	811,289	811,289	-	6,303,718	12.87%
2013	761,822	761,822	-	5,919,363	12.87%
2012	553,501	553,501	-	5,518,459	10.03%
2011	571,577	571,577	-	5,698,676	10.03%
2010	643,765	643,765	-	6,067,527	10.61%
2009	682,182	682,182	-	6,429,613	10.61%
2008	518,645	518,645	-	6,189,078	8.38%
Component Unit School Board (nonprofessional)					
2017	\$ 157,424	\$ 157,424	\$ -	\$ 1,832,173	8.59%
2016	190,113	190,113	-	1,869,347	10.17%
2015	194,560	194,560	-	1,913,078	10.17%
2014	224,373	224,373	-	1,893,445	11.85%
2013	219,882	219,882	-	1,855,543	11.85%
2012	157,261	157,261	-	1,749,284	8.99%
2011	153,953	153,953	-	1,712,494	8.99%
2010	209,921	209,921	-	1,963,711	10.69%
2009	190,745	190,745	-	1,784,330	10.69%
2008	161,944	161,944	-	1,752,639	9.24%
Component Unit School Board (professional)					
2017	\$ 2,710,027	\$ 2,710,027	\$ -	\$ 18,386,958	14.74%
2016	2,546,097	2,546,097	-	18,108,798	14.06%
2015	2,593,964	2,593,964	-	17,889,407	14.50%
2014	2,102,585	2,102,585	-	18,032,461	11.66%
2013	2,052,803	2,052,803	-	17,605,515	11.66%
2012	910,242	910,242	-	14,379,815	6.33%
2011	692,637	692,637	-	17,624,345	3.93%
2010	1,219,851	1,219,851	-	13,846,209	8.81%
2009	1,604,824	1,604,824	-	18,215,936	8.81%
2008	1,839,620	1,839,620	-	17,860,388	10.30%

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

Notes to Required Supplementary Information
Year Ended June 30, 2017

Changes of benefit terms – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 are not material.

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

Largest 10 – Non-LEOS:

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

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) – LEOS:

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

Component Unit School Board - Professional Employees

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

OTHER SUPPLEMENTARY INFORMATION

MAJOR CAPITAL PROJECT FUNDS

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

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

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 33	\$ 33
Total revenues	\$ -	\$ -	\$ 33	\$ 33
EXPENDITURES				
Current:				
Capital projects	\$ 2,473,018	\$ 2,473,018	\$ 1,822,326	\$ 650,692
Total expenditures	\$ 2,473,018	\$ 2,473,018	\$ 1,822,326	\$ 650,692
Excess (deficiency) of revenues over (under) expenditures	\$ (2,473,018)	\$ (2,473,018)	\$ (1,822,293)	\$ 650,725
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 105,491	\$ 105,491	\$ 399,454	\$ 293,963
Transfers out	-	-	(659,473)	(659,473)
Issuance of general obligation bonds	2,367,527	2,367,527	3,027,000	659,473
Total other financing sources (uses)	\$ 2,473,018	\$ 2,473,018	\$ 2,766,981	\$ 293,963
Net change in fund balances	\$ -	\$ -	\$ 944,688	\$ 944,688
Fund balances - beginning	-	-	951,015	951,015
Fund balances - ending	\$ -	\$ -	\$ 1,895,703	\$ 1,895,703

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

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

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

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

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

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	Virginia Public Assistance Fund	Comprehensive Services Act Fund	E-911 Fund	Parks and Recreation Fund	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 644	\$ 119,134	\$ 119,778
Due from other funds	-	36,107	-	-	36,107
Due from other governmental units	131,629	240,903	-	-	372,532
Total assets	\$ 131,629	\$ 277,010	\$ 644	\$ 119,134	\$ 528,417
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 276,294	\$ -	\$ 185	\$ 276,479
Accrued liabilities	-	716	-	-	716
Due to other funds	131,629	-	-	-	131,629
Total liabilities	\$ 131,629	\$ 277,010	\$ -	\$ 185	\$ 408,824
Fund balances:					
Committed:					
Recreation	\$ -	\$ -	\$ -	\$ 118,949	\$ 118,949
Assigned:					
Emergency services	-	-	644	-	644
Total fund balances	\$ -	\$ -	\$ 644	\$ 118,949	\$ 119,593
Total liabilities and fund balances	\$ 131,629	\$ 277,010	\$ 644	\$ 119,134	\$ 528,417

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

	Virginia Public Assistance Fund	Comprehensive Services Act Fund	E-911 Fund	Parks and Recreation Fund	Total
REVENUES					
Charges for services	\$ 17,783	\$ -	\$ -	\$ 29,423	\$ 47,206
Intergovernmental:					
Commonwealth	503,119	868,974	-	-	1,372,093
Federal	<u>1,017,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,017,530</u>
Total revenues	<u>\$ 1,538,432</u>	<u>\$ 868,974</u>	<u>\$ -</u>	<u>\$ 29,423</u>	<u>\$ 2,436,829</u>
EXPENDITURES					
Current:					
Health and welfare	\$ 1,913,496	\$ 1,587,353	\$ -	\$ -	\$ 3,500,849
Parks, recreation, and cultural	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,568</u>	<u>19,568</u>
Total expenditures	<u>\$ 1,913,496</u>	<u>\$ 1,587,353</u>	<u>\$ -</u>	<u>\$ 19,568</u>	<u>\$ 3,520,417</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (375,064)</u>	<u>\$ (718,379)</u>	<u>\$ -</u>	<u>\$ 9,855</u>	<u>\$ (1,083,588)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 375,064	\$ 718,379	\$ -	\$ -	\$ 1,093,443
Total other financing sources (uses)	<u>\$ 375,064</u>	<u>\$ 718,379</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,093,443</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ 9,855	\$ 9,855
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>644</u>	<u>109,094</u>	<u>109,738</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 644</u></u>	<u><u>\$ 118,949</u></u>	<u><u>\$ 119,593</u></u>

THIS PAGE LEFT BLANK INTENTIONALLY

County of Page, Virginia

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

	Virginia Public Assistance Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 17,783	\$ 17,783
Intergovernmental:				
Commonwealth	715,120	715,120	503,119	(212,001)
Federal	1,451,909	1,451,909	1,017,530	(434,379)
Total revenues	<u>\$ 2,167,029</u>	<u>\$ 2,167,029</u>	<u>\$ 1,538,432</u>	<u>\$ (628,597)</u>
EXPENDITURES				
Current:				
Health and welfare	<u>\$ 2,636,600</u>	<u>\$ 2,636,600</u>	<u>\$ 1,913,496</u>	<u>\$ 723,104</u>
Total expenditures	<u>\$ 2,636,600</u>	<u>\$ 2,636,600</u>	<u>\$ 1,913,496</u>	<u>\$ 723,104</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (469,571)</u>	<u>\$ (469,571)</u>	<u>\$ (375,064)</u>	<u>\$ 94,507</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 469,571</u>	<u>\$ 469,571</u>	<u>\$ 375,064</u>	<u>\$ (94,507)</u>
Total other financing sources (uses)	<u>\$ 469,571</u>	<u>\$ 469,571</u>	<u>\$ 375,064</u>	<u>\$ (94,507)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Comprehensive Services Act Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
995,014	1,376,207	868,974	(507,233)
-	-	-	-
\$ 995,014	\$ 1,376,207	\$ 868,974	\$ (507,233)
\$ 1,428,105	\$ 1,949,315	\$ 1,587,353	\$ 361,962
\$ 1,428,105	\$ 1,949,315	\$ 1,587,353	\$ 361,962
\$ (433,091)	\$ (573,108)	\$ (718,379)	\$ (145,271)
\$ 433,091	\$ 573,108	\$ 718,379	\$ 145,271
\$ 433,091	\$ 573,108	\$ 718,379	\$ 145,271
\$ -	\$ -	\$ -	\$ -
-	-	-	-
\$ -	\$ -	\$ -	\$ -

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

	Parks and Recreation Fund			Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 25,000	\$ 25,000	\$ 29,423	\$ 4,423
Total revenues	\$ 25,000	\$ 25,000	\$ 29,423	\$ 4,423
EXPENDITURES				
Current:				
Parks, recreation, and cultural	\$ 25,000	\$ 25,000	\$ 19,568	\$ 5,432
Total expenditures	\$ 25,000	\$ 25,000	\$ 19,568	\$ 5,432
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 9,855	\$ 9,855
Net change in fund balances	\$ -	\$ -	\$ 9,855	\$ 9,855
Fund balances - beginning	-	-	109,094	109,094
Fund balances - ending	\$ -	\$ -	\$ 118,949	\$ 118,949

FIDUCIARY FUNDS

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

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

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

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

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

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

	Agency Funds					
	Special Welfare Fund	Cash Bonds Fund	Neutering/ Spaying Fund	Jail Inmate Fund	Luray/Page Airport Hangar Fund	Total
ASSETS						
Cash and cash equivalents	\$ 9,977	\$ 34,062	\$ 18,524	\$ 39,823	\$ 84,077	\$ 186,463
Total assets	<u>\$ 9,977</u>	<u>\$ 34,062</u>	<u>\$ 18,524</u>	<u>\$ 39,823</u>	<u>\$ 84,077</u>	<u>\$ 186,463</u>
LIABILITIES						
Amounts held for social services clients	\$ 9,977	\$ -	\$ -	\$ -	\$ -	\$ 9,977
Amounts held for others	-	34,062	18,524	-	84,077	136,663
Amounts held for inmates	-	-	-	39,823	-	39,823
Total liabilities	<u>\$ 9,977</u>	<u>\$ 34,062</u>	<u>\$ 18,524</u>	<u>\$ 39,823</u>	<u>\$ 84,077</u>	<u>\$ 186,463</u>

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	\$ 10,479	\$ 31,289	\$ 31,791	\$ 9,977
LIABILITIES				
Amounts held for social services clients	\$ 10,479	\$ 31,289	\$ 31,791	\$ 9,977
Neutering/Spaying Fund:				
ASSETS				
Cash and cash equivalents	\$ 18,124	\$ 1,120	\$ 720	\$ 18,524
LIABILITIES				
Amounts held for neutering/spaying	\$ 18,124	\$ 1,120	\$ 720	\$ 18,524
Cash Bonds Fund:				
ASSETS				
Cash and cash equivalents	\$ 34,062	\$ -	\$ -	\$ 34,062
LIABILITIES				
Amounts held for bonds fund	\$ 34,062	\$ -	\$ -	\$ 34,062
Jail Inmate Fund:				
ASSETS				
Cash and cash equivalents	\$ 42,561	\$ 225,309	\$ 228,047	\$ 39,823
LIABILITIES				
Amounts held for inmates	\$ 42,561	\$ 225,309	\$ 228,047	\$ 39,823
Luray/Page Airport Hangar Fund:				
ASSETS				
Cash and cash equivalents	\$ 87,351	\$ 88,220	\$ 91,494	\$ 84,077
LIABILITIES				
Amounts held for Airport	\$ 87,351	\$ 88,220	\$ 91,494	\$ 84,077
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 192,577	\$ 345,938	\$ 352,052	\$ 186,463
Total assets	\$ 192,577	\$ 345,938	\$ 352,052	\$ 186,463
LIABILITIES				
Amounts held for social services clients	\$ 10,479	\$ 31,289	\$ 31,791	\$ 9,977
Amounts held for others	139,537	89,340	92,214	136,663
Amounts held for inmates	42,561	225,309	228,047	39,823
Total liabilities	\$ 192,577	\$ 345,938	\$ 352,052	\$ 186,463

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

NONMAJOR GOVERNMENTAL FUNDS

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

INTERNAL SERVICE FUND

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

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

	School Operating Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 1,182,739	\$ 1,182,739
Receivables (net of allowance for uncollectibles):			
Accounts receivable	41,871	-	41,871
Due from primary government	2,155,985	-	2,155,985
Due from other governmental units	937,132	-	937,132
Inventories	-	37,156	37,156
Total assets	<u>\$ 3,134,988</u>	<u>\$ 1,219,895</u>	<u>\$ 4,354,883</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 85,140	\$ -	\$ 85,140
Accrued liabilities	3,049,848	107,527	3,157,375
Total liabilities	<u>\$ 3,134,988</u>	<u>\$ 107,527</u>	<u>\$ 3,242,515</u>
Fund balances:			
Nonspendable:			
Inventories	\$ -	\$ 37,156	\$ 37,156
Assigned:			
School lunch program	-	1,075,212	1,075,212
Total fund balances	<u>\$ -</u>	<u>\$ 1,112,368</u>	<u>\$ 1,112,368</u>
Total liabilities and fund balances	<u>\$ 3,134,988</u>	<u>\$ 1,219,895</u>	<u>\$ 4,354,883</u>

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

Total fund balances per above	\$ 1,112,368
-------------------------------	--------------

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.	34,242,442
---	------------

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	(1,981,022)
--	-------------

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	829,953
--	---------

Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and therefore, are not reported in the funds.	2,867,451
---	-----------

Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(41,800,746)
---	--------------

Net position of governmental activities	<u>\$ (4,729,554)</u>
---	-----------------------

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

	School Operating Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 37,905	\$ 214	\$ 38,119
Charges for services	1,624,100	620,778	2,244,878
Intergovernmental:			
Local government	9,617,190	-	9,617,190
Commonwealth	21,357,854	38,826	21,396,680
Federal	1,910,830	1,170,694	3,081,524
Total revenues	<u>\$ 34,547,879</u>	<u>\$ 1,830,512</u>	<u>\$ 36,378,391</u>
EXPENDITURES			
Current:			
Education	\$ 33,873,639	\$ 1,840,586	\$ 35,714,225
Debt service:			
Principal retirement	455,810	-	455,810
Interest and other fiscal charges	218,430	-	218,430
Total expenditures	<u>\$ 34,547,879</u>	<u>\$ 1,840,586</u>	<u>\$ 36,388,465</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (10,074)	\$ (10,074)
Net change in fund balances	\$ -	\$ (10,074)	\$ (10,074)
Fund balances - beginning	-	1,122,442	1,122,442
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,112,368</u>	<u>\$ 1,112,368</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 \$ (10,074)

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. 915,452

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,447,380

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. 455,810

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. (1,715,139)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 562,607

Change in net position of governmental activities \$ 1,656,036

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 38,000	\$ 38,000	\$ 37,905	\$ (95)
Charges for services	1,259,619	1,328,071	1,624,100	296,029
Intergovernmental:				
Local government	9,787,196	9,933,446	9,617,190	(316,256)
Commonwealth	20,950,185	21,489,790	21,357,854	(131,936)
Federal	1,772,807	1,859,640	1,910,830	51,190
Total revenues	<u>\$ 33,807,807</u>	<u>\$ 34,648,947</u>	<u>\$ 34,547,879</u>	<u>\$ (101,068)</u>
EXPENDITURES				
Current:				
Education	\$ 33,807,807	\$ 34,648,947	\$ 33,873,639	\$ 775,308
Debt service:				
Principal retirement	-	-	455,810	(455,810)
Interest and other fiscal charges	-	-	218,430	(218,430)
Total expenditures	<u>\$ 33,807,807</u>	<u>\$ 34,648,947</u>	<u>\$ 34,547,879</u>	<u>\$ 101,068</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

School Cafeteria Fund				
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 214	\$ 214
Charges for services	733,537	733,537	620,778	(112,759)
Intergovernmental:				
Commonwealth	31,949	31,949	38,826	6,877
Federal	1,077,000	1,077,000	1,170,694	93,694
Total revenues	<u>\$ 1,842,486</u>	<u>\$ 1,842,486</u>	<u>\$ 1,830,512</u>	<u>\$ (11,974)</u>
EXPENDITURES				
Current:				
Education	<u>\$ 1,842,486</u>	<u>\$ 1,842,486</u>	<u>\$ 1,840,586</u>	<u>\$ 1,900</u>
Total expenditures	<u>\$ 1,842,486</u>	<u>\$ 1,842,486</u>	<u>\$ 1,840,586</u>	<u>\$ 1,900</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,074)</u>	<u>\$ (10,074)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,074)</u>	<u>\$ (10,074)</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>1,122,442</u>	<u>1,122,442</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,112,368</u>	<u>\$ 1,112,368</u>

Statement of Net Position
Internal Service Fund
Discretely Presented Component Unit - School Board
June 30, 2017

	Health Insurance Fund
	<u> </u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,111,886
Total assets	<u>\$ 1,111,886</u>
 LIABILITIES	
Current liabilities:	
Accounts payable	\$ 281,933
Total liabilities	<u>\$ 281,933</u>
 NET POSITION	
Unrestricted	\$ 829,953
Total net position	<u><u>\$ 829,953</u></u>

Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Fund
Discretely Presented Component Unit - School Board
Year Ended June 30, 2017

	Health Insurance Fund
	<u> </u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 2,858,126
Miscellaneous	<u>15,931</u>
Total operating revenues	\$ <u>2,874,057</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ <u>2,313,320</u>
Total operating expenses	\$ <u>2,313,320</u>
Operating income (loss)	\$ <u>560,737</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ <u>1,870</u>
Total nonoperating revenues (expenses)	\$ <u>1,870</u>
Change in net position	\$ 562,607
Total net position - beginning	<u>267,346</u>
Total net position - ending	<u><u>\$ 829,953</u></u>

Statement of Cash Flows
Internal Service Fund
Discretely Presented Component Unit - School Board
Year Ended June 30, 2017

	Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 2,874,057
Payments for premiums	(2,234,125)
Net cash provided by (used for) operating activities	<u>\$ 639,932</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 1,870
Net cash provided by (used for) investing activities	<u>\$ 1,870</u>
Net increase (decrease) in cash and cash equivalents	\$ 641,802
Cash and cash equivalents - beginning	470,084
Cash and cash equivalents - ending	<u><u>\$ 1,111,886</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ <u>560,737</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase (decrease) in accounts payable	\$ 79,195
Total adjustments	<u>\$ 79,195</u>
Net cash provided by (used for) operating activities	<u><u>\$ 639,932</u></u>

SUPPORTING SCHEDULES

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 13,179,399	\$ 13,179,399	\$ 13,068,442	\$ (110,957)
Real and personal public service corporation taxes	600,000	600,000	616,520	16,520
Personal property taxes	6,200,000	6,200,000	6,812,259	612,259
Penalties	240,000	249,000	292,391	43,391
Interest	220,000	228,000	261,706	33,706
Total general property taxes	<u>\$ 20,439,399</u>	<u>\$ 20,456,399</u>	<u>\$ 21,051,318</u>	<u>\$ 594,919</u>
Other local taxes:				
Local sales and use taxes	\$ 1,500,000	\$ 1,500,000	\$ 1,605,724	\$ 105,724
Business licenses	150,000	150,000	179,484	29,484
Consumption taxes	45,000	45,000	64,428	19,428
Motor vehicle licenses	676,000	659,000	442,855	(216,145)
Taxes on recordation and wills	125,000	125,000	172,219	47,219
Transient occupancy taxes	700,000	700,000	1,150,605	450,605
Meals taxes	280,000	280,000	371,091	91,091
Total other local taxes	<u>\$ 3,476,000</u>	<u>\$ 3,459,000</u>	<u>\$ 3,986,406</u>	<u>\$ 527,406</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 9,500	\$ 9,500	\$ 8,927	\$ (573)
Land use application fees	3,161	3,161	3,942	781
Transfer fees	1,000	1,000	878	(122)
Permits and other licenses	189,916	189,816	209,440	19,624
Total permits, privilege fees, and regulatory licenses	<u>\$ 203,577</u>	<u>\$ 203,477</u>	<u>\$ 223,187</u>	<u>\$ 19,710</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 91,500	\$ 82,100	\$ 81,788	\$ (312)
Total fines and forfeitures	<u>\$ 91,500</u>	<u>\$ 82,100</u>	<u>\$ 81,788</u>	<u>\$ (312)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 7,920	\$ 7,920
Revenue from use of property	50,000	50,000	39,032	(10,968)
Total revenue from use of money and property	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 46,952</u>	<u>\$ (3,048)</u>
Charges for services:				
Sheriff's fees	\$ 1,943	\$ 1,943	\$ 2,325	\$ 382
Ambulance and rescue service	510,000	512,500	491,239	(21,261)
Charges for Animal Protection	12,000	12,000	7,878	(4,122)
Charges for Commonwealth's Attorney	3,000	3,000	4,786	1,786
Work release and other inmate fees	67,800	67,800	91,790	23,990
Charges for sanitation and waste removal	1,356,025	1,356,025	1,452,965	96,940
Other charges for services	2,815	4,315	9,224	4,909
Total charges for services	<u>\$ 1,953,583</u>	<u>\$ 1,957,583</u>	<u>\$ 2,060,207</u>	<u>\$ 102,624</u>
Miscellaneous:				
Miscellaneous	\$ 209,925	\$ 219,575	\$ 388,957	\$ 169,382
Total miscellaneous	<u>\$ 209,925</u>	<u>\$ 219,575</u>	<u>\$ 388,957</u>	<u>\$ 169,382</u>
Total revenue from local sources	<u>\$ 26,423,984</u>	<u>\$ 26,428,134</u>	<u>\$ 27,838,815</u>	<u>\$ 1,410,681</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 12,000	\$ 12,000	\$ 12,772	\$ 772
State recordation tax	30,000	30,000	43,739	13,739
Railroad rolling stock tax	40,000	40,000	36,697	(3,303)
Communication taxes	486,000	486,000	461,930	(24,070)
Motor vehicle rental tax	4,000	4,000	5,497	1,497
Personal property tax relief funds	1,640,791	1,640,791	1,640,791	-
Total noncategorical aid	<u>\$ 2,212,791</u>	<u>\$ 2,212,791</u>	<u>\$ 2,201,426</u>	<u>\$ (11,365)</u>

**Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2017 (Continued)**

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 291,574	\$ 291,574	\$ 285,752	\$ (5,822)
Sheriff	2,279,917	2,279,917	2,158,154	(121,763)
Commissioner of revenue	137,454	137,454	127,847	(9,607)
Treasurer	110,109	110,109	108,372	(1,737)
Registrar/electoral board	36,800	36,800	37,030	230
Clerk of the Circuit Court	256,279	282,560	272,897	(9,663)
Total shared expenses	<u>\$ 3,112,133</u>	<u>\$ 3,138,414</u>	<u>\$ 2,990,052</u>	<u>\$ (148,362)</u>
Other categorical aid:				
CJS GTS grant	\$ -	\$ 4,314	\$ 19,210	\$ 14,896
Virginia Juvenile Community Crime Control Act	30,076	30,076	29,924	(152)
Crime prevention education	17,394	17,394	-	(17,394)
PSAP grant	251,976	326,976	110,982	(215,994)
Litter control	12,423	24,415	11,992	(12,423)
Fire programs funds	48,000	48,000	48,953	953
Victims witness grant	14,771	14,771	14,771	-
Two-for-life grant	25,000	49,529	21,238	(28,291)
School resource officer grant	61,173	61,173	95,351	34,178
Crime against kids grant	40,000	40,000	-	(40,000)
Other	500	105,500	29,380	(76,120)
Total other categorical aid	<u>\$ 501,313</u>	<u>\$ 722,148</u>	<u>\$ 381,801</u>	<u>\$ (340,347)</u>
Total categorical aid	<u>\$ 3,613,446</u>	<u>\$ 3,860,562</u>	<u>\$ 3,371,853</u>	<u>\$ (488,709)</u>
Total revenue from the Commonwealth	<u>\$ 5,826,237</u>	<u>\$ 6,073,353</u>	<u>\$ 5,573,279</u>	<u>\$ (500,074)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	<u>\$ 128,000</u>	<u>\$ 128,000</u>	<u>\$ 150,342</u>	<u>\$ 22,342</u>
Categorical aid:				
Forfeited assets	\$ -	\$ 276,173	\$ 275,873	\$ (300)
Local law enforcement	8,036	13,036	-	(13,036)
Victim witness assistance	36,606	36,606	44,313	7,707
Homeland security	-	-	21,943	21,943
Emergency services grant	-	-	11,781	11,781
DMV ground transportation safety grant	39,355	39,355	8,981	(30,374)
Bullet proof vest grant	35,685	35,685	5,396	(30,289)
Citizens corp	11,400	11,400	5,620	(5,780)
Total categorical aid	<u>\$ 131,082</u>	<u>\$ 412,255</u>	<u>\$ 373,907</u>	<u>\$ (38,348)</u>
Total revenue from the federal government	<u>\$ 259,082</u>	<u>\$ 540,255</u>	<u>\$ 524,249</u>	<u>\$ (16,006)</u>
Total General Fund	<u>\$ 32,509,303</u>	<u>\$ 33,041,742</u>	<u>\$ 33,936,343</u>	<u>\$ 894,601</u>
Special Revenue Funds:				
Workforce Investment Act Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Workforce Investment Act	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,619,273</u>	<u>\$ 2,619,273</u>
Virginia Public Assistance Fund:				
Revenue from local sources:				
Charges for services:				
Public assistance and welfare administration	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,783</u>	<u>\$ 17,783</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	<u>\$ 715,120</u>	<u>\$ 715,120</u>	<u>\$ 503,119</u>	<u>\$ (212,001)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	<u>\$ 1,451,909</u>	<u>\$ 1,451,909</u>	<u>\$ 1,017,530</u>	<u>\$ (434,379)</u>
Total Virginia Public Assistance Fund	<u>\$ 2,167,029</u>	<u>\$ 2,167,029</u>	<u>\$ 1,538,432</u>	<u>\$ (628,597)</u>

**Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2017 (Continued)**

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Comprehensive Services Act Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive Services Act program	\$ 995,014	\$ 1,376,207	\$ 863,019	\$ (513,188)
Child support public assistance funds	-	-	5,955	5,955
Total categorical aid	\$ 995,014	\$ 1,376,207	\$ 868,974	\$ (507,233)
Total revenue from the Commonwealth	\$ 995,014	\$ 1,376,207	\$ 868,974	\$ (507,233)
Total Comprehensive Services Act Fund	\$ 995,014	\$ 1,376,207	\$ 868,974	\$ (507,233)
Parks and Recreation Fund:				
Revenue from local sources:				
Charges for services:				
Parks and recreation fees	\$ 25,000	\$ 25,000	\$ 29,423	\$ 4,423
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 33	\$ 33
Total Primary Government	\$ 35,696,346	\$ 36,609,978	\$ 38,992,478	\$ 2,382,500
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 38,000	\$ 38,000	\$ 37,905	\$ (95)
Total revenue from use of money and property	\$ 38,000	\$ 38,000	\$ 37,905	\$ (95)
Charges for services:				
Charges for education	\$ 1,259,619	\$ 1,328,071	\$ 1,624,100	\$ 296,029
Total revenue from local sources	\$ 1,297,619	\$ 1,366,071	\$ 1,662,005	\$ 295,934
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Page, Virginia	\$ 9,787,196	\$ 9,933,446	\$ 9,617,190	\$ (316,256)
Total revenues from local governments	\$ 9,787,196	\$ 9,933,446	\$ 9,617,190	\$ (316,256)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,846,927	\$ 3,846,927	\$ 3,754,372	\$ (92,555)
Basic school aid	10,551,700	10,551,700	10,795,392	243,692
GED funding	15,717	15,717	16,835	1,118
Regular foster children education	33,379	33,379	8,437	(24,942)
Remedial summer education	53,964	53,964	39,150	(14,814)
Gifted and talented	109,266	109,266	110,726	1,460
Remedial education	427,960	427,960	433,676	5,716
Compensation supplement	159,730	159,730	-	(159,730)
Special education	803,564	803,564	814,297	10,733
Textbook payments	249,902	249,902	253,239	3,337
Vocational standards of quality payments	462,106	462,106	468,278	6,172
Social security	628,282	628,282	636,674	8,392
Retirement fringe benefits	1,292,986	1,292,986	1,310,257	17,271
Vocational occupational technical education	-	-	38,330	38,330
Early reading intervention	52,870	52,870	55,169	2,299
Group life instructional	43,251	43,251	43,829	578
Homebound education	10,458	10,458	5,346	(5,112)
Regional program tuition	600,000	785,000	646,922	(138,078)

**Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2017 (Continued)**

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (continued)				
Categorical aid: (continued)				
At risk payments	\$ 378,008	\$ 378,008	\$ 383,066	\$ 5,058
Primary class size	427,055	427,055	440,947	13,892
Technology	258,000	258,000	258,000	-
Standards of learning algebra readiness	51,945	51,945	51,945	-
At risk four-year olds	271,656	271,656	271,656	-
English as a second language	18,667	18,667	17,756	(911)
Special education foster children	-	-	15,637	15,637
Other state funds	202,792	557,397	487,918	(69,479)
Total categorical aid	<u>\$ 20,950,185</u>	<u>\$ 21,489,790</u>	<u>\$ 21,357,854</u>	<u>\$ (131,936)</u>
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 25,000	\$ 25,000	\$ 4,834	\$ (20,166)
Title I	848,288	856,788	877,185	20,397
Title VI-B, special education flow-through	684,516	684,516	738,243	53,727
Vocational education	60,057	60,057	61,995	1,938
Title VI-B, special education pre-school	14,597	14,597	14,227	(370)
Title II	140,349	140,349	135,937	(4,412)
AP Grant	-	-	76	76
SPBG project management	-	7,346	7,346	-
Title VI	-	70,987	70,987	-
Total categorical aid	<u>\$ 1,772,807</u>	<u>\$ 1,859,640</u>	<u>\$ 1,910,830</u>	<u>\$ 51,190</u>
Total revenue from the federal government	<u>\$ 1,772,807</u>	<u>\$ 1,859,640</u>	<u>\$ 1,910,830</u>	<u>\$ 51,190</u>
Total School Operating Fund	<u>\$ 33,807,807</u>	<u>\$ 34,648,947</u>	<u>\$ 34,547,879</u>	<u>\$ (101,068)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 214	\$ 214
Charges for services:				
Cafeteria sales	\$ 733,537	\$ 733,537	\$ 620,778	\$ (112,759)
Total revenue from local sources	<u>\$ 733,537</u>	<u>\$ 733,537</u>	<u>\$ 620,992</u>	<u>\$ (112,545)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 31,949	\$ 31,949	\$ 38,826	\$ 6,877
Total revenue from the Commonwealth	<u>\$ 31,949</u>	<u>\$ 31,949</u>	<u>\$ 38,826</u>	<u>\$ 6,877</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 1,077,000	\$ 1,077,000	\$ 1,038,618	\$ (38,382)
USDA commodities	-	-	132,076	132,076
Total categorical aid	<u>\$ 1,077,000</u>	<u>\$ 1,077,000</u>	<u>\$ 1,170,694</u>	<u>\$ 93,694</u>
Total revenue from the federal government	<u>\$ 1,077,000</u>	<u>\$ 1,077,000</u>	<u>\$ 1,170,694</u>	<u>\$ 93,694</u>
Total School Cafeteria Fund	<u>\$ 1,842,486</u>	<u>\$ 1,842,486</u>	<u>\$ 1,830,512</u>	<u>\$ (11,974)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 35,650,293</u>	<u>\$ 36,491,433</u>	<u>\$ 36,378,391</u>	<u>\$ (113,042)</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 111,260	\$ 111,260	\$ 103,465	\$ 7,795
General and financial administration:				
County administrator	\$ 290,222	\$ 300,222	\$ 298,333	\$ 1,889
Accounting	251,060	251,060	235,121	15,939
Legal services	98,000	98,000	133,363	(35,363)
Commissioner of revenue	450,612	450,612	455,345	(4,733)
Assessment	80,000	80,000	3,053	76,947
Geographic information systems	105,010	105,010	99,845	5,165
Treasurer	481,657	481,657	487,027	(5,370)
Data processing	190,000	190,000	188,422	1,578
Purchasing	48,000	48,000	48,683	(683)
Total general and financial administration	\$ 1,994,561	\$ 2,004,561	\$ 1,949,192	\$ 55,369
Board of elections:				
Electoral board and officials	\$ 51,019	\$ 51,019	\$ 44,290	\$ 6,729
Registrar	100,953	100,953	103,681	(2,728)
Total board of elections	\$ 151,972	\$ 151,972	\$ 147,971	\$ 4,001
Total general government administration	\$ 2,257,793	\$ 2,267,793	\$ 2,200,628	\$ 67,165
Judicial administration:				
Courts:				
Circuit court	\$ 9,250	\$ 9,250	\$ 8,293	\$ 957
General district court	8,650	8,650	8,502	148
Special magistrates	2,300	2,300	2,410	(110)
Juvenile and domestic relations court	20,150	20,150	18,753	1,397
Sheriff	189,274	189,274	187,818	1,456
Victim witness program	61,852	61,852	64,488	(2,636)
Clerk of the circuit court	414,386	440,667	418,851	21,816
Total courts	\$ 705,862	\$ 732,143	\$ 709,115	\$ 23,028
Commonwealth's attorney:				
Commonwealth's attorney	\$ 501,392	\$ 507,850	\$ 502,880	\$ 4,970
Total judicial administration	\$ 1,207,254	\$ 1,239,993	\$ 1,211,995	\$ 27,998
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,011,857	\$ 3,504,958	\$ 2,902,619	\$ 602,339
Virginia Juvenile Community Crime Control Act	30,076	30,076	23,686	6,390
Total law enforcement and traffic control	\$ 3,041,933	\$ 3,535,034	\$ 2,926,305	\$ 608,729
Fire and rescue services:				
Volunteer fire departments and rescue squads	\$ 594,000	633,529	\$ 634,392	\$ (863)
Fire and rescue services	890,268	937,768	922,988	14,780
Total fire and rescue services	\$ 1,484,268	\$ 1,571,297	\$ 1,557,380	\$ 13,917
Correction and detention:				
Jail	\$ 2,406,100	\$ 2,406,100	\$ 2,517,780	\$ (111,680)
Juvenile detention	271,595	271,595	270,275	1,320
Total correction and detention	\$ 2,677,695	\$ 2,677,695	\$ 2,788,055	\$ (110,360)

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Animal control	\$ 350,593	\$ 352,593	\$ 319,572	\$ 33,021
Medical examiner	500	500	380	120
Concern hotline	1,000	1,000	1,000	-
Emergency services	930,663	932,646	701,158	231,488
Total other protection	\$ 1,282,756	\$ 1,286,739	\$ 1,022,110	\$ 264,629
Total public safety	\$ 8,486,652	\$ 9,070,765	\$ 8,293,850	\$ 776,915
Public works:				
Sanitation and waste removal:				
Compactor sites	\$ 78,210	\$ 78,210	\$ 81,330	\$ (3,120)
Landfill	1,622,774	1,634,766	1,622,273	12,493
Total sanitation and waste removal	\$ 1,700,984	\$ 1,712,976	\$ 1,703,603	\$ 9,373
Maintenance of general buildings and grounds:				
General properties	\$ 378,078	\$ 378,078	\$ 343,014	\$ 35,064
Total public works	\$ 2,079,062	\$ 2,091,054	\$ 2,046,617	\$ 44,437
Health and welfare:				
Health:				
Supplement of local health department	\$ 264,864	\$ 264,864	\$ 264,864	\$ -
Total health	\$ 264,864	\$ 264,864	\$ 264,864	\$ -
Mental health and mental retardation:				
Community services board	\$ 78,388	\$ 78,388	\$ 78,388	\$ -
Choices	5,000	5,000	5,000	-
Total mental health and mental retardation	\$ 83,388	\$ 83,388	\$ 83,388	\$ -
Welfare:				
Welfare administration	\$ 21,247	\$ 21,247	\$ 10,493	\$ 10,754
Shenandoah Area Agency on Aging	65,000	65,000	65,000	-
Total welfare	\$ 86,247	\$ 86,247	\$ 75,493	\$ 10,754
Total health and welfare	\$ 434,499	\$ 434,499	\$ 423,745	\$ 10,754
Education:				
Other instructional costs:				
Contributions to L.F. Community College	\$ 11,579	\$ 11,579	\$ 11,579	\$ -
Contribution to County School Board	9,787,196	9,933,446	9,617,190	316,256
Total education	\$ 9,798,775	\$ 9,945,025	\$ 9,628,769	\$ 316,256
Parks, recreation, and cultural:				
Parks and recreation:				
Administration	\$ 78,330	\$ 78,330	\$ 74,522	\$ 3,808
Total parks and recreation	\$ 78,330	\$ 78,330	\$ 74,522	\$ 3,808

**Schedule of Expenditures - Budget and Actual
Governmental Funds
Year ended June 30, 2017 (Continued)**

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation, and cultural: (Continued)				
Library:				
Regional library	\$ 223,996	\$ 223,996	\$ 223,996	\$ -
Total parks, recreation, and cultural	\$ 302,326	\$ 302,326	\$ 298,518	\$ 3,808
Community development:				
Planning and community development:				
Planning	\$ 376,991	\$ 376,991	\$ 356,640	\$ 20,351
Northern Shenandoah Planning Commission	15,239	15,239	13,781	1,458
Zoning	2,509	2,509	4,221	(1,712)
Economic development	233,628	251,819	235,360	16,459
Airport Commission	49,000	49,000	42,000	7,000
Chamber of Commerce	275,000	275,000	275,000	-
Total planning and community development	\$ 952,367	\$ 970,558	\$ 927,002	\$ 43,556
Environmental management:				
Other environmental management	\$ -	\$ 4,373	\$ 2,500	\$ 1,873
Total environmental management	\$ -	\$ 4,373	\$ 2,500	\$ 1,873
Cooperative extension program:				
4-H center	\$ 91,896	\$ 91,896	\$ 82,730	\$ 9,166
Total cooperative extension program	\$ 91,896	\$ 91,896	\$ 82,730	\$ 9,166
Total community development	\$ 1,044,263	\$ 1,066,827	\$ 1,012,232	\$ 54,595
Nondepartmental:				
Miscellaneous	\$ 275,800	\$ 264,800	\$ 141,416	\$ 123,384
Debt service:				
Principal retirement	\$ 2,863,663	\$ 2,863,663	\$ 2,918,094	\$ (54,431)
Interest and other fiscal charges	2,748,563	2,748,563	2,605,718	142,845
Total debt service	\$ 5,612,226	\$ 5,612,226	\$ 5,523,812	\$ 88,414
Total General Fund	\$ 31,498,650	\$ 32,295,308	\$ 30,781,582	\$ 1,513,726
Special Revenue Funds:				
Workforce Investment Act Fund:				
Community development:				
Shenandoah Valley Workforce Investment Board	\$ -	\$ -	\$ 2,619,273	\$ (2,619,273)
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,636,600	\$ 2,636,600	\$ 1,913,496	\$ 723,104
Total Virginia Public Assistance Fund	\$ 2,636,600	\$ 2,636,600	\$ 1,913,496	\$ 723,104
Comprehensive Services Act Fund:				
Health and welfare:				
Welfare and social services:				
Comprehensive services	\$ 1,428,105	\$ 1,949,315	\$ 1,587,353	\$ 361,962
Total Comprehensive Services Act Fund	\$ 1,428,105	\$ 1,949,315	\$ 1,587,353	\$ 361,962

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Parks and Recreation Fund:				
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 25,000	\$ 25,000	\$ 19,568	\$ 5,432
Total Parks and Recreation fund	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 19,568</u>	<u>\$ 5,432</u>
Capital Projects Fund:				
County Capital Improvements Fund:				
Capital projects expenditures:				
Battlecreek landfill	\$ 2,380,427	\$ 2,380,427	\$ 1,576,043	\$ 804,384
Landfill equipment	-	-	18,593	(18,593)
EDP hardware	25,000	25,000	21,879	3,121
Voting equipment	17,400	17,400	17,850	(450)
School construction	-	-	155,353	(155,353)
Other	50,191	50,191	32,608	17,583
Total capital projects	<u>\$ 2,473,018</u>	<u>\$ 2,473,018</u>	<u>\$ 1,822,326</u>	<u>\$ 650,692</u>
Total Capital Projects Fund	<u>\$ 2,473,018</u>	<u>\$ 2,473,018</u>	<u>\$ 1,822,326</u>	<u>\$ 650,692</u>
Total Primary Government	<u>\$ 38,061,373</u>	<u>\$ 39,379,241</u>	<u>\$ 38,743,598</u>	<u>\$ 635,643</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instructional	\$ 25,310,901	\$ 25,540,492	\$ 25,423,125	\$ 117,367
Administration, attendance and health services	1,709,307	1,711,552	1,706,919	4,633
Pupil transportation	2,262,556	2,405,658	2,419,287	(13,629)
Operation and maintenance	3,463,799	3,852,358	3,186,290	666,068
Facilities	80,000	80,000	80,000	-
Technology	981,244	1,058,887	1,058,018	869
Total education	<u>\$ 33,807,807</u>	<u>\$ 34,648,947</u>	<u>\$ 33,873,639</u>	<u>\$ 775,308</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 455,810	\$ (455,810)
Interest and other fiscal charges	-	-	218,430	(218,430)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 674,240</u>	<u>\$ (674,240)</u>
Total School Operating Fund	<u>\$ 33,807,807</u>	<u>\$ 34,648,947</u>	<u>\$ 34,547,879</u>	<u>\$ 101,068</u>
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,842,486	\$ 1,842,486	\$ 1,840,586	\$ 1,900
Total School Cafeteria Fund	<u>\$ 1,842,486</u>	<u>\$ 1,842,486</u>	<u>\$ 1,840,586</u>	<u>\$ 1,900</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 35,650,293</u>	<u>\$ 36,491,433</u>	<u>\$ 36,388,465</u>	<u>\$ 102,968</u>

STATISTICAL SECTION

STATISTICAL SECTION

Contents

Tables

Financial Trends

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

1-5

Revenue Capacity

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

6-10

Debt Capacity

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

11-12

Demographic and Economic Information

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

13-14

Operating Information

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

15-17

Sources:

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

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF PAGE, VIRGINIA

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities:				
Net investment in capital assets	\$ 3,762,389	\$ 3,491,786	\$ 2,392,224	\$ 1,325,386
Restricted	148,536	148,536	148,536	367,629
Unrestricted	<u>3,066,602</u>	<u>(236,931)</u>	<u>(5,418,086)</u>	<u>(5,624,979)</u>
Total governmental activities net position	<u>\$ 6,977,527</u>	<u>\$ 3,403,391</u>	<u>\$ (2,877,326)</u>	<u>\$ (3,931,964)</u>
Primary government:				
Net investment in capital assets	\$ 3,762,389	\$ 3,491,786	\$ 2,392,224	\$ 1,325,386
Restricted	148,536	148,536	148,536	367,629
Unrestricted	<u>3,066,602</u>	<u>(236,931)</u>	<u>(5,418,086)</u>	<u>(5,624,979)</u>
Total primary government net position	<u>\$ 6,977,527</u>	<u>\$ 3,403,391</u>	<u>\$ (2,877,326)</u>	<u>\$ (3,931,964)</u>

Table 1

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 1,614,736	\$ 928,108	\$ 210,465	\$ (124,706)	\$ 2,255,849	\$ 2,205,669
445,608	518,639	921,716	818,673	741,443	2,810,507
<u>(4,324,176)</u>	<u>(3,435,256)</u>	<u>(5,403,758)</u>	<u>(10,999,476)</u>	<u>(12,606,528)</u>	<u>(13,005,687)</u>
<u>\$ (2,263,832)</u>	<u>\$ (1,988,509)</u>	<u>\$ (4,271,577)</u>	<u>\$ (10,305,509)</u>	<u>\$ (9,609,236)</u>	<u>\$ (7,989,511)</u>
\$ 1,614,736	\$ 928,108	\$ 210,465	\$ (124,706)	\$ 2,255,849	\$ 2,205,669
445,608	518,639	921,716	818,673	741,443	2,810,507
<u>(4,324,176)</u>	<u>(3,435,256)</u>	<u>(5,403,758)</u>	<u>(10,999,476)</u>	<u>(12,606,528)</u>	<u>(13,005,687)</u>
<u>\$ (2,263,832)</u>	<u>\$ (1,988,509)</u>	<u>\$ (4,271,577)</u>	<u>\$ (10,305,509)</u>	<u>\$ (9,609,236)</u>	<u>\$ (7,989,511)</u>

COUNTY OF PAGE, VIRGINIA

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental Activities:				
General government administration	\$ 2,594,416	\$ 2,958,084	\$ 2,581,708	\$ 3,036,414
Judicial administration	1,127,851	1,084,091	1,088,426	1,119,582
Public safety	6,465,844	6,721,986	7,054,231	6,755,169
Public works	2,632,231	3,485,849	1,864,433	3,393,399
Health and welfare	5,124,721	4,864,647	4,450,952	3,804,608
Education	9,152,036	11,381,972	16,248,530	11,261,780
Parks, recreation, and cultural	361,870	372,810	280,664	237,294
Community development	1,167,563	2,394,702	1,009,552	491,427
Interest on long-term debt	2,741,544	3,000,078	3,130,944	3,038,008
Total governmental activities expenses	\$ 31,368,076	\$ 36,264,219	\$ 37,709,440	\$ 33,137,681
Program Revenues				
Governmental Activities:				
Charges for services:				
General government administration	\$ 30,982	\$ 31,722	\$ 83,534	\$ 100,326
Judicial administration	89,135	113,713	90,365	80,395
Public safety	194,985	272,475	770,813	680,882
Public works	650,984	1,531,306	1,438,246	1,368,126
Health and welfare	5,627	45,582	16,578	35,023
Education	-	-	-	-
Parks, recreation, and cultural	43,420	48,929	43,467	45,768
Community development	300,596	-	-	-
Operating grants and contributions	9,810,934	7,122,842	6,183,782	5,951,332
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	\$ 11,126,663	\$ 9,166,569	\$ 8,626,785	\$ 8,261,852
Net (expense) / revenue				
Governmental Activities	\$ (20,241,413)	\$ (27,097,650)	\$ (29,082,655)	\$ (24,875,829)

Table 2

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 2,256,222	\$ 2,833,213	\$ 2,306,937	\$ 2,423,301	\$ 2,613,493	\$ 2,350,004	
1,115,093	1,105,308	1,094,479	1,161,227	1,113,134	1,140,691	
7,072,258	7,520,179	8,695,178	8,550,584	8,555,808	8,669,850	
1,530,469	2,384,891	4,283,275	2,647,595	2,524,857	2,822,940	
3,582,940	3,101,854	3,195,361	3,524,666	3,542,736	3,931,959	
11,437,383	11,606,179	12,664,109	13,107,117	12,215,154	12,289,299	
271,922	273,795	290,824	303,976	303,900	317,432	
645,888	537,342	745,558	3,315,348	3,667,775	3,612,114	
3,057,354	2,921,300	2,797,872	2,698,894	2,579,296	2,504,871	
\$ 30,969,529	\$ 32,284,061	\$ 36,073,593	\$ 37,732,708	\$ 37,116,153	\$ 37,639,160	
\$ 124,380	\$ 127,291	\$ 79,321	\$ 71,509	\$ 195,767	\$ 22,971	
96,469	127,832	110,567	111,285	88,133	86,574	
719,369	855,455	770,108	786,108	792,137	802,672	
1,349,343	1,305,472	1,390,288	1,323,908	1,390,504	1,452,965	
20,589	9,645	14,240	6,787	10,567	17,783	
-	-	-	-	-	-	
38,855	35,589	32,732	24,942	28,352	29,423	
-	-	-	-	-	-	
5,546,582	5,081,557	5,685,624	8,022,321	8,616,224	8,754,656	
-	-	-	-	-	-	
\$ 7,895,587	\$ 7,542,841	\$ 8,082,880	\$ 10,346,860	\$ 11,121,684	\$ 11,167,044	
\$ (23,073,942)	\$ (24,741,220)	\$ (27,990,713)	\$ (27,385,848)	\$ (25,994,469)	\$ (26,472,116)	

COUNTY OF PAGE, VIRGINIA

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

	Fiscal Year			
	2008	2009	2010	2011
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property taxes	\$ 17,042,154	\$ 17,161,221	\$ 17,648,296	\$ 18,577,570
Local sales and use taxes	1,368,668	1,378,934	1,315,313	1,355,463
Motor vehicle licenses taxes	312,240	294,586	310,968	306,201
Transient Occupancy Taxes	400,633	422,650	417,304	452,261
Meals Tax	268,268	256,840	245,978	235,138
Business Licenses	-	-	-	-
Tax on Recordation and Wills	211,949	167,674	136,542	106,896
Other Local Taxes	761,380	773,987	713,216	692,425
Unrestricted revenues from use of money and property	2,214,449	609,855	69,153	61,410
Miscellaneous	192,889	291,172	191,687	204,922
Grants and Contributions - Not Restricted	1,840,840	1,940,272	1,846,918	1,828,905
Total governmental activities	\$ 24,613,470	\$ 23,297,191	\$ 22,895,375	\$ 23,821,191
Change in Net Position				
Governmental Activities	\$ 4,372,057	\$ (3,800,459)	\$ (6,187,280)	\$ (1,054,638)

Table 2

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 19,396,791	\$ 19,586,968	\$ 20,239,090	\$ 19,813,686	\$ 20,735,519	\$ 21,317,725	
1,432,754	1,424,298	1,386,698	1,478,959	1,596,463	1,605,724	
319,477	312,916	316,256	332,612	316,043	442,855	
491,143	605,616	645,627	743,834	822,208	1,150,605	
237,664	269,595	217,163	272,757	283,245	371,091	
-	-	175,233	147,747	161,851	179,484	
119,169	151,932	163,513	136,311	150,271	172,219	
732,204	209,797	46,737	48,429	49,105	64,428	
-	-	-	-	-	-	
58,428	59,792	63,474	56,285	32,357	46,985	
144,457	49,754	39,250	86,328	178,058	388,957	
1,809,987	2,345,875	2,414,604	2,349,089	2,365,622	2,351,768	
\$ 24,742,074	\$ 25,016,543	\$ 25,707,645	\$ 25,466,037	\$ 26,690,742	\$ 28,091,841	
\$ 1,668,132	\$ 275,323	\$ (2,283,068)	\$ (1,919,811)	\$ 696,273	\$ 1,619,725	

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

Fiscal Year	Property Tax	Local sales and use Tax	Transient Occupancy Tax	Motor Vehicle License Tax	Record-ation and Wills Tax	Meals Tax	Business License Tax	Total
2008	\$ 17,042,154	\$ 1,368,668	\$ 400,633	\$ 312,240	\$ 211,949	\$ 268,268	- \$	19,603,912
2009	17,161,221	1,378,934	422,650	294,586	167,674	256,840	-	19,681,905
2010	17,648,296	1,315,313	417,304	310,968	136,542	245,978	-	20,074,401
2011	18,577,570	1,355,463	452,261	306,201	106,896	235,138	-	21,033,529
2012	19,396,791	1,432,754	491,143	319,477	119,169	237,664	-	21,996,998
2013	19,586,968	1,424,298	605,616	312,916	151,932	269,595	-	22,351,325
2014	20,239,090	1,386,698	645,627	316,256	163,513	217,163	175,233	23,143,580
2015	19,813,686	1,478,959	743,834	332,612	136,311	272,757	147,747	22,925,906
2016	20,735,519	1,596,463	822,208	316,043	150,271	283,245	161,851	24,065,600
2017	21,317,725	1,605,724	1,150,605	442,855	172,219	371,091	179,484	25,239,703

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF PAGE, VIRGINIA

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

	Fiscal Year			
	2008	2009	2010	2011
General fund				
Unreserved	\$ 8,463,311	\$ 5,484,487	\$ 2,811,586	\$ -
Nonspendable	-	-	-	-
Assigned	-	-	-	29,301
Unassigned	-	-	-	3,306,575
Total general fund	<u>\$ 8,463,311</u>	<u>\$ 5,484,487</u>	<u>\$ 2,811,586</u>	<u>\$ 3,335,876</u>
All other governmental funds				
Reserved	\$ 148,536	\$ 148,536	\$ 148,536	\$ -
Unreserved, reported in:				
Special revenue funds	94,408	131,603	44,459	-
Capital projects funds	32,461,143	8,433,844	5,853,756	-
Nonspendable				
Prepaid Items	-	-	-	-
Restricted, reported in:				
Debt Service	-	-	-	367,629
Capital projects funds	-	-	-	-
Committed, reported in:				
Parks and Recreation	-	-	-	55,468
Assigned, reported in:				
Capital projects funds	-	-	-	5,511,516
Emergency Services	-	-	-	-
Total all other governmental funds	<u>\$ 32,704,087</u>	<u>\$ 8,713,983</u>	<u>\$ 6,046,751</u>	<u>\$ 5,934,613</u>

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

Table 4

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	127,400	109,100	51,557	-	7,860
33,401	39,390	44,848	29,268	35,402	33,597
<u>5,825,396</u>	<u>6,986,977</u>	<u>7,962,516</u>	<u>7,298,683</u>	<u>5,671,302</u>	<u>7,986,584</u>
<u>\$ 5,858,797</u>	<u>\$ 7,153,767</u>	<u>\$ 8,116,464</u>	<u>\$ 7,379,508</u>	<u>\$ 5,706,704</u>	<u>\$ 8,028,041</u>
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	13,843	-
445,608	518,639	921,716	818,673	741,443	815,711
-	3,564,664	-	-	-	1,994,796
68,063	80,892	91,582	100,034	95,251	118,949
3,703,805	2,472,525	2,060,182	752,621	209,572	(914,804)
<u>-</u>	<u>-</u>	<u>644</u>	<u>644</u>	<u>644</u>	<u>644</u>
<u>\$ 4,217,476</u>	<u>\$ 6,636,720</u>	<u>\$ 3,074,124</u>	<u>\$ 1,671,972</u>	<u>\$ 1,060,753</u>	<u>\$ 2,015,296</u>

COUNTY OF PAGE, VIRGINIA

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

	Fiscal Year			
	2008	2009	2010	2011
Revenues				
General property taxes	\$ 16,761,743	\$ 16,636,631	\$ 17,076,620	\$ 18,277,353
Other local taxes	3,323,138	3,294,671	3,139,321	3,148,384
Permits, privilege fees and regulatory licenses	312,018	240,406	200,275	181,311
Fines and forfeitures	86,630	112,288	89,120	78,282
Revenue from use of money and property	2,214,449	609,855	69,153	61,410
Charges for services	917,081	1,917,356	2,153,608	2,050,927
Miscellaneous	192,889	291,172	191,687	204,922
Intergovernmental:				
Commonwealth	10,314,578	7,051,079	6,549,653	6,205,701
Federal	1,337,196	2,012,035	1,486,284	1,574,536
Total revenues	\$ 35,459,722	\$ 32,165,493	\$ 30,955,721	\$ 31,782,826
Expenditures				
General government administration	\$ 2,261,845	\$ 2,749,489	\$ 2,320,872	\$ 2,788,787
Judicial administration	1,117,154	1,074,252	1,064,870	1,101,332
Public safety	6,448,574	6,628,711	6,809,527	6,534,815
Public works	2,225,291	3,121,167	2,325,513	2,099,341
Health and welfare	5,121,971	4,863,039	4,424,999	3,779,579
Education	8,122,305	9,105,934	10,683,229	9,035,876
Parks, recreation and cultural	359,460	370,641	282,782	237,294
Community development	1,168,975	2,391,289	1,004,646	514,911
Nondepartmental	121,073	175,749	218,375	189,029
Capital projects	32,644,236	24,465,085	2,266,640	17,171
Debt service:				
Principal	1,108,859	1,961,338	1,901,656	1,947,591
Interest and other fiscal charges	3,035,095	3,057,332	3,199,675	3,124,948
Total expenditures	\$ 63,734,838	\$ 59,964,026	\$ 36,502,784	\$ 31,370,674
Excess (deficiency) of revenues over (under) expenditures	\$ (28,275,116)	\$ (27,798,533)	\$ (5,547,063)	\$ 412,152
Other financing sources (uses)				
Transfers in	\$ 1,558,752	\$ 1,602,769	\$ 1,241,375	\$ 1,000,408
Transfers out	(1,558,752)	(1,602,769)	(1,241,375)	(1,000,408)
Bonds issued	13,962,260	725,210	281,879	-
Premium on bonds issued	210,714	-	-	-
Capital leases	-	104,395	23,725	-
Issuance of lease revenue bonds	-	-	-	-
Total other financing sources (uses)	\$ 14,172,974	\$ 829,605	\$ 305,604	\$ -
Net change in fund balances	\$ (14,102,142)	\$ (26,968,928)	\$ (5,241,459)	\$ 412,152
Debt service as a percentage of noncapital expenditures	13.32%	14.20%	14.41%	16.23%

Table 5

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 19,256,025	\$ 19,510,388	\$ 20,075,105	\$ 19,961,029	\$ 20,528,963	\$ 21,051,318	
3,332,411	2,974,154	2,951,227	3,160,649	3,379,186	3,986,406	
162,688	249,634	147,891	193,298	220,787	223,187	
91,632	124,325	106,746	106,910	82,344	81,788	
58,428	59,792	63,474	56,285	32,357	46,985	
2,094,685	2,087,325	2,142,619	2,024,331	2,202,329	2,107,413	
144,457	49,754	39,250	86,328	188,285	388,957	
6,024,312	6,251,815	6,740,066	6,724,642	6,994,739	6,945,372	
1,332,257	1,175,617	1,360,162	3,646,768	3,987,107	4,161,052	
\$ 32,496,895	\$ 32,482,804	\$ 33,626,540	\$ 35,960,240	\$ 37,616,097	\$ 38,992,478	
\$ 2,039,067	\$ 2,102,193	\$ 2,041,202	\$ 2,428,333	\$ 2,389,476	\$ 2,200,628	
1,103,368	1,110,754	1,097,386	1,151,505	1,161,784	1,211,995	
7,252,991	7,556,394	8,824,594	8,593,685	8,682,830	8,293,850	
2,437,670	2,403,072	2,005,315	2,229,313	2,398,985	2,046,617	
3,599,674	3,101,293	3,155,666	3,502,681	3,537,466	3,924,594	
9,116,517	9,049,489	8,970,471	9,385,334	9,296,816	9,628,769	
271,698	272,914	291,338	300,817	304,211	318,086	
643,068	537,342	741,485	3,284,697	3,684,031	3,631,505	
138,650	104,938	182,281	368,134	240,588	141,416	
314,935	1,674,799	3,651,838	1,486,480	2,999,246	1,822,326	
1,900,636	2,172,308	2,378,284	2,438,370	2,542,192	2,918,094	
2,872,837	2,993,394	2,886,579	2,779,245	2,662,495	2,605,718	
\$ 31,691,111	\$ 33,078,890	\$ 36,226,439	\$ 37,948,594	\$ 39,900,120	\$ 38,743,598	
\$ 805,784	\$ (596,086)	\$ (2,599,899)	\$ (1,988,354)	\$ (2,284,023)	\$ 248,880	
\$ 2,349,910	\$ 778,424	\$ 619,712	\$ 768,523	\$ 3,089,732	\$ 2,121,110	
(2,349,910)	(778,424)	(619,712)	(768,523)	(3,089,732)	(2,121,110)	
-	-	-	-	-	3,027,000	
-	-	-	-	-	-	
-	310,300	-	-	-	-	
-	4,000,000	-	-	-	-	
\$ -	\$ 4,310,300	\$ -	\$ -	\$ -	\$ 3,027,000	
\$ 805,784	\$ 3,714,214	\$ (2,599,899)	\$ (1,988,354)	\$ (2,284,023)	\$ 3,275,880	
15.59%	16.77%	15.83%	14.06%	14.27%	14.94%	

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

Fiscal Year	Property Tax	Local sales and use Tax	Transient Occupancy Tax	Motor Vehicle License Tax	Record-ation and Wills Tax	Meals Tax	Business License Tax	Total
2008	\$ 16,761,743	\$ 1,368,668	\$ 400,633	\$ 312,240	\$ 211,949	\$ 268,268	\$ 198,989	\$ 19,522,490
2009	16,636,631	1,378,934	422,650	294,586	167,674	256,840	166,724	19,324,039
2010	17,076,620	1,315,313	417,304	310,968	136,542	245,978	152,166	19,654,891
2011	18,277,353	1,355,463	452,261	306,201	106,896	235,138	123,426	20,856,738
2012	19,256,025	1,432,754	491,143	319,477	119,169	237,664	141,397	21,997,629
2013	19,510,388	1,424,298	605,616	312,916	151,932	269,595	157,439	22,432,184
2014	20,075,105	1,386,698	645,627	316,256	163,513	217,163	175,233	22,979,595
2015	19,961,029	1,478,959	743,834	332,612	136,311	272,757	147,747	23,073,249
2016	20,528,963	1,596,463	822,208	316,043	150,271	283,245	161,851	23,859,044
2017	21,051,318	1,605,724	1,150,605	442,855	172,219	371,091	179,484	24,973,296

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF PAGE, VIRGINIA

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

Fiscal Year	Real Estate (1)	Personal	Machinery	Public Service	
		Property & Mobile Homes	and Tools	Real Estate	Personal Property
2008	\$ 2,242,856,500	\$ 188,690,673	\$ 22,227,076	\$ 59,930,248	\$ 29,710
2009	2,264,983,200	174,593,871	24,618,443	67,861,578	23,725
2010	2,280,983,900	181,124,448	24,955,483	72,698,741	16,025
2011	2,134,124,400	168,781,100	24,648,928	75,016,471	16,025
2012	1,981,271,373	172,938,572	24,212,520	56,601,652	474,580
2013	1,987,973,023	173,845,772	22,857,550	67,700,556	482,994
2014	1,997,411,018	171,783,252	20,757,580	85,325,231	755,802
2015	2,003,154,535	172,342,920	19,939,210	87,334,603	762,895
2016	2,005,957,130	176,888,303	21,311,870	90,437,690	611,143
2017	2,012,899,488	182,157,270	23,275,670	90,092,972	788,193

Source: Commissioner of Revenue

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

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

(3) Source: Virginia Department of Taxation.

Table 7

Total Taxable Assessed Value	Estimated Actual Taxable Value	State Sales Assessment Ratio (3)	Total Direct Rate
\$ 2,513,734,207	\$ 2,432,959,937	103.32%	\$ 9.36
2,532,080,817	2,261,998,229	111.94%	10.10
2,559,778,597	2,560,802,918	99.96%	10.10
2,402,586,924	2,162,349,855	111.11%	10.42
2,235,498,697	2,043,977,962	109.37%	10.42
2,252,859,895	2,014,900,183	111.81%	10.42
2,276,032,883	2,074,590,177	109.71%	10.42
2,283,534,163	2,083,516,572	109.60%	10.42
2,295,206,136	2,094,166,182	109.60%	10.46
2,309,213,593	2,106,946,709	109.60%	10.46

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

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

Source: County Commissioner of Revenue

(1) Per \$100 of assessed value

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2017		Fiscal Year 2008	
		2017 Assessed Valuation	% of Total Assessed Valuation	2008 Assessed Valuation	% of Total Assessed Valuation
KVK Precision Specialties	Manufacturing	\$ 10,103,740	0.44%	\$ 7,958,490	0.31%
VF Jeanswear	Manufacturing	4,954,190	0.21%	4,004,040	0.16%
Emco Enterprises	Manufacturing	3,559,590	0.15%	3,736,095	0.15%
Masonite Corporation	Manufacturing	3,089,560	0.13%	3,093,135	0.12%
DNC Parks & Resorts	Tourism	2,183,200	0.09%	-	0.00%
Comcast	Communications	1,205,270	0.05%	684,645	0.03%
Wal-Mart	Retail	855,770	0.04%	1,210,400	0.05%
Shenandoah Machine Shop	Manufacturing	609,070	0.03%	321,265	0.01%
PE Hydro Generation	Energy	539,820	0.02%	849,530	0.03%
Mountain View Resorts	Tourism	492,620	0.02%	-	0.00%
Gray Television Group	Communications	426,000	0.02%	361,940	0.01%
Noah Turner Landscaping	Services	374,340	0.02%	14,480	0.00%
		<u>\$ 28,393,170</u>	<u>1.23%</u>	<u>\$ 22,234,020</u>	<u>0.88%</u>

Source: Commissioner of Revenue

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax (1,3) Levy for Fiscal Year		Collected within the Fiscal Year of the Levy (1,3)		Collections in Subsequent Years (2)	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$	17,742,263	\$ 16,109,021	90.79%	\$ 1,535,938	\$ 17,644,959	99.45%
2009		18,041,342	16,605,832	92.04%	1,327,557	17,933,389	99.40%
2010		18,389,681	17,476,832	95.04%	790,483	18,267,315	99.33%
2011		19,403,213	18,204,086	93.82%	1,066,567	19,270,653	99.32%
2012		18,716,329	17,595,707	94.01%	924,506	18,520,213	98.95%
2013		18,978,746	17,803,281	93.81%	909,414	18,712,695	98.60%
2014		19,152,140	18,063,097	94.31%	717,431	18,780,528	98.06%
2015		19,250,147	18,216,468	94.63%	501,212	18,717,680	97.23%
2016		19,852,376	18,739,739	94.40%	177,309	18,917,048	95.29%
2017		20,654,381	19,414,989	94.00%	-	19,414,989	94.00%

Source: Commissioner of Revenue, County Treasurer's office

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

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

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2008	\$ 70,025,394	\$ 620,667	\$ -	\$ 70,646,061	9.92%	\$ 2,937
2009	68,981,457	560,600	67,668	69,609,725	9.82%	2,900
2010	67,465,056	498,533	50,085	68,013,674	9.22%	2,827
2011	65,621,718	436,466	7,899	66,066,083	8.54%	2,735
2012	63,791,048	374,399	-	64,165,447	10.55%	2,650
2013	61,859,642	4,167,159	276,638	66,303,439	11.50%	2,754
2014	59,833,166	3,880,485	211,504	63,925,155	7.70%	2,654
2015	46,638,047	14,693,377	155,360	61,486,784	7.25%	2,592
2016	44,733,233	14,119,124	92,235	58,944,592	7.12%	2,499
2017	43,294,677	16,277,776	27,255	59,599,708	6.99%	2,478

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

(1) See the Schedule of Demographic and Economic Statistics - Table 14

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2008	\$ 70,646,061	\$ -	\$ 70,646,061	2.81%	\$ 2,937
2009	69,542,057	-	69,542,057	2.75%	2,897
2010	67,963,589	-	67,963,589	2.66%	2,825
2011	66,058,184	-	39,818,273	1.66%	1,648
2012	64,165,447	-	64,165,447	2.87%	2,650
2013	66,026,801	-	66,026,801	2.93%	2,742
2014	63,713,651	-	63,713,651	2.80%	2,646
2015	61,331,424	-	61,331,424	2.69%	2,586
2016	58,852,357	-	58,852,357	2.56%	2,495
2017	59,572,453	-	59,572,453	2.58%	2,477

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 14

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

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemploy- ment Rate
2008	24,057	\$ 712,015,029	\$ 29,597	42.0	3,692	6.90%
2009	24,004	708,886,128	29,532	42.5	3,687	11.80%
2010	24,058	737,642,338	30,661	43.0	3,638	11.60%
2011	24,155	773,370,635	32,017	43.5	3,697	11.10%
2012	24,215	607,990,220	25,108	43.8	3,669	10.20%
2013	24,079	576,595,734	23,946	44.2	3,624	9.20%
2014	24,083	830,189,176	34,472	44.4	3,541	8.10%
2015	23,719	848,333,754	35,766	44.8	3,506	6.90%
2016	23,586	828,316,734	35,119	44.6	3,459	5.60%
2017	24,053	852,498,453	35,443	44.7	3,438	6.25%

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

COUNTY OF PAGE, VIRGINIA**Table 14**

Principal Employers
Current Year and Nine Years Prior

Employer	Fiscal Year 2017		Fiscal Year 2008	
	Employees	Rank	Employees	Rank
Page County School Board	500 to 999	1	500 to 999	1
Masonite Corp.	250 to 499	2	100 to 249	3
County of Page	100 to 249	3	100 to 249	7
VG Jeanswear	100 to 249	4	100 to 249	2
Valley Health System	100 to 249	5	100 to 249	-
Wal-Mart	100 to 249	6	100 to 249	6
Emco Enterprises	100 to 249	7	100 to 249	4
DNC P&R At Shenandoah	100 to 249	8	100 to 249	-
Luray Caverns Coffee Shop	100 to 249	9	100 to 249	-
U.S. National Park Service	100 to 249	10	100 to 249	10
Page Memorial Hospital	-	-	100 to 249	5
VDOT	-	-	100 to 249	8
Genie Company	-	-	100 to 249	9

Source: Virginia LMI (Labor Market Information)

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

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

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government administration	33	34	31	29	28	26	27	27	29	28
Judicial administration	12	12	12	12	12	12	12	11	11	11
Public safety:										
Sheriff's department	59	54	57	56	57	58	60	57	57	58
Fire and rescue	6	6	6	5	6	5	10	10	12	11
Building inspections	2	2	2	2	2	2	2	2	2	2
Animal shelter	2	2	2	2	2	2	2	2	2	2
Animal control	0	0	0	0	0	0	2	2	2	2
Emergency communications	8	10	10	11	10	10	10	9	9	11
Public works:										
General maintenance	4	4	3	3	3	3	3	3	3	3
Landfill	16	15	14	13	11	14	14	14	13	12
Health and welfare:										
Children's Services	1	1	1	1	1	1	1	0	1	0
Culture and recreation:										
Parks and recreation	1	1	1	1	1	1	1	1	1	1
Community development:										
Planning & Community Development	5	5	6	3	3	3	4	3	3	3
Economic Development	2	1	1	0	0	0	1	1	1	1
Totals	<u>151</u>	<u>147</u>	<u>146</u>	<u>138</u>	<u>136</u>	<u>137</u>	<u>149</u>	<u>142</u>	<u>146</u>	<u>145</u>

Source: Individual County departments

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety										
Sheriffs department:										
Physical arrests										
Traffic violations/arrests	2106	1943	1230	935	1502	1463	1669	912	784	1394
Civil papers	16033	15096	14656	14605	13463	14611	14771	14790	14452	14720
Fire and rescue:										
Number of calls answered	5297	4740	4842	5013	4808	5121	5193	5280	5586	6075
Building inspections:										
Permits issued	557	411	446	370	312	332	276	321	408	405
Animal control:										
Number of calls answered	1585	1572	1543	1565	1483	1393	1310	1144	1310	1434
Public works										
Landfill:										
Refuse collected (tons/day)	73.6927	167.161	162.066	152.106	146.58	149.301	155.029	146.425	153.323	132.092
Recycling (tons/day)	5.8702	4.90599	4.76073	6.91134	3.93465	3.71293	4.61393	2.9258	3.97869	3.34058
Health and welfare										
Department of Social Services:										
Caseload	4866	5462	7049	7345	7663	7358	7239	6671	6337	6666
Culture and recreation										
Parks and recreation:										
Youth sports participants	1052	879	1012	985	977	898	849	789	779	689
Community development										
Planning:										
Zoning permits issued	284	242	252	230	211	196	177	194	195	260
Component Unit - School Board										
Education:										
School age population	3567.1	3541.7	4429	4497	4436	4324	4352	4223	4096	4096
Number of teachers	298	293	300	310	317	303	303	295	294	285
Local expenditures per pupil	2761	3421	3670	3018	2756	2942	3005	3121	2958	3057

Source: Individual County departments

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	8	8	8	8	8	8	8	8	8	8
Public safety										
Sheriffs department:										
Patrol units	69	69	69	69	69	69	69	69	69	70
Building inspections:										
Vehicles	3	3	3	3	3	3	3	3	3	3
Animal control:										
Vehicles	2	2	2	2	2	2	2	2	2	2
Animal Shelter										
Vehicles	1	1	1	1	1	1	1	1	1	1
Administration buildings	1	1	1	1	1	1	1	1	1	1
Public works										
General maintenance:										
Trucks/vehicles	4	4	4	4	4	4	4	4	4	4
Landfill:										
Vehicles	2	2	2	2	2	2	2	2	2	2
Equipment	14	14	14	14	14	14	14	14	15	15
Sites	2	2	2	2	2	2	2	2	2	2
Health and welfare										
Department of Social Services:										
Vehicles	4	4	4	4	4	4	4	4	4	4
Culture and recreation										
Parks and recreation:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Community development										
Planning:										
Vehicles	2	2	2	2	2	2	2	2	2	2
Component Unit - School Board										
Education:										
Schools	9	9	9	9	9	9	9	9	9	10
School buses	84	84	84	84	84	84	84	84	84	84

Source: Individual County departments

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of County of Page, Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise County of Page, Virginia's basic financial statements, and have issued our report thereon dated November 30, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farnum, Cox Associates

Staunton, Virginia
November 30, 2017

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

Report on Compliance for Each Major Federal Program

We have audited County of Page, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Page, Virginia's major federal programs for the year ended June 30, 2017. County of Page, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

County of Page Virginia's basic financial statements include the operations of the Component Unit Luray-Page Airport Authority, which received \$2,389,347 in federal awards which is not included in the schedule of federal awards during the year ended June 30, 2017. Our audit, described below, did not include the operations of the Component Unit Luray-Page Airport Authority because the Authority issued its own audit of compliance with the Uniform Guidance.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, County of Page, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
November 30, 2017

COUNTY OF PAGE, VIRGINIA

Schedule of Expenditures of Federal Awards
Primary Government and Discretely Presented Component Unit School Board
Year Ended June 30, 2017

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Expenditures to Subrecipients
PRIMARY GOVERNMENT:				
Department of Agriculture:				
Pass Through Payments:				
Department of Social Services:				
State Administrative Matching Grants For the Supplemental Nutrition Assistance Program	10.561	0010110	\$ 202,749	
Total Department of Agriculture			\$ 202,749	
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
Foster Care - Title IV-E	93.658	1100111	\$ 86,060	
Adoption Assistance	93.659	1120111	83,843	
Temporary Assistance for Needy Families	93.558	0400111	179,357	
Refugee and Entrant Assistance - State Administered Programs	93.566	0500111	631	
Low-Income Home Energy Assistance	93.568	0600411	22,217	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900110	292	
Social Services Block Grant	93.667	1000111	132,749	
Chafee Foster Care Independence Program	93.674	9150110	1,584	
Promoting Safe and Stable Families	93.556	0950110	12,032	
Medical Assistance Program	93.778	1200111	258,937	
Children's Health Insurance Program	93.767	0540111	8,487	
Child Care and Development Block Grant	93.575	0770110	(1,890)	
Child Care - Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760111	30,482	
Total Department of Health and Human Services			\$ 814,781	
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Services:				
Bullet Proof Vest Partnership Program	16.607	Not Available	\$ 5,396	
Public Safety Partnerships and Community Policing Grants	16.710	Not Available	5,620	
Crime Victim Assistance	16.575	15VAGX0043	\$ 44,313	
Equitable Sharing Program	16.922	Not Available	275,873	
Subtotal			\$ 320,186	
Total Department of Justice			\$ 331,202	
Department of Labor:				
Pass Through Payments:				
Virginia Community College System:				
Workforce Innovation and Opportunity Act Cluster:				
WIA/WIOA Adult Program	17.258	LWA 4-15-03/4-16-03	\$ 798,062	\$ 625,266
WIA/WIOA Dislocated Formula Grants	17.278	LWA 4-15-03/4-16-03	555,437	369,466
WIA/WIOA Youth Activities	17.259	LWA 4-15-03/4-16-03	682,977	491,317
Total Workforce Innovation and Opportunity Act Cluster			\$ 2,036,476	\$ 1,486,049
WIOA Dislocated Worker National Reserve Technical Assistance and Training	17.281	LWDA 4-15-01 NR	15,000	-
WIA/WIOA National Emergency Grant	17.277	LWIA 4 JD NEG MOU 1	567,797	353,911
Total Department of Labor			\$ 2,619,273	\$ 1,839,960

COUNTY OF PAGE, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
Primary Government and Discretely Presented Component Unit School Board
Year Ended June 30, 2017

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Management:				
Homeland Security Grant Program	97.067	Not Available	\$ 21,943	
Emergency Management Performance Grants	97.042	DEM6274500	11,781	
Total Department of Homeland Security			\$ 33,724	
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	56054	\$ 582	
National Priority Safety Programs	20.616	57182	828	
Total Highway Safety Cluster			\$ 1,410	
Alcohol Open Container Requirements	20.607	56034, 57149	7,571	
Total Department of Transportation			\$ 8,981	
Total Expenditures of Federal Awards - Primary Government			\$ 4,010,710	
<u>COMPONENT UNIT SCHOOL BOARD:</u>				
Department of Agriculture:				
Pass Through Payments:				
Child Nutrition Cluster:				
Department of Education:				
School Breakfast Program	10.553	40253	\$ 245,916	
National School Lunch Program	10.555	40254	792,702	
Department of Agriculture:				
Commodities-School Lunch	10.555	40623	132,076	
Subtotal CFDA 10.555			\$ 924,778	
Total National School Lunch Program			\$ 1,170,694	
Schools and Roads-Grants to States	10.665	43841	4,834	
Total Department of Agriculture			\$ 1,175,528	
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	42901	\$ 877,185	
Rural Education Achievement	84.358	86619	70,987	
Special Education (IDEA) Cluster:				
Special Education - Grants to States	84.027	43071	738,243	
Special Education - Preschool Grants	84.173	62521	14,227	
Career and Technical Education				
Basic Grants to States	84.048	61095	61,995	
Special Education-State Personnel Development	84.323	Not Available	7,346	
Advanced Placement Program	84.330	60957	76	
Supporting Effective Instruction State Grant	84.367	61480	135,937	
Total Department of Education			\$ 1,905,996	
Total Expenditures of Federal Awards - Component Unit School Board			\$ 3,081,524	
Total Expenditures of Federal Awards - Reporting Entity			\$ 7,092,234	\$ 1,839,960

COUNTY OF PAGE, VIRGINIA**Schedule of Expenditures of Federal Awards (Continued)
Primary Government and Discretely Presented Component Unit School Board
Year Ended June 30, 2017**

Notes to Schedule of Expenditures of Federal Awards

NOTE 1-BASIS OF PRESENTATION

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

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(2) County of Page, Virginia has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

NOTE 3-FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2017, the County had food commodities totaling \$37,156 in inventory.

NOTE 4- MATCHING COSTS

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

NOTE 5- LOANS

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

NOTE 6-RELATIONSHIP TO FINANCIAL STATEMENTS

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 524,249
Department of the Interior-Payment in Lieu of Taxes	(150,342)
Special Revenue Fund:	
Workforce Investment Act Fund	2,619,273
Virginia Public Assistance Fund	1,017,530
Total primary government	<u>\$ 4,010,710</u>

Discretely presented component unit - School Board:

School operating fund	\$ 1,910,830
School cafeteria fund	1,170,694
Total discretely presented component unit - School Board	<u>\$ 3,081,524</u>

Total federal expenditures per the Schedule of Expenditures of
Federal awards

\$ 7,092,234

COUNTY OF PAGE, VIRGINIA

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

Section I-Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x no

Noncompliance material to financial statements noted? yes x none reported

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

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

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

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

Child Nutrition Cluster:

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

Workforce Investment Cluster:

17.258 WIA Adult Program
17.278 WIA Dislocated Worker Formula Grants
17.259 WIA Youth Activities

93.667 Social Services Block Grant
84.010 Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? x yes no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Summary of Prior Findings

None