

County of Clarke, Virginia



Financial Report
Year Ended June 30, 2008

COUNTY OF CLARKE, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2008

COUNTY OF CLARKE, VIRGINIA

Board of Supervisors

John Staelin, Chairman
J. Michael Hobert, Vice Chairman

Barbara Byrd

David Weiss

A.R. Dunning, Jr.

County School Board

Robina R. Bouffault, Chairman
Janet K. Creager Alger, Vice-Chairman
Thomas J. Judge, Clerk

Emily S. Rhodes

Phillip A. Embury

Jennifer A. Welliver

Board of Social Services

Jonathan Bunker, Chairman
Alan Melusen, Vice-Chairman

Barbara Byrd

Sheila Stephens

Richard Davis

Other Officials

Judge of the Circuit Court..... Thomas J. Wilson, IV
Judge of the Circuit Court..... John R. Prosser
Judge of the Circuit Court..... Dennis L. Hupp
Judge of the Circuit Court..... James V. Lane
Judge of the Circuit Court..... John E. Wetsel, Jr.
Clerk of the Circuit CourtHelen Butts
Judge of the General District CourtNorman deV. Morrison
Judge of the Juvenile and Domestic Relations Court Elizabeth Kellas
Commonwealth's Attorney Suzanne Perka
Commissioner of the Revenue Warren A. Arthur
Treasurer..... Sharon Keeler
SheriffAnthony W. Roper
Superintendent of Schools.....John Taylor
County AdministratorDavid L. Ash
Director of Joint Administrative Services Thomas J. Judge
Director of Department of Social Services Angie W. Jones

COUNTY OF CLARKE, VIRGINIA
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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Clarke, Virginia, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Clarke's management. 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 *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Clarke, Virginia, as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2008, on our consideration of the County of Clarke, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Schedules and Schedule of Pension Funding Progress as identified in the accompanying table of contents are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Clarke, Virginia's basic financial statements. The accompanying financial information listed as Other Supplementary Information in the table of contents and the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The other statistical information listed in the table of contents is not a required part of the basic financial statements, and we did not audit or apply limited procedures to such information. Accordingly, we express no opinion on them.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 9, 2008

County of Clarke, Virginia Management's Discussion and Analysis

As management of the County of Clarke (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2008

Financial Highlights

- The assets of the County (excluding component units) exceeded its liabilities at the close of the most recent fiscal year by \$17.8 million (*net assets*). Of this amount, \$11.9 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$2.32 million, of which the governmental activities accounted for 100% of the increase.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$13.1 million, or 72% of General Fund expenditures excluding transfers less any capital outlay projects funded with bond proceeds. The Fiscal Policy of Clarke County requires that certain financial designations of General Fund balance be maintained. These financial designations comprise \$3,659,029 of unreserved fund balance. Saving for pay-as-you-go capital expenditure comprises another \$2,043,729. Multi-year capital appropriations, net of estimated revenue, encumber an additional \$4,916,403. Finally, a total \$1,303,623 is designated for carryover requests from unexpended FY 08 funds, and \$618,386 is designated to cover the FY 09 budgeted deficit.
- The County's total long-term obligations increased by \$817,105 (2%) during the current fiscal year.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

Overview of the Financial Statements (Continued)

Government-wide financial statements: (Continued)

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

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

Fund financial statements

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

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

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

The County maintains twelve individual governmental funds. The Conservation Easement Fund was added in FY 08 to ensure that local match commitments could take place during the annual budget process, rather than as supplemental appropriations when grants became available. 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, and the Virginia Public Assistance Fund both of which are considered to be major funds. Data from the other nine County funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Overview of the Financial Statements (Continued)

Fund financial statements: (Continued)

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 14 through 17 of this report.

The County maintains one type of *Proprietary Fund*. The County reports an internal service fund to account for the financing of health insurance provided to the various departments and the component unit school board. The internal service fund is reported on Exhibits 8-10 found on pages 19 through 21 of this report.

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

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 46 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary comparisons for the general fund. Required supplementary information can be found on page 47 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found starting on page 50 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$18 million at the close of the most recent fiscal year. A large portion of the County's net assets (\$5.8 million, 32% of total) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

Government-Wide Financial Analysis (Continued)

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

County of Clarke, Virginia		
Summary of Net Assets		
As of June 30, 2008 and 2007		
	Governmental Activities	
	2008	2007
Current and other assets	\$ 43,415,141	\$ 43,486,518
Capital assets	17,695,912	14,749,690
Total assets	\$ 61,111,053	\$ 58,236,208
Long-term liabilities outstanding	\$ 41,147,517	\$ 40,330,412
Other liabilities	2,146,921	2,410,010
Total liabilities	\$ 43,294,438	\$ 42,740,422
Net assets:		
Invested in capital assets, net of related debt	\$ 5,803,987	\$ 4,910,297
Restricted	43,853	43,191
Unrestricted	11,968,775	10,542,298
Total net assets	\$ 17,816,615	\$ 15,495,786

An additional portion of the County's net assets (\$43,853) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$11.9 million) may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets, both for the County as a whole, as well as for its separate governmental activities.

As noted previously, the County's net assets increased by \$2.3 million during the current fiscal year. This increase primarily results from the paydown of \$1.6 million of principal on the debt for the new high school prior to construction and will consequently reverse when the construction is completed.

Government-Wide Financial Analysis (Continued)

Governmental activities increased the County's net assets by \$2.3 million. The following table summarizes the County's Statement of Activities:

**County of Clarke, Virginia
Changes in Net Assets
Years Ended June 30, 2008 and 2007**

	Governmental Activities	
	2008	2007
Revenues:		
Program revenues:		
Charges for services	\$ 1,357,592	\$ 1,289,182
Operating grants and contributions	2,724,781	2,831,457
Capital grants and contributions	375,577	609,080
General revenues:		
Property taxes	15,859,066	15,104,767
Other taxes	2,350,951	2,457,607
Unrestricted revenues	1,686,739	1,265,352
Miscellaneous	96,343	480,258
Grants and contributions not restricted to specific programs	2,846,105	2,728,288
Total revenues	<u>\$ 27,297,154</u>	<u>\$ 26,765,991</u>
Expenses:		
General governmental administration	\$ 2,060,607	\$ 1,696,286
Judicial administration	421,845	420,489
Public safety	3,447,907	3,307,884
Public works	1,244,607	1,157,030
Health and welfare	2,136,119	2,565,678
Parks, recreation, and cultural	961,293	898,356
Community development	1,096,427	1,267,673
Interest on long-term debt	1,761,950	1,289,965
Education	11,845,570	11,373,409
Total expenses	<u>\$ 24,976,325</u>	<u>\$ 23,976,770</u>
Increase (decrease) in net assets	\$ 2,320,829	\$ 2,789,221
Net assets - beginning of year, as adjusted	15,495,786	12,706,565
Net assets - end of year	<u>\$ 17,816,615</u>	<u>\$ 15,495,786</u>

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

- Increase in revenues due to the increase in capital.
- Paydown of \$1.6 million in principal for the new high school debt issue

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$14.58 million, an increase of \$1.2 million in comparison with the prior year. Of this total amount, \$13.89 million or 94.09% constitutes *unreserved fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to a specific purpose.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$13.10 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 72% of total General Fund expenditures, while total fund balance represents the same amount.

The County Capital Improvements Fund accounts for all major general public improvements. The Capital Improvements Fund expended \$3,211,909 towards capital projects and received \$2,443,187 in various funds (excluding general fund transfers of \$780,929). Of the \$2,443,187 reported, the County received \$2,175,395 as proceeds of a lease revenue bond.

Reserved fund balances of \$32,140 for the Parks and Recreation Fund and \$11,713 for the Animal Care Fund are included in other governmental funds.

General Fund Budgetary Highlights

There was a decrease of \$1,170,484 between the original budget and the final amended budgeted expenditures. The significant differences can be summarized as follows:

- \$57,280 increase in general government administration budget.
- \$398,893 increase in final budget appropriations for public safety.
- \$37,131 increase in final public works budgeted expenditures.
- There was no change in the health and welfare budget expenditures.
- \$1,826,360 decrease in final budget appropriations for education.
- \$40,979 increase in final budget for parks, recreation and cultural.
- \$131,401 increase in final budget appropriations for community development.
- \$5,192 increase in judicial administration.
- \$15,000 decrease in nondepartmental expenditures.

Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental activities as of June 30, 2008, amounts to \$17.70 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment and construction in progress. Major capital asset events during the current fiscal year included the following:

- Construction of the new Town/County government center
- Incurred expenditures for the design and research associated with construction of a new high school
- Construction of a new gymnasium at D.G. Cooley Elementary.

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

	Governmental Activities	
	2008	2007
Land	\$ 745,500	\$ 745,500
Buildings	7,953,559	8,774,795
Improvements	886,523	777,652
Machinery & Equipment	1,341,332	320,728
Construction in progress	6,768,998	4,131,015
Total	\$ 17,695,912	\$ 14,749,690

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

Long-term debt: At the end of the current fiscal year, the County had total outstanding debt of \$41.15 million and details are summarized in the following table:

	Governmental Activities	
	2008	2007
Bonds Payable:		
General obligation bonds	\$ 33,795,000	\$ 35,400,000
Literary loans	-	100,000
Note Payables	4,149,184	2,156,809
Capital lease	2,038,180	1,575,093
Compensated absences	1,165,153	1,098,510
Total	\$ 41,147,517	\$ 40,330,412

- Debt associated with governmental activities increases by \$817,105. The net increase is a result of regularly scheduled principal payments net of a new capital lease obtained for the Cooley Gymnasium in the amount of \$630,000, as well as an increase in the lease revenue bond for the joint facility in the amount of \$2,175,395.

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

Economic Factors and Next Year's Budgets and Rates

- Revenue from the Commonwealth and Federal government are weak.
- Citizens are experiencing fiscal stress including unemployment.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Assets
June 30, 2008

	Primary Government Governmental Activities	Component Units		
		School Board	Clarke County Sanitary Authority	Industrial Development Authority
ASSETS				
Cash and cash equivalents	\$ 11,499,773	\$ 1,973,684	\$ 978,402	\$ 144,069
Receivables (net of allowance for uncollectibles):				
Taxes receivable	747,615	-	-	-
Accounts receivable	56,919	128,776	63,801	-
Notes receivable	5,287	-	-	-
Due from other funds	419,691	103,057	-	-
Due from component unit	536,088	-	-	-
Due from other governmental units	2,045,066	626,858	-	-
Prepaid expenses	14,263	-	10,574	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	28,090,439	57,518	-	-
Capital assets (net of accumulated depreciation):				
Land	745,500	647,266	13,200	-
Buildings and system	7,953,559	8,974,700	-	-
Improvements other than buildings	886,523	205,451	-	-
Machinery and equipment	1,341,332	853,198	-	-
Utility plant in service	-	-	4,266,251	-
Construction in progress	6,768,998	216,518	366,458	-
Total assets	\$ 61,111,053	\$ 13,787,026	\$ 5,698,686	\$ 144,069
LIABILITIES				
Accounts payable	\$ 634,484	\$ 316,384	\$ 30,615	\$ -
Accrued liabilities	-	1,888,085	-	-
Accrued interest payable	733,684	-	-	-
Due to other funds	277,762	-	-	-
Due to primary government	-	536,088	-	-
Deferred revenue	186,639	-	11,283	-
Long-term liabilities:				
Due within one year	2,124,911	53,848	97,469	-
Due in more than one year	39,022,606	484,635	2,126,986	-
Accrued arbitrage liability	314,352	-	-	-
Total liabilities	\$ 43,294,438	\$ 3,279,040	\$ 2,266,353	\$ -
NET ASSETS				
Invested in capital assets, net of related debt	\$ 5,803,987	\$ 10,897,133	\$ 2,091,644	\$ -
Restricted for:				
Animal care	11,713	-	-	-
Parks and recreation	32,140	-	-	-
Unrestricted (deficit)	11,968,775	(389,147)	1,340,689	144,069
Total net assets	\$ 17,816,615	\$ 10,507,986	\$ 3,432,333	\$ 144,069

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

COUNTY OF CLARKE, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,060,607	\$ 9,910	\$ 249,258	\$ 190,879
Judicial administration	421,845	293,563	273,978	-
Public safety	3,447,907	90,347	1,038,062	64,705
Public works	1,244,607	-	-	-
Health and welfare	2,136,119	-	1,161,483	-
Education	11,845,570	-	-	119,993
Parks, recreation, and cultural	961,293	397,605	2,000	-
Community development	1,096,427	566,167	-	-
Interest on long-term debt	1,761,950	-	-	-
Total governmental activities	\$ 24,976,325	\$ 1,357,592	\$ 2,724,781	\$ 375,577
Total primary government	\$ 24,976,325	\$ 1,357,592	\$ 2,724,781	\$ 375,577
COMPONENT UNITS:				
School Board	\$ 20,753,997	\$ 628,744	\$ 9,216,728	\$ -
Clarke County Sanitary Authority	602,861	340,269	-	755,765
Clarke County Industrial Development Authority	18,030	-	-	-
Total component units	\$ 21,374,888	\$ 969,013	\$ 9,216,728	\$ 755,765
General revenues:				
General property taxes				
Other local taxes:				
Local sales and use tax				
Consumer utility tax				
Communication taxes				
Taxes on recordation and wills				
Motor vehicle licenses				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Contribution from County of Clarke				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

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

Net (Expense) Revenue and Changes in Net Assets					
Primary Government		Component Units			
Governmental Activities	Total	School Board	Clarke County Sanitary Authority	Industrial Development Authority	
\$ (1,610,560)	\$ (1,610,560)	\$ -	\$ -	\$ -	
145,696	145,696	-	-	-	
(2,254,793)	(2,254,793)	-	-	-	
(1,244,607)	(1,244,607)	-	-	-	
(974,636)	(974,636)	-	-	-	
(11,725,577)	(11,725,577)	-	-	-	
(561,688)	(561,688)	-	-	-	
(530,260)	(530,260)	-	-	-	
(1,761,950)	(1,761,950)	-	-	-	
<u>\$ (20,518,375)</u>	<u>\$ (20,518,375)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (20,518,375)</u>	<u>\$ (20,518,375)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ (10,908,525)	\$ -	\$ -	
-	-	-	493,173	-	
-	-	-	-	(18,030)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,908,525)</u>	<u>\$ 493,173</u>	<u>\$ (18,030)</u>	
\$ 15,859,066	\$ 15,859,066	\$ -	\$ -	\$ -	
809,311	809,311	-	-	-	
372,570	372,570	-	-	-	
492,778	492,778	-	-	-	
270,168	270,168	-	-	-	
281,650	281,650	-	-	-	
124,474	124,474	-	-	-	
1,686,739	1,686,739	62,313	8,104	-	
96,343	96,343	218,731	126,346	7,015	
2,846,105	2,846,105	111,147	-	-	
-	-	11,529,659	33,125	-	
<u>\$ 22,839,204</u>	<u>\$ 22,839,204</u>	<u>\$ 11,921,850</u>	<u>\$ 167,575</u>	<u>\$ 7,015</u>	
2,320,829	2,320,829	1,013,325	660,748	(11,015)	
15,495,786	15,495,786	9,494,661	2,771,585	155,084	
<u>\$ 17,816,615</u>	<u>\$ 17,816,615</u>	<u>\$ 10,507,986</u>	<u>\$ 3,432,333</u>	<u>\$ 144,069</u>	

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Fund Financial Statements

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Balance Sheet
 Governmental Funds
 June 30, 2008

	<u>General</u>	<u>Virginia Public Assistance</u>	<u>Other Govern- mental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 10,892,622	\$ -	\$ 566,953	\$ 11,459,575
Receivables (net of allowance for uncollectibles):				
Taxes receivable	747,615	-	-	747,615
Accounts receivable	56,919	-	-	56,919
Notes receivable	5,287	-	-	5,287
Due from other funds	366,108	-	53,583	419,691
Due from component unit	536,088	-	-	536,088
Due from other governmental units	1,511,534	114,327	419,205	2,045,066
Prepaid items	-	-	14,263	14,263
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	-	873,204	873,204
Total assets	<u>\$ 14,116,173</u>	<u>\$ 114,327</u>	<u>\$ 1,927,208</u>	<u>\$ 16,157,708</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 153,820	\$ 127	\$ 480,537	\$ 634,484
Due to other funds	156,640	114,200	6,922	277,762
Deferred revenue	669,581	-	-	669,581
Total liabilities	<u>\$ 980,041</u>	<u>\$ 114,327</u>	<u>\$ 487,459</u>	<u>\$ 1,581,827</u>
Fund balances:				
Reserved for:				
Animal care	\$ -	\$ -	\$ 11,713	\$ 11,713
Parks and recreation	-	-	32,140	32,140
Debt service	-	-	829,350	829,350
Unreserved, designated:				
Future projects	12,917,270	-	-	12,917,270
Unreserved, reported in:				
General fund	218,862	-	-	218,862
Special revenue funds	-	-	17,798	17,798
Capital projects funds	-	-	548,748	548,748
Total fund balances	<u>\$ 13,136,132</u>	<u>\$ -</u>	<u>\$ 1,439,749</u>	<u>\$ 14,575,881</u>
Total liabilities and fund balances	<u>\$ 14,116,173</u>	<u>\$ 114,327</u>	<u>\$ 1,927,208</u>	<u>\$ 16,157,708</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 Assets
 June 30, 2008

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 14,575,881
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	17,695,912
Unspent bond proceeds used for construction by the component unit school board and other assets and liabilities are reported as assets and liabilities of the primary government on the statement of net assets.	27,217,235
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	482,942
Accrued liabilities not presented in governmental activities.	(314,352)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	40,198
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(41,881,201)</u>
Net assets of governmental activities	<u>\$ 17,816,615</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2008

	General	Virginia Public Assistance	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 15,963,494	\$ -	\$ -	\$ 15,963,494
Other local taxes	2,325,942	-	25,009	2,350,951
Permits, privilege fees, and regulatory licenses	432,043	-	-	432,043
Fines and forfeitures	238,256	-	-	238,256
Revenue from the use of money and property	430,735	-	1,256,004	1,686,739
Charges for services	677,383	-	9,910	687,293
Miscellaneous	58,460	778	37,105	96,343
Recovered costs	34,721	20,949	-	55,670
Intergovernmental revenues:				
Commonwealth	3,971,584	302,846	907,719	5,182,149
Federal	154,710	544,899	64,705	764,314
Total revenues	<u>\$ 24,287,328</u>	<u>\$ 869,472</u>	<u>\$ 2,300,452</u>	<u>\$ 27,457,252</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,277,128	\$ -	\$ -	\$ 1,277,128
Judicial administration	418,960	-	-	418,960
Public safety	3,251,220	-	36,841	3,288,061
Public works	1,125,273	-	-	1,125,273
Health and welfare	277,238	1,232,344	646,010	2,155,592
Education	10,482,213	-	-	10,482,213
Parks, recreation, and cultural	886,456	-	-	886,456
Community development	818,413	-	250,479	1,068,892
Nondepartmental	29,231	-	457,548	486,779
Capital projects	-	-	3,211,909	3,211,909
Debt service:				
Principal retirement	-	-	1,995,800	1,995,800
Interest and other fiscal charges	-	-	2,015,971	2,015,971
Total expenditures	<u>\$ 18,566,132</u>	<u>\$ 1,232,344</u>	<u>\$ 8,614,558</u>	<u>\$ 28,413,034</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,721,196</u>	<u>\$ (362,872)</u>	<u>\$ (6,314,106)</u>	<u>\$ (955,782)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 362,872	\$ 3,959,793	\$ 4,322,665
Transfers out	(4,322,665)	-	-	(4,322,665)
Proceeds of lease revenue bond	-	-	2,175,396	2,175,396
Total other financing sources (uses)	<u>\$ (4,322,665)</u>	<u>\$ 362,872</u>	<u>\$ 6,135,189</u>	<u>\$ 2,175,396</u>
Net change in fund balances	\$ 1,398,531	\$ -	\$ (178,917)	\$ 1,219,614
Fund balances - beginning	11,737,601	-	1,618,666	13,356,267
Fund balances - ending	<u>\$ 13,136,132</u>	<u>\$ -</u>	<u>\$ 1,439,749</u>	<u>\$ 14,575,881</u>

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

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2008

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

Net change in fund balances - total governmental funds	\$ 1,219,614
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.	1,972,043
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(104,428)
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 assets. Also, governmental funds report the effect of issuance costs, 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.	(555,575)
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.	(66,643)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	<u>(144,182)</u>
Change in net assets of governmental activities	<u>\$ 2,320,829</u>

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2008

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 102,423
Due from other governments	<u>177,437</u>
Total assets	<u><u>\$ 279,860</u></u>
LIABILITIES	
Accounts payable	\$ 28,494
Due to other funds	149,668
Amounts held for social services clients	52,170
Amounts held for employees	<u>49,528</u>
Total liabilities	<u><u>\$ 279,860</u></u>

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

Statement of Net Assets
 Internal Service Fund
 June 30, 2008

	<u>Self- Insurance Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ <u>40,198</u>
Total assets	\$ <u>40,198</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ <u>44</u>
Total current liabilities	\$ <u>44</u>
Total liabilities	\$ <u>44</u>
NET ASSETS	
Unrestricted	\$ <u>40,154</u>
Total net assets	\$ <u><u>40,154</u></u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Internal Service Fund
 For the Year Ended June 30, 2008

	<u>Self- Insurance Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ <u>132,432</u>
Total operating revenues	\$ <u>132,432</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ <u>276,658</u>
Total operating expenses	\$ <u>276,658</u>
Operating income (loss)	\$ <u>(144,226)</u>
Change in net assets	\$ (144,226)
Total net assets - beginning	<u>184,380</u>
Total net assets - ending	<u><u>\$ 40,154</u></u>

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

Statement of Cash Flows
 Internal Service Fund
 For the Year Ended June 30, 2008

	<u>Self- Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 132,432
Payments for premiums	<u>(480,622)</u>
Net cash provided (used by) operating activities	\$ <u>(348,190)</u>
Net increase (decrease) in cash and cash equivalents	\$ (348,190)
Cash and cash equivalents - beginning	<u>388,388</u>
Cash and cash equivalents - ending	\$ <u><u>40,198</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ <u>(144,226)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	
Increase (decrease) in accounts payable	\$ <u>(203,964)</u>
Total adjustments	\$ <u>(203,964)</u>
Net cash provided (used) by operating activities	\$ <u><u>(348,190)</u></u>

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008

Note 1—Summary of Significant Accounting Policies:

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

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

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

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units to be included for the fiscal year ended June 30, 2008.

Discretely Presented Component Units. The School Board members are elected by the citizens of Clarke County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding of the school board is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2008.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

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

B. Individual Component Unit Disclosures: (Continued)

The Clarke County Sanitary Authority is responsible for water and sewer treatment for many citizens in Clarke County. The Sanitary Authority consists of five members appointed by the Board of Supervisors. The Board of Supervisors has the ability to impose its will on the Sanitary Authority and therefore it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2008. Complete financial statements for the Authority are available from the Sanitary Authority at 524 Westwood Road, Berryville, Virginia.

The Clarke County Industrial Development Authority is responsible for industrial and commercial development in the County. The Authority consists of seven members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2008. Complete financial statements for the Authority are available from the Authority at 102 N. Church Street, Berryville, Virginia.

C. Other Related Organizations

Included in the County's Financial Report

None

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

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

The County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

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 timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

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

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

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the General Fund as a major governmental fund.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

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

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

1. Governmental Funds: (Continued)

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

Debt Service Funds - The Debt Service Funds accounts for debt service expenditure for the county and the school system. Payment of principal and interest on the county and school system's general long-term debt financing is provided by appropriations from the General Fund. The School debt service fund is reported as a non-major fund.

Capital Projects Funds - The County Capital Improvements Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by Proprietary Funds. The County reports the School Construction Fund, School Capital Projects Proffers Fund, Parks Construction Fund, and Sewer Construction Fund as non-major funds.

Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Special Revenue Funds consist of the following funds: Virginia Public Assistance Fund is presented as a major Special Revenue Fund. Comprehensive Services Act Fund, Joint Services Fund and Drug Enforcement Fund are all reported as non-major funds.

Permanent Funds - Permanent Funds account for earnings that are legally restricted for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry. The County reported the Animal Care Fund and Parks and Recreation Fund as non-major permanent funds.

Fiduciary Funds - (Trust and Agency Funds) - account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Private Purpose Trust and Agency Funds. Private Purpose Trust Funds utilize the accrual basis of accounting as described in the Proprietary Funds Presentation. Agency funds utilize the modified accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

2. Proprietary Funds - account for operations that are financed in a manner similar to private business enterprises. The proprietary fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary funds for the County consist of an internal service fund.

Internal Service Funds - account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Internal Service Fund consists of the Self-Insurance Fund.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

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

E. Cash and Cash Equivalents:

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

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

Investments for the government, as well as for its component units are reported at fair value.

F. Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$395,939 at June 30, 2008 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

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

H. Capital Assets

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

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets as of June 30, 2008 was immaterial.

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

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

I. Compensated Absences

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

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

J. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current service costs and amortization of prior service cost over a 30-year period. The County's policy is to fund pension cost as it accrues.

K. 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.

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Designated portions of fund balance are established to indicate tentative plans for financial resource utilization in a future period. Designation of fund balance by specific purpose is as follows:

	Other Governmental Funds
	<hr/>
Designated for:	
Animal care	\$ 11,713
Parks and recreation	<hr/> 32,140
Total designated for specific purposes	<hr/> <hr/> \$ 43,853

M. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

N. Long-term Obligations

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

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

N. Long-term Obligations: (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Prepaid Items

Prepaid expenditure in governmental funds are offset by reservation of fund balance.

Note 2—Stewardship, Compliance, and Accounting:

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

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

Note 3—Deposits and Investments:

Deposits

All cash of the primary government and its discretely presented component units is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance. Under the act banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

Investments

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

As of June 30, 2008 the County does not have a formal investment policy addressing the various types of risks related to investments.

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2008 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale.

Locality's Rate Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings				
	AAA	AA	A	A1	Unrated
Local Government Investment Pool	\$ 2,081,578	\$ -	\$ -	\$ -	\$ -
State Non-Arbitrage Pool	28,334,565	-	-	-	-
Total	\$ 30,416,143	\$ -	\$ -	\$ -	\$ -

External Investment Pools:

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the Local Government Investment Pool (LGIP) are 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 maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

Note 4—Due from Other Governments:

At June 30, 2008, the County has receivables from other governments as follows:

	Primary Government	Component Unit		
		School Board	Sanitary Authority	Industrial Development Authority
Commonwealth of Virginia:				
Virginia Public Assistance funds	\$ 44,425	\$ -	\$ -	\$ -
State sales tax	-	345,000	-	-
Constitutional officer reimbursements	141,498	-	-	-
PPTRA	1,212,896	-	-	-
Communication taxes	79,174	-	-	-
Criminal Justice Grants	14,183	-	-	-
Comprehensive Services Act	38,562	-	-	-
Federal Government:				
Virginia Public Assistance funds	69,902	-	-	-
Criminal Justice Grants	63,783	-	-	-
School fund grants	-	281,858	-	-
Community Facilities Loans and Grants	344,622	-	-	-
Homeland Security grants	36,021	-	-	-
Total due from other governments	\$ <u>2,045,066</u>	\$ <u>626,858</u>	\$ <u>-</u>	\$ <u>-</u>

Note 5—Interfund Obligations:

Details of the Primary Government's interfund receivables, and payables as of June 30, 2008, are as follows:

Fund	Interfund Receivable	Interfund Payable
General	\$ 366,108	\$ 156,640
Comprehensive Services Act	2,151	-
County Capital Projects Fund	-	6,922
Undistributed Local Sales Tax Fund	-	149,668
Joint Administrative Services Fund	13,942	-
County Debt Service Fund	303	-
Virginia Public Assistance	-	114,200
School Debt Service Fund	37,187	-
Total	\$ <u>419,691</u>	\$ <u>427,430</u>

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

Note 6—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2008:

	Balance July 1, 2007	Additions	Deletions	Joint Tenancy Transfer (Net)	Balance June 30, 2008
Primary Government:					
Capital assets not being depreciated:					
Land	\$ 745,500	\$ -	\$ -	\$ -	\$ 745,500
Construction in Progress	4,131,015	3,896,788	1,258,805	-	6,768,998
Total capital assets not being depreciated	\$ 4,876,515	\$ 3,896,788	\$ 1,258,805	\$ -	\$ 7,514,498
Capital assets being depreciated:					
Buildings	\$ 14,017,148	\$ -	\$ -	\$ (700,000)	\$ 13,317,148
Improvements other than buildings	1,445,548	164,484	-	-	1,610,032
Equipment	1,512,457	1,352,227	20,616	-	2,844,068
Total capital assets being depreciated	\$ 16,975,153	\$ 1,516,711	\$ 20,616	\$ (700,000)	\$ 17,771,248
Accumulated depreciation	\$ 7,101,978	\$ 579,097	\$ 20,616	\$ (70,625)	\$ 7,589,834
Net capital assets primary government	\$ 14,749,690	\$ 4,834,402	\$ 1,258,805	\$ (629,375)	\$ 17,695,912
Component Unit-School Board:					
Capital assets not being depreciated:					
Land	\$ 647,266	\$ -	\$ -	\$ -	\$ 647,266
Construction in Progress	622,777	998,120	1,404,379	-	216,518
Total capital assets not being depreciated	\$ 1,270,043	\$ 998,120	\$ 1,404,379	\$ -	\$ 863,784
Capital assets being depreciated:					
Buildings	\$ 12,067,601	\$ 1,506,522	\$ -	\$ 700,000	\$ 14,274,123
Improvements other than buildings	115,481	103,057	-	-	218,538
Equipment	3,046,426	20,503	121,904	-	2,945,025
Total capital assets being depreciated	\$ 15,229,508	\$ 1,630,082	\$ 121,904	\$ 700,000	\$ 17,437,686
Accumulated depreciation	\$ 6,730,606	\$ 725,010	\$ 121,904	\$ 70,625	\$ 7,404,337
Net capital assets component unit school board	\$ 9,768,945	\$ 1,903,192	\$ 1,404,379	\$ 629,375	\$ 10,897,133

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

Note 6—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs/funds as follows:

Governmental activities:

General government	\$	401,746
Public safety		98,473
Public works		4,030
Health and welfare		255
Parks, recreation and cultural		<u>74,593</u>
Total Governmental activities	\$	<u>579,097</u>
Component Unit School Board	\$	<u>725,010</u>

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the new law, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Clarke, Virginia for the year ended June 30, 2008 is that school financed assets in the amount of \$5,240,000 are reported in the Primary Government for financial reporting purposes.

Component Unit-Sanitary Authority:

A summary of the component unit Sanitary Authority property, plant, and equipment at June 30, 2008 follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 13,200	\$ -	\$ -	\$ 13,200
Construction in progress	<u>325,230</u>	<u>41,228</u>	<u>-</u>	<u>366,458</u>
Total capital assets not being depreciated	\$ <u>338,430</u>	\$ <u>41,228</u>	\$ <u>-</u>	\$ <u>379,658</u>
Capital Assets being depreciated:				
Utility plant and equipment	\$ 5,887,955	\$ -	\$ -	\$ 5,887,955
Less: accumulated depreciation	<u>(1,462,946)</u>	<u>(158,758)</u>	<u>-</u>	<u>(1,621,704)</u>
Total capital assets being depreciated, net	\$ <u>4,425,009</u>	\$ <u>(158,758)</u>	\$ <u>-</u>	\$ <u>4,266,251</u>
Capital assets, net	<u>\$ 4,763,439</u>	<u>\$ (117,530)</u>	<u>\$ -</u>	<u>\$ 4,645,909</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

Note 7— Interfund Transfers:

Interfund transfers for the year ended June 30, 2008, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 4,341,523
School Debt Service	2,251,054	-
County Capital Improvements	780,929	-
Virginia Public Assistance	362,872	-
Comprehensive Services Act	331,597	-
Joint Administrative	457,548	-
Conservation Easement	59,978	-
General Debt Service	97,545	-
Total	<u>\$ 4,341,523</u>	<u>\$ 4,341,523</u>

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

Note 8—Long-Term Obligations:

Primary Government:

A summary of long-term obligations are as follows:

	<u>Amounts Payable at July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2008</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County:					
Claims, judgments and compensated absences payable	\$ 1,098,510	\$ 66,643	\$ -	\$ 1,165,153	\$ 116,515
Lease revenue bond	200,330	2,175,395	-	2,375,725	-
Boyce wastewater VRA Note	1,073,000	-	89,000	984,000	95,500
Total incurred by County	<u>\$ 2,371,840</u>	<u>\$ 2,242,038</u>	<u>\$ 89,000</u>	<u>\$ 4,524,878</u>	<u>\$ 212,015</u>
Incurred by School Board:					
State literary fund loans payable	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -
General obligation bonds payable	35,400,000	-	1,605,000	33,795,000	1,655,000
Capital leases	1,575,093	630,000	166,913	2,038,180	172,767
VRS obligation	248,271	-	34,909	213,362	37,220
Total Incurred by School Board	<u>\$ 37,323,364</u>	<u>\$ 630,000</u>	<u>\$ 1,906,822</u>	<u>\$ 36,046,542</u>	<u>\$ 1,864,987</u>
Premiums on bonds issued	\$ 635,208	\$ -	\$ 59,111	\$ 576,097	\$ 47,909
Total Governmental Obligations	<u>\$ 40,330,412</u>	<u>\$ 2,872,038</u>	<u>\$ 2,054,933</u>	<u>\$ 41,147,517</u>	<u>\$ 2,124,911</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	County Obligations	School Obligations					
	VRA Bonds Principal	Bonds and Literary Loans		VRS Obligation		Capital Leases	
	Principal	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 95,500	\$ 1,655,000	\$ 1,564,803	\$ 37,220	\$ 14,232	\$ 172,767	\$ 82,148
2010	103,500	1,705,000	1,479,691	39,702	11,750	180,335	74,580
2011	113,000	1,745,000	1,391,860	42,350	9,102	150,016	66,677
2012	124,000	1,780,000	1,302,466	45,175	6,277	131,813	60,259
2013	548,000	1,780,000	1,212,818	48,915	3,264	137,212	54,861
2014-2018	-	8,755,000	4,688,614	-	-	775,102	185,262
2019-2023	-	5,065,000	3,066,385	-	-	490,935	35,846
2024-2028	-	5,745,000	1,893,219	-	-	-	-
2029-2032	-	5,565,000	508,466	-	-	-	-
Total	\$ 984,000	\$ 33,795,000	\$ 17,108,322	\$ 213,362	\$ 44,625	\$ 2,038,180	\$ 559,633

Details of long-term indebtedness:

	<u>Amount Outstanding</u>
<u>Virginia Resource Authority (VRA) Bonds:</u>	
\$1,800,000 General obligation Sewer bonds issued August 1, 1994 to the Town of Boyce due in annual installments of varying amounts through August 1, 2015. Debt-assumed by the County during fiscal years 1998-1999 no interest.	\$ <u>984,000</u>
<u>Lease Revenue Bond:</u>	
\$4,822,000 lease revenue bond (of which only \$200,330 is outstanding at June 30, 2007) for capital projects issued May 16, 2007 due in monthly installments of \$20,975 commencing May 16, 2009 payable through May 16, 2047 including interest at 4.125%.	\$ <u>2,375,725</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness:

	<u>Amount Outstanding</u>
<u>Virginia Public School Authority (VPSA) Bonds:</u>	
\$2,500,000 Series B bonds issued December 17, 1992, due in annual installments of varying amounts through December 15, 2012; interest ranges from 5.85% to 8.1%	\$ 480,000
\$2,010,000 Series A refunding bonds issued January 3, 1994, due in annual installments of varying amounts through December 15, 2012; interest ranges from 6.35% to 7.18%	265,000
\$410,000 Series A issued November 10, 2004 due in annual principal installments of varying amounts through July 15, 2024, and interest payments between 4.6% and 5.6% due July 15 and January 15 of each year through July 15, 2024	340,000
\$29,200,000 plus a premium of \$635,208 Series 2006B issued November 9, 2006 due in annual principal installments of varying from \$800,000 to \$1,565,000 through January 26, 2026; interest payable at rates between 4.225% to 5.1% due January 15 and July 15 each year through January 26, 2026	28,215,000
\$8,185,000 Series B bonds issued November 20, 1998, due in annual principal installments of varying amounts on July 15 of each year and interest payments between 4.10% and 5.10% due July 15 and January 15 of each year through July 15, 2018	<u>4,495,000</u>
Total Virginia Public School Authority Bonds	<u>\$ 33,795,000</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness: (Continued)

	<u>Amount Outstanding</u>
<u>Capital Leases:</u>	
\$1,525,605 School Energy Management Lease dated June 21, 2005 due in quarterly installments of principal and interest of \$33,755, interest at 3.95%	\$ 1,285,387
\$111,380 capital lease for school buses dated July 26, 2006 due in annual installments of principal and interest of \$24,621, interest at 5.27%	66,711
\$173,000 capital lease for school buses dated September 1, 2005 due in annual installments of principal and interest of \$38,221, interest at 4.8%	71,271
\$630,000 capital lease for elementary school gym, dated October 4, 2007 due in quarterly installments of principal and interest of \$14,264, interest at 4.26%	<u>614,811</u>
Total Capital Leases	\$ <u>2,038,180</u>
Compensated absences	\$ <u>1,165,153</u>
VRS Obligation	\$ <u>213,362</u>
Premium on bonds issued	\$ <u>576,097</u>
Total Primary Government	\$ <u><u>41,147,517</u></u>

The assets acquired through capital leases are as follows:

Asset:	
Machinery and equipment	\$ 534,380
Building improvements	2,203,755
Less: Accumulated depreciation	<u>(339,916)</u>
Total	<u><u>\$ 2,398,219</u></u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

Note 8—Long-Term Obligations: (Continued)

Component Unit—School Board:

The following is a summary of long-term debt transactions of the Component Unit—School Board for the year ended June 30, 2008:

	Amounts Payable at July 1, 2007	Increases	Decreases	Amounts Payable at June 30, 2008	Amounts Due Within One Year
Compensated absences payable	\$ 462,543	\$ 75,940	\$ -	\$ 538,483	\$ 53,848
Details of Long-Term Indebtedness:					
Compensated absences liability				\$ 538,483	

Component Unit—Sanitary Authority:

	Total Amount	Amount Due Within One Year
<u>Long-term notes payable:</u>		
Water Operating Fund:		
\$997,000 water system revenue bonds issued August 21, 2001 due in semi-annual installments beginning September 1, 2002 through August 1, 2032. No interest	\$ 795,357	\$ 33,140
Note payable to VRA for the grouting project. Due June 2032. Payable semiannually. No interest	46,362	2,000
Note payable to VRA for new Berryville to Millwood line. Due June 2032. Payable semiannually. No interest	156,250	6,250
 \$829,104 note payable to VRA (of which only \$787,546 is outstanding at June 30, 2007) issued September 2, 2005 due in semiannual installments of \$28,235 payable through July 1, 2026, including 3.00% interest	 741,088	 31,587
Note payable to Clarke County, primary government	5,287	5,287
Total Water Fund	\$ 1,744,344	\$ 78,264

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

Note 8—Long-Term Obligations: (Continued)

Component Unit—Sanitary Authority: (Continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Boyce Wastewater Facility		
Note payable to VRA for the Millwood Sewer project. Due June 2032. Payable semiannually.		
No interest	\$ 480,111	\$ 19,205
Total Clarke County Sanitary Authority	<u>\$ 2,224,455</u>	<u>\$ 97,469</u>

The following is a summary of long-term debt transactions of the Component Unit—Sanitary Authority for the year ended June 30, 2008:

Changes in Long-Term Debt:

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2008</u>
General Obligation Bond	\$ 828,497	\$ -	\$ 33,140	\$ 795,357
Notes payables	1,484,565	-	60,754	1,423,811
Note payable to County	184,574	-	179,287	5,287
Totals	<u>\$ 2,497,636</u>	<u>\$ -</u>	<u>\$ 273,181</u>	<u>\$ 2,224,455</u>

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

<u>Year Ending June 30,</u>	<u>General Obligation Bond</u>		<u>Notes Payables</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 33,140	\$ -	\$ 64,329	\$ 21,998
2010	33,140	-	59,996	21,043
2011	33,140	-	60,979	20,059
2012	33,140	-	61,993	19,046
2013	33,140	-	63,037	18,002
2014-2018	165,700	-	331,981	73,213
2019-2023	165,700	-	363,239	41,954
2024-2028	165,700	-	289,912	8,113
2029-2033	132,557	-	133,632	-
Total	<u>\$ 795,357</u>	<u>\$ -</u>	<u>\$ 1,429,098</u>	<u>\$ 223,428</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

Note 9—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$669,581 is comprised of the following:

Deferred Property Tax Revenue: Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$482,942 at June 30, 2008.

Prepaid Property Taxes: Property taxes due subsequent June 30, 2008, but paid in advance by the taxpayers totaled \$186,639 at June 30, 2008.

Note 10—Commitments and Contingencies:

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

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

Note 11—Defined Benefit Pension Plan:

A. Plan Description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity:	Virginia Retirement System (System)

The County contributes to the Virginia Retirement System (VRS). All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service (1.85% to sheriffs and if the employer elects, to other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

Note 11—Defined Benefit Pension Plan: (Continued)

A. Plan Description: (Continued)

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/publications/2007AnnuRept.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Primary Government

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer may assume this 5% member contribution. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended June 30, 2008 was 7.94% of annual covered payroll.

Discretely Presented Component Unit - School Board (Non-professional)

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer may assume this 5% member contribution. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended June 30, 2008 was 6.67% of annual covered payroll.

C. Annual Pension Cost

Primary Government

For fiscal year 2008, County's annual pension cost of \$310,415 (does not include employee share of \$195,476 which was assumed by the County) was equal to the County's required and actual contributions.

Three-Year Trend Information for County - Primary Government

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2006	\$ 140,708	100%	\$ -
June 30, 2007	299,855	100%	-
June 30, 2008	310,415	100%	-

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

Note 11—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

Primary Government: (Continued)

The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) 7.50% investment rate of return, (b) projected salary increases ranging from 3.75% to 5.60% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the County’s assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County’s unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 20 years.

Discretely Presented Component Unit - School Board (Non-professional)

For fiscal year 2008, School Board’s annual pension cost of \$78,478 (does not include employee share of \$58,829 which was assumed by the School Board) was equal to the School Board’s required and actual contributions.

Three-Year Trend Information for County - Primary Government

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
School Board:			
Non-Professional:			
June 30, 2006	\$ 55,077	100%	\$ -
June 30, 2007	77,102	100%	-
June 30, 2008	78,478	100%	-

The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) 7.50% investment rate of return, (b) projected salary increases ranging from 3.75% to 5.60% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the School Board’s assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The School Board’s unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 20 years.

D. Funded Status and Funding Progress

Primary Government

As of June 30, 2007, the most recent actuarial valuation date, the plan was 86.32% funded. The actuarial accrued liability for benefits was \$12,203,950, and the actuarial value of assets was \$10,534,745, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,669,205. The covered payroll (annual payroll of active employees covered by the plan) was \$3,737,797, and ratio of the UAAL to the covered payroll was 44.66%.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

Note 11—Defined Benefit Pension Plan: (Continued)

D. Funded Status and Funding Progress: (Continued)

Discretely Presented Component Unit - School Board (Non-professional)

As of June 30, 2007, the most recent actuarial valuation date, the plan was 91.09% funded. The actuarial accrued liability for benefits was \$1,835,472, and the actuarial value of assets was \$1,672,020, resulting in an unfunded actuarial accrued liability (UAAL) of \$163,452. The covered payroll (annual payroll of active employees covered by the plan) was \$1,170,712, and ratio of the UAAL to the covered payroll was 13.96%.

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 liability for benefits.

E. Professional Employees - Discretely Presented Component Unit School Board:

Plan Description

The Clarke County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. That report may be obtained by writing to the System at P.O. Box 2500, Richmond, Virginia 23218-2500 or a copy may be downloaded from the VRS website at <http://www.varetire.org/PDF/2007/AnnuRept.pdf>.

Funding Policy

Plan members are required to contribute 5.0% of their annual covered salary and Clarke County School Board is required to contribute at an actuarially determined rate. The current rate is 10.30% of annual covered payroll. The contribution requirements of plan members and Clarke County School Board are established and may be amended by the VRS Board of Trustees. The School Board's contributions to VRS for the years ending June 30, 2008, 2007, and 2006 were \$1,077,874, \$954,891, and \$659,398 respectively, equal to the required contributions for each year.

Note 12—Litigation:

At June 30, 2008, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

Note 13—Risk Management:

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

Self-Insurance

Previously the County utilized a self-insurance program for employee health insurance. The County began accounting for this program in an internal service effective July 1, 2005. A summary of claims liability for the year ended June 30, 2008 as follows:

Unpaid claims, June 30, 2007	\$	204,008
Incurred claims		72,606
Claim payments		<u>276,614</u>
Unpaid claims, June 30, 2008	\$	<u><u>-</u></u>

As of June 30, 2007 the County elected to terminate the self-insurance plan. There was no "Incurred but not Reported" liability at June 30, 2008.

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

Note 14—Conduit Debt:

The County has issued economic development revenue bonds through the Clarke County Industrial Development Authority. All responsibility for the payment of this debt rests with the Borrower. The County and the Authority have no responsibility for the payment of this debt. Outstanding conduit debt obligations are as follows at June 30, 2008:

<u>Description</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2008</u>
Heritage Child Development Center, Inc.	\$ 450,000	\$ 300,387
Winchester Medical Center, Inc.	70,000,000	70,000,000
Grafton School, Inc.	13,425,000	10,525,000
Powhatan School, Inc.	3,500,000	2,615,000
R-1 Berryville Town bond	2,327,000	2,327,000
R-2 Clarke County bond	4,822,000	4,822,000
	<u>\$ 94,524,000</u>	<u>\$ 90,589,387</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2008 (Continued)

Note 15—Designated Fund Balances:

Fund balances have been designated for the following purposes:

Liquidity Designation	\$ 2,927,223
Stabilization Designation	731,806
Continuing Appropriations for Capital Projects	4,916,403
Continuing Appropriations for Conservation Easements	9,434
FY2009 Projected Revenue Shortfall	376,100
School Capital and Debt	428,166
Parks Master Plan Implementation	100,000
Government Construction and Debt	491,049
Property Acquisition	265,000
Conservation Easements	159,514
Government Savings Reserve	536,770
Community Facilities	200,000
Comprehensive Services Act Reserve	60,123
Senior Center and Park Office	400,000
FY 2008 Carryover Requests - School Board	697,296
FY 2009 Budget Deficit	<u>618,386</u>
Total	\$ <u>12,917,270</u>

Note 16—Surety Bonds:

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

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 15,149,329	\$ 15,160,521	\$ 15,963,494	\$ 802,973
Other local taxes	2,330,224	2,330,224	2,325,942	(4,282)
Permits, privilege fees, and regulatory licenses	446,574	446,574	432,043	(14,531)
Fines and forfeitures	276,619	276,619	238,256	(38,363)
Revenue from the use of money and property	378,929	379,109	430,735	51,626
Charges for services	650,233	719,043	677,383	(41,660)
Miscellaneous	49,239	58,590	58,460	(130)
Recovered costs	74,959	65,299	34,721	(30,578)
Intergovernmental revenues:				
Commonwealth	3,944,514	4,018,312	3,971,584	(46,728)
Federal	181,218	181,218	154,710	(26,508)
Total revenues	\$ 23,481,838	\$ 23,635,509	\$ 24,287,328	\$ 651,819
EXPENDITURES				
Current:				
General government administration	\$ 1,275,585	\$ 1,332,865	\$ 1,277,128	\$ 55,737
Judicial administration	431,144	436,336	418,960	17,376
Public safety	3,415,387	3,455,601	3,251,220	204,381
Public works	1,217,173	1,254,304	1,125,273	129,031
Health and welfare	280,290	280,290	277,238	3,052
Education	11,358,696	11,750,423	10,482,213	1,268,210
Parks, recreation, and cultural	977,688	1,018,667	886,456	132,211
Community development	769,180	900,581	818,413	82,168
Nondepartmental	75,000	60,000	29,231	30,769
Total expenditures	\$ 19,800,143	\$ 20,489,067	\$ 18,566,132	\$ 1,922,935
Excess (deficiency) of revenues over (under) expenditures	\$ 3,681,695	\$ 3,146,442	\$ 5,721,196	\$ 2,574,754
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (5,505,652)	\$ (5,505,652)	\$ (4,322,665)	\$ 1,182,987
Total other financing sources and uses	\$ (5,505,652)	\$ (5,505,652)	\$ (4,322,665)	\$ 1,182,987
Net change in fund balances	\$ (1,823,957)	\$ (2,359,210)	\$ 1,398,531	\$ 3,757,741
Fund balances - beginning, as adjusted	1,823,957	2,359,210	11,737,601	9,378,391
Fund balances - ending	\$ -	\$ -	\$ 13,136,132	\$ 13,136,132

Virginia Public Assistance Fund - Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 778	\$ 778
Recovered costs	-	-	20,949	20,949
Intergovernmental revenues:				
Commonwealth	265,165	265,165	302,846	37,681
Federal	714,923	714,923	544,899	(170,024)
 Total revenues	 \$ 980,088	 \$ 980,088	 \$ 869,472	 \$ (110,616)
EXPENDITURES				
Current:				
Health and welfare	\$ 1,359,412	\$ 1,359,412	\$ 1,232,344	\$ 127,068
 Total expenditures	 \$ 1,359,412	 \$ 1,359,412	 \$ 1,232,344	 \$ 127,068
 Excess (deficiency) of revenues over (under) expenditures	 \$ (379,324)	 \$ (379,324)	 \$ (362,872)	 \$ 16,452
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 379,324	\$ 379,324	\$ 362,872	\$ (16,452)
 Total other financing sources and uses	 \$ 379,324	 \$ 379,324	 \$ 362,872	 \$ (16,452)
 Net change in fund balances	 \$ -	 \$ -	 \$ -	 \$ -
Fund balances - beginning	-	-	-	-
 Fund balances - ending	 \$ -	 \$ -	 \$ -	 \$ -

Required Supplementary Information
 Schedule of Pension Funding Progress for the Virginia Retirement System
 Last Three Fiscal Years

County:

Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded)		Annual Annual Covered Payroll (e)	UAAL as % of Payroll (f)
			Actuarial Accrued (UAAL) (c)	Funded Ratio (d)		
			(b) - (a)	(a) / (b)		(c) / (e)
6/30/2007	\$ 10,534,745	\$ 12,203,950	1,669,205	86.32%	\$ 3,737,797	44.66%
6/30/2006	9,452,027	9,958,865	506,838	94.91%	3,499,245	14.48%
6/30/2005	8,859,708	9,911,370	1,051,662	89.39%	3,297,222	31.90%

School Board Non-Professionals:

Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded)		Annual Annual Covered Payroll (e)	UAAL as % of Payroll (f)
			Actuarial Accrued (UAAL) (c)	Funded Ratio (d)		
			(b) - (a)	(a) / (b)		(c) / (e)
6/30/2007	\$ 1,672,020	\$ 1,835,472	163,452	91.09%	\$ 1,170,712	13.96%
6/30/2006	1,448,320	1,616,568	168,248	89.59%	1,122,689	14.99%
6/30/2005	1,259,852	1,449,426	189,574	86.92%	1,252,985	15.13%

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OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2008

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 18,205	\$ -	\$ 548,748	\$ -	\$ 566,953
Due from other funds	16,093	37,490	-	-	53,583
Due from other governmental units	38,562	-	380,643	-	419,205
Prepaid items	-	14,263	-	-	14,263
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	829,351	-	43,853	873,204
Total assets	\$ 72,860	\$ 881,104	\$ 929,391	\$ 43,853	\$ 1,927,208
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 55,062	\$ 51,754	\$ 373,721	\$ -	\$ 480,537
Due to other funds	-	-	6,922	-	6,922
Total liabilities	\$ 55,062	\$ 51,754	\$ 380,643	\$ -	\$ 487,459
Fund balances:					
Reserved for:					
Animal care expenditures	\$ -	\$ -	\$ -	\$ 11,713	\$ 11,713
Parks and recreation expenditures	-	-	-	32,140	32,140
Debt service	-	829,350	-	-	829,350
Unreserved:					
Undesignated	\$ 17,798	-	\$ 548,748	-	\$ 566,546
Total fund balances	\$ 17,798	\$ 829,350	\$ 548,748	\$ 43,853	\$ 1,439,749
Total liabilities and fund balances	\$ 72,860	\$ 881,104	\$ 929,391	\$ 43,853	\$ 1,927,208

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2008

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES					
Other local taxes	\$ 25,009	\$ -	\$ -	\$ -	\$ 25,009
Revenue from the use of money and property	1,291	1,252,949	1,307	457	1,256,004
Charges for services	-	9,910	-	-	9,910
Miscellaneous	26,000	-	10,900	205	37,105
Intergovernmental revenues:					
Commonwealth	491,387	225,453	190,879	-	907,719
Federal	-	-	64,705	-	64,705
Total revenues	<u>\$ 543,687</u>	<u>\$ 1,488,312</u>	<u>\$ 267,791</u>	<u>\$ 662</u>	<u>\$ 2,300,452</u>
EXPENDITURES					
Current:					
Public safety	\$ 36,841	\$ -	\$ -	\$ -	\$ 36,841
Health and welfare	646,010	-	-	-	646,010
Community development	250,479	-	-	-	250,479
Nondepartmental	457,548	-	-	-	457,548
Capital projects	-	-	3,211,909	-	3,211,909
Debt service:					
Principal retirement	-	1,995,800	-	-	1,995,800
Interest and other fiscal charges	-	2,015,971	-	-	2,015,971
Total expenditures	<u>\$ 1,390,878</u>	<u>\$ 4,011,771</u>	<u>\$ 3,211,909</u>	<u>\$ -</u>	<u>\$ 8,614,558</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (847,191)</u>	<u>\$ (2,523,459)</u>	<u>\$ (2,944,118)</u>	<u>\$ 662</u>	<u>\$ (6,314,106)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 830,265	\$ 2,348,599	\$ 780,929	\$ -	\$ 3,959,793
Proceeds of lease revenue bond	-	-	2,175,396	-	2,175,396
Total other financing sources and uses	<u>\$ 830,265</u>	<u>\$ 2,348,599</u>	<u>\$ 2,956,325</u>	<u>\$ -</u>	<u>\$ 6,135,189</u>
Net change in fund balances	\$ (16,926)	\$ (174,860)	\$ 12,207	\$ 662	\$ (178,917)
Fund balances - beginning	<u>34,724</u>	<u>1,004,210</u>	<u>536,541</u>	<u>43,191</u>	<u>1,618,666</u>
Fund balances - ending	<u>\$ 17,798</u>	<u>\$ 829,350</u>	<u>\$ 548,748</u>	<u>\$ 43,853</u>	<u>\$ 1,439,749</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2008

	CSA Fund	Joint Administrative Services Fund	Drug Enforcement Fund	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 18,205	\$ 18,205
Due from other funds	2,151	13,942	-	16,093
Due from other governmental units	38,562	-	-	38,562
Total assets	<u>\$ 40,713</u>	<u>\$ 13,942</u>	<u>\$ 18,205</u>	<u>\$ 72,860</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 40,713	\$ 13,942	\$ 407	\$ 55,062
Total liabilities	<u>\$ 40,713</u>	<u>\$ 13,942</u>	<u>\$ 407</u>	<u>\$ 55,062</u>
Fund balances:				
Unreserved:				
Undesignated	\$ -	\$ -	\$ 17,798	\$ 17,798
Total fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,798</u>	<u>\$ 17,798</u>
Total liabilities and fund balances	<u>\$ 40,713</u>	<u>\$ 13,942</u>	<u>\$ 18,205</u>	<u>\$ 72,860</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2008

	CSA Fund	Joint Administrative Services Fund	Drug Enforcement Fund	Conservation Fund	Total
REVENUES					
Other local taxes	\$ -	\$ -	\$ -	\$ 25,009	\$ 25,009
Revenue from the use of money and property	-	-	1,291	-	1,291
Miscellaneous	19,533	-	6,467	-	26,000
Intergovernmental revenues:					
Commonwealth	313,738	-	12,157	165,492	491,387
Total revenues	<u>\$ 333,271</u>	<u>\$ -</u>	<u>\$ 19,915</u>	<u>\$ 190,501</u>	<u>\$ 543,687</u>
EXPENDITURES					
Current:					
Public safety	\$ -	\$ -	\$ 36,841	\$ -	\$ 36,841
Health and welfare	646,010	-	-	-	646,010
Community development	-	-	-	250,479	250,479
Nondepartmental	-	457,548	-	-	457,548
Total expenditures	<u>\$ 646,010</u>	<u>\$ 457,548</u>	<u>\$ 36,841</u>	<u>\$ 250,479</u>	<u>\$ 1,390,878</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (312,739)</u>	<u>\$ (457,548)</u>	<u>\$ (16,926)</u>	<u>\$ (59,978)</u>	<u>\$ (847,191)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>\$ 312,739</u>	<u>\$ 457,548</u>	<u>\$ -</u>	<u>\$ 59,978</u>	<u>\$ 830,265</u>
Total other financing sources and uses	<u>\$ 312,739</u>	<u>\$ 457,548</u>	<u>\$ -</u>	<u>\$ 59,978</u>	<u>\$ 830,265</u>
Net change in fund balances	\$ -	\$ -	\$ (16,926)	\$ -	\$ (16,926)
Fund balances - beginning	-	-	34,724	-	34,724
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,798</u>	<u>\$ -</u>	<u>\$ 17,798</u>

COUNTY OF CLARKE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2008

	CSA				Joint Administrative Services Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-	-	-	-	-
Miscellaneous	-	-	19,533	19,533	-	-	-	-
Intergovernmental revenues:								
Commonwealth	461,489	461,489	313,738	(147,751)	-	-	-	-
Total revenues	\$ 461,489	\$ 461,489	\$ 333,271	\$ (128,218)	\$ -	\$ -	\$ -	\$ -
EXPENDITURES								
Current:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health and welfare	941,968	941,968	646,010	295,958	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	460,196	464,958	457,548	7,410
Total expenditures	\$ 941,968	\$ 941,968	\$ 646,010	\$ 295,958	\$ 460,196	\$ 464,958	\$ 457,548	\$ 7,410
Excess (deficiency) of revenues over (under) expenditures	\$ (480,479)	\$ (480,479)	\$ (312,739)	\$ 167,740	\$ (460,196)	\$ (464,958)	\$ (457,548)	\$ 7,410
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ 480,479	\$ 480,479	\$ 312,739	\$ (167,740)	\$ 460,196	\$ 464,958	\$ 457,548	\$ (7,410)
Total other financing sources and uses	\$ 480,479	\$ 480,479	\$ 312,739	\$ (167,740)	\$ 460,196	\$ 464,958	\$ 457,548	\$ (7,410)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Drug Enforcement Fund				Conservation Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ 10,308	\$ 10,308	\$ 25,009	\$ 14,701
-	-	1,291	1,291	-	-	-	-
-	-	6,467	6,467	-	-	-	-
-	-	12,157	12,157	-	173,275	165,492	(7,783)
\$ -	\$ -	\$ 19,915	\$ 19,915	\$ 10,308	\$ 183,583	\$ 190,501	\$ 6,918
\$ -	\$ -	\$ 36,841	\$ (36,841)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	259,913	250,479	(9,434)
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 36,841	\$ (36,841)	\$ -	\$ 259,913	\$ 250,479	\$ (9,434)
\$ -	\$ -	\$ (16,926)	\$ (16,926)	\$ 10,308	\$ (76,330)	\$ (59,978)	\$ 16,352
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,330	\$ 59,978	\$ (16,352)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,330	\$ 59,978	\$ (16,352)
\$ -	\$ -	\$ (16,926)	\$ (16,926)	\$ 10,308	\$ -	\$ -	\$ -
-	-	34,724	34,724	-	-	-	-
\$ -	\$ -	\$ 17,798	\$ 17,798	\$ 10,308	\$ -	\$ -	\$ -

Balance Sheet
 Nonmajor Debt Service Fund
 For the Year Ended June 30, 2008

	<u>Primary Government Debt Service Fund</u>	<u>School Debt Service Fund</u>	<u>Total</u>
ASSETS			
Due from other funds	\$ 303	\$ 37,187	\$ 37,490
Prepaid items	-	14,263	14,263
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	<u>-</u>	<u>829,351</u>	<u>829,351</u>
Total assets	<u>\$ 303</u>	<u>\$ 880,801</u>	<u>\$ 881,104</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	<u>\$ 303</u>	<u>\$ 51,451</u>	<u>\$ 51,754</u>
Total liabilities	<u>\$ 303</u>	<u>\$ 51,451</u>	<u>\$ 51,754</u>
Fund balances:			
Reserved for:			
Debt service	<u>\$ -</u>	<u>\$ 829,350</u>	<u>\$ 829,350</u>
Total fund balances	<u>\$ -</u>	<u>\$ 829,350</u>	<u>\$ 829,350</u>
Total liabilities and fund balances	<u>\$ 303</u>	<u>\$ 880,801</u>	<u>\$ 881,104</u>

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Debt Service Funds
 For the Year Ended June 30, 2008

	Primary Government Debt Service Fund	School Debt Service Fund	Total
REVENUES			
Revenue from the use of money and property	\$ -	\$ 1,252,949	\$ 1,252,949
Charges for services	9,910	-	9,910
Intergovernmental revenues:			
Commonwealth	-	225,453	225,453
Total revenues	\$ 9,910	\$ 1,478,402	\$ 1,488,312
EXPENDITURES			
Debt service:			
Principal retirement	\$ 89,000	\$ 1,906,800	\$ 1,995,800
Interest and other fiscal charges	18,455	1,997,516	2,015,971
Total expenditures	\$ 107,455	\$ 3,904,316	\$ 4,011,771
Excess (deficiency) of revenues over (under) expenditures	\$ (97,545)	\$ (2,425,914)	\$ (2,523,459)
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 97,545	\$ 2,251,054	\$ 2,348,599
Total other financing sources and uses	\$ 97,545	\$ 2,251,054	\$ 2,348,599
Net change in fund balances	\$ -	\$ (174,860)	\$ (174,860)
Fund balances - beginning	-	1,004,210	1,004,210
Fund balances - ending	\$ -	\$ 829,350	\$ 829,350

COUNTY OF CLARKE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Debt Service Funds
 For the Year Ended June 30, 2008

	Primary Government Debt Service			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	9,910	9,910
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Total revenues	\$ -	\$ -	\$ 9,910	\$ 9,910
EXPENDITURES				
Debt service:				
Principal retirement	\$ 89,000	\$ 89,000	\$ 89,000	\$ -
Interest and other fiscal charges	-	42,384	18,455	23,929
Total expenditures	\$ 89,000	\$ 131,384	\$ 107,455	\$ 23,929
Excess (deficiency) of revenues over (under) expenditures	\$ (89,000)	\$ (131,384)	\$ (97,545)	\$ 33,839
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 89,000	\$ 89,000	\$ 97,545	\$ 8,545
Total other financing sources and uses	\$ 89,000	\$ 89,000	\$ 97,545	\$ 8,545
Net change in fund balances	\$ -	\$ (42,384)	\$ -	\$ 42,384
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ (42,384)	\$ -	\$ 42,384

School Debt Service Fund			
Budgeted Amounts			Variance with Final Budget Positive (Negative)
Original	Final	Actual	
\$ 1,427,808	\$ 1,427,808	\$ 1,252,949	\$ (174,859)
-	-	-	-
230,255	230,255	225,453	(4,802)
\$ 1,658,063	\$ 1,658,063	\$ 1,478,402	\$ (179,661)
\$ 1,894,551	\$ 1,951,606	\$ 1,906,800	\$ 44,806
1,981,599	1,981,599	1,997,516	(15,917)
\$ 3,876,150	\$ 3,933,205	\$ 3,904,316	\$ 28,889
\$ (2,218,087)	\$ (2,275,142)	\$ (2,425,914)	\$ (150,772)
\$ 2,218,087	\$ 2,275,142	\$ 2,251,054	\$ (24,088)
\$ 2,218,087	\$ 2,275,142	\$ 2,251,054	\$ (24,088)
\$ -	\$ -	\$ (174,860)	\$ (174,860)
-	-	1,004,210	1,004,210
\$ -	\$ -	\$ 829,350	\$ 829,350

Balance Sheet
 Nonmajor Capital Projects Fund
 June 30, 2008

	Parks Construction Fund	County Capital Projects Fund	Total
ASSETS			
Cash and cash equivalents	\$ 62,617	\$ 486,131	\$ 548,748
Due from other governmental units	-	380,643	380,643
Total assets	\$ 62,617	\$ 866,774	\$ 929,391
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 373,721	\$ 373,721
Due to other funds	-	6,922	6,922
Total liabilities	\$ -	\$ 380,643	\$ 380,643
Fund balances:			
Unreserved:			
Undesignated	\$ 62,617	\$ 486,131	\$ 548,748
Total fund balances	\$ 62,617	\$ 486,131	\$ 548,748
Total liabilities and fund balances	\$ 62,617	\$ 866,774	\$ 929,391

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Capital Projects Fund
 For the Year Ended June 30, 2008

	Parks Construction Fund	County Capital Projects Fund	Total
REVENUES			
Revenue from the use of money and property	\$ 1,307	\$ -	\$ 1,307
Miscellaneous	10,900	-	10,900
Intergovernmental revenues:			
Commonwealth	-	190,879	190,879
Federal	-	64,705	64,705
Total revenues	\$ 12,207	\$ 255,584	\$ 267,791
EXPENDITURES			
Capital projects	\$ -	\$ 3,211,909	\$ 3,211,909
Total expenditures	\$ -	\$ 3,211,909	\$ 3,211,909
Excess (deficiency) of revenues over (under) expenditures	\$ 12,207	\$ (2,956,325)	\$ (2,944,118)
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 780,929	\$ 780,929
Proceeds of lease revenue bond	-	2,175,396	2,175,396
Total other financing sources and uses	\$ -	\$ 2,956,325	\$ 2,956,325
Net change in fund balances	\$ 12,207	\$ -	\$ 12,207
Fund balances - beginning	50,410	486,131	536,541
Fund balances - ending	<u>\$ 62,617</u>	<u>\$ 486,131</u>	<u>\$ 548,748</u>

COUNTY OF CLARKE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2008

	Parks Construction Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 1,307	\$ 1,307
Miscellaneous	-	-	10,900	10,900
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	\$ -	\$ -	\$ 12,207	\$ 12,207
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 12,207	\$ 12,207
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Proceeds from the issuance of debt	-	-	-	-
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 12,207	\$ 12,207
Fund balances - beginning	-	-	50,410	50,410
Fund balances - ending	\$ -	\$ -	\$ 62,617	\$ 62,617

County Capital Projects Fund				
Budgeted Amounts		Actual	Variance with Final Budget	
Original	Final		Positive	(Negative)
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
112,890	100,000	190,879	90,879	
-	-	64,705	64,705	
<u>\$ 112,890</u>	<u>\$ 100,000</u>	<u>\$ 255,584</u>	<u>\$ 155,584</u>	
<u>\$ 728,488</u>	<u>\$ 864,408</u>	<u>\$ 3,211,909</u>	<u>\$ (2,347,501)</u>	
<u>\$ 728,488</u>	<u>\$ 864,408</u>	<u>\$ 3,211,909</u>	<u>\$ (2,347,501)</u>	
<u>\$ (615,598)</u>	<u>\$ (764,408)</u>	<u>\$ (2,956,325)</u>	<u>\$ (2,191,917)</u>	
\$ 615,598	\$ 764,408	\$ 780,929	\$ 16,521	
-	-	2,175,396	2,175,396	
<u>\$ 615,598</u>	<u>\$ 764,408</u>	<u>\$ 2,956,325</u>	<u>\$ 2,191,917</u>	
\$ -	\$ -	\$ -	\$ -	
-	-	486,131	486,131	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 486,131</u>	<u>\$ 486,131</u>	

Balance Sheet
 Nonmajor Permanent Funds
 June 30, 2008

	<u>Animal Care Fund</u>	<u>Parks and Recreation Fund</u>	<u>Total</u>
ASSETS			
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	\$ 11,713	\$ 32,140	\$ 43,853
Total assets	<u>\$ 11,713</u>	<u>\$ 32,140</u>	<u>\$ 43,853</u>
LIABILITIES AND FUND BALANCES			
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:			
Reserved for:			
Animal care expenditures	\$ 11,713	\$ -	\$ 11,713
Parks and recreation expenditures	<u>-</u>	<u>32,140</u>	<u>32,140</u>
Total fund balances	<u>\$ 11,713</u>	<u>\$ 32,140</u>	<u>\$ 43,853</u>
Total liabilities and fund balances	<u>\$ 11,713</u>	<u>\$ 32,140</u>	<u>\$ 43,853</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Permanent Funds
 For the Year Ended June 30, 2008

	<u>Animal Care Trust Fund</u>	<u>Parks and Recreation Trust Fund</u>	<u>Total</u>
REVENUES			
Revenue from the use of money and property	\$ 113	\$ 344	\$ 457
Miscellaneous	205	-	205
	<u>318</u>	<u>344</u>	<u>662</u>
Total revenues	\$ 318	\$ 344	\$ 662
EXPENDITURES			
Total expenditures	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ 318	\$ 344	\$ 662
Net change in fund balances	\$ 318	\$ 344	\$ 662
Fund balances - beginning	<u>11,395</u>	<u>31,796</u>	<u>43,191</u>
Fund balances - ending	<u><u>11,713</u></u>	<u><u>32,140</u></u>	<u><u>43,853</u></u>

Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2008

	<u>Agency Funds</u>			<u>Total</u>
	<u>Special Welfare</u>	<u>Undistributed Local Sales Tax Fund</u>	<u>Cafeteria Plan Withholding Fund</u>	
ASSETS				
Cash and cash equivalents	\$ 52,170	\$ -	\$ 50,253	\$ 102,423
Due from other governments	-	177,437	-	177,437
Due from other funds	-	-	-	-
Total assets	<u>\$ 52,170</u>	<u>\$ 177,437</u>	<u>\$ 50,253</u>	<u>\$ 279,860</u>
LIABILITIES				
Accounts payable	\$ -	\$ 27,769	\$ 725	\$ 28,494
Due to other funds	-	149,668	-	149,668
Amounts held for employees	-	-	49,528	49,528
Amounts held for social services clients	52,170	-	-	52,170
Total liabilities	<u>\$ 52,170</u>	<u>\$ 177,437</u>	<u>\$ 50,253</u>	<u>\$ 279,860</u>
NET ASSETS				
Total net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and net assets	<u>\$ 52,170</u>	<u>\$ 177,437</u>	<u>\$ 50,253</u>	<u>\$ 279,860</u>

Combining Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 June 30, 2008

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special welfare:				
Assets:				
Cash and cash equivalents	\$ 34,227	\$ 55,464	\$ 37,521	\$ 52,170
Liabilities:				
Amounts held for social service clients	\$ 34,227	\$ 55,464	\$ 37,521	\$ 52,170
Undistributed local sales tax:				
Assets:				
Cash and cash equivalents	\$ -	\$ 959,467	\$ 959,467	\$ -
Due from other governments	191,163	1,136,904	1,150,630	177,437
Total assets	\$ 191,163	\$ 2,096,371	\$ 2,110,097	\$ 177,437
Liabilities:				
Sales tax payable to other towns	\$ 29,917	\$ 150,157	\$ 152,305	\$ 27,769
Due to general fund	161,246	809,311	820,889	149,668
Total liabilities	\$ 191,163	\$ 959,468	\$ 973,194	\$ 177,437
Cafeteria plan withholdings:				
Assets:				
Cash and cash equivalents	\$ 32,727	\$ 199,579	\$ 182,053	\$ 50,253
Liabilities:				
Accrued payable	\$ -	\$ 725	\$ -	\$ 725
Accrued liabilities	32,727	198,854	182,053	49,528
Total liabilities	\$ 32,727	\$ 199,579	\$ 182,053	\$ 50,253
Unemployment compensation benefits:				
Assets:				
Due from other funds	\$ 237	\$ 11,628	\$ 11,865	\$ -
Liabilities:				
Accounts payable	\$ 237	\$ 11,628	\$ 11,865	\$ -
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 66,954	\$ 1,214,510	\$ 1,179,041	\$ 102,423
Accounts receivable	191,163	1,136,904	1,150,630	177,437
Due from other funds	237	11,628	11,865	-
Total assets	\$ 258,354	\$ 2,363,042	\$ 2,341,536	\$ 279,860
Liabilities:				
Amounts held for social service clients	\$ 34,227	\$ 55,464	\$ 37,521	\$ 52,170
Sales tax payable to other towns	29,917	150,157	152,305	27,769
Accrued liabilities	32,727	198,854	182,053	49,528
Due to general fund	161,246	809,311	820,889	149,668
Accounts payable	237	11,628	11,865	-
Total liabilities	\$ 258,354	\$ 1,225,414	\$ 1,204,633	\$ 279,135

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

Capital Assets Used in the Operation of Governmental Funds
 Comparative Schedules by Source
 June 30, 2008

	<u>2008</u>	<u>2007</u>
Governmental funds capital assets:		
Land	\$ 745,500	\$ 795,500
Buildings	13,317,148	14,017,148
Improvements other than buildings	1,610,032	1,445,548
Machinery and equipment	2,844,068	1,512,457
Construction in progress	<u>6,768,998</u>	<u>4,131,015</u>
Total governmental funds capital assets	<u>\$ 25,285,746</u>	<u>\$ 19,481,150</u>
Investments in governmental funds capital assets by source:		
General fund	<u>\$ 25,285,746</u>	<u>\$ 19,481,150</u>
Total governmental funds capital assets	<u>\$ 25,285,746</u>	<u>\$ 19,481,150</u>

Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity
 June 30, 2008

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Construction in Progress	Total
General government administration:						
Board of supervisors	\$ 642,775	\$ 5,329,073	\$ 193,118	\$ 134,902	\$ 2,879,980	\$ 9,179,848
County administrator	-	-	-	20,015	-	20,015
Treasurer	-	-	-	17,300	-	17,300
Central accounting	50,000	168,000	-	132,055	-	350,055
Total general government administration	\$ 692,775	\$ 5,497,073	\$ 193,118	\$ 304,272	\$ 2,879,980	\$ 9,567,218
Public safety:						
Sheriff	\$ -	\$ -	\$ -	\$ 869,734	\$ 350,105	\$ 1,219,839
Emergency services	-	-	-	1,305,539	185,646	1,491,185
Building inspections	-	-	-	16,140	-	16,140
Animal control	20,000	37,800	25,575	24,303	-	107,678
Total public safety	\$ 20,000	\$ 37,800	\$ 25,575	\$ 2,215,716	\$ 535,751	\$ 2,834,842
Public works:						
Sanitation and waste removal	\$ -	\$ 1,700,000	\$ -	\$ -	\$ 26,990	\$ 1,726,990
Maintenance of buildings and grounds	-	-	4,514	145,800	-	150,314
Total public works	\$ -	\$ 1,700,000	\$ 4,514	\$ 145,800	\$ 26,990	\$ 1,877,304
Education:						
Schools	\$ -	\$ 5,240,000	\$ -	\$ -	\$ 2,900,850	\$ 8,140,850
Total education	\$ -	\$ 5,240,000	\$ -	\$ -	\$ 2,900,850	\$ 8,140,850
Health and welfare:						
Social services	\$ -	\$ -	\$ -	\$ 58,522	\$ -	\$ 58,522
Total health and welfare	\$ -	\$ -	\$ -	\$ 58,522	\$ -	\$ 58,522
Parks, recreation, and cultural:						
Parks and recreation	\$ 32,725	\$ 842,275	\$ 1,386,825	\$ 56,520	\$ 425,427	\$ 2,743,772
Total parks, recreation, and cultural	\$ 32,725	\$ 842,275	\$ 1,386,825	\$ 56,520	\$ 425,427	\$ 2,743,772
Community development:						
Community development	\$ -	\$ -	\$ -	\$ 63,238	\$ -	\$ 63,238
Total community development	\$ -	\$ -	\$ -	\$ 63,238	\$ -	\$ 63,238
Total governmental funds capital assets	\$ 745,500	\$ 13,317,148	\$ 1,610,032	\$ 2,844,068	\$ 6,768,998	\$ 25,285,746

Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes By Function and Activity
 For the Year Ended June 30, 2008

Function and Activity	Governmental Funds Capital Assets June 30, 2007	Additions	Deductions	Governmental Funds Capital Assets June 30, 2008
General government administration:				
Board of supervisors	\$ 6,784,134	\$ 2,395,714	\$ -	\$ 9,179,848
County administrator	20,015	-	-	20,015
Treasurer	17,300	-	-	17,300
Central accounting	350,055	-	-	350,055
Total general government administration	<u>\$ 7,171,504</u>	<u>\$ 2,395,714</u>	<u>\$ -</u>	<u>\$ 9,567,218</u>
Public safety:				
Sheriff	\$ 1,142,533	\$ 97,922	\$ (20,616)	\$ 1,219,839
Emergency services	1,186,825	304,360	-	1,491,185
Building inspections	16,140	-	-	16,140
Animal control	107,678	-	-	107,678
Total public safety	<u>\$ 2,453,176</u>	<u>\$ 402,282</u>	<u>\$ (20,616)</u>	<u>\$ 2,834,842</u>
Public works:				
Sanitation and waste removal	\$ 1,726,990	\$ -	\$ -	\$ 1,726,990
Maintenance of buildings and grounds	145,800	4,514	-	150,314
Total public works	<u>\$ 1,872,790</u>	<u>\$ 4,514</u>	<u>\$ -</u>	<u>\$ 1,877,304</u>
Education:				
Schools	\$ 7,669,785	\$ 1,171,065	\$ (700,000)	\$ 8,140,850
Total education	<u>\$ 7,669,785</u>	<u>\$ 1,171,065</u>	<u>\$ (700,000)</u>	<u>\$ 8,140,850</u>
Health and welfare:				
Social services	\$ 58,522	\$ -	\$ -	\$ 58,522
Total health and welfare	<u>\$ 58,522</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,522</u>
Parks, recreation, and cultural:				
Parks and recreation	\$ 2,562,654	\$ 181,118	\$ -	\$ 2,743,772
Total parks, recreation, and cultural	<u>\$ 2,562,654</u>	<u>\$ 181,118</u>	<u>\$ -</u>	<u>\$ 2,743,772</u>
Community development:				
Community development	\$ 63,238	\$ -	\$ -	\$ 63,238
Total community development	<u>\$ 63,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,238</u>
Total governmental funds capital assets	<u>\$ 21,851,669</u>	<u>\$ 4,154,693</u>	<u>\$ (720,616)</u>	<u>\$ 25,285,746</u>

Discretely Presented Component Unit-School Board

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2008

	<u>School Operating Fund</u>	<u>School Food Service Fund</u>	<u>School Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 1,833,671	\$ 62,353	\$ -	\$ 77,660	\$ 1,973,684
Receivables (net of allowance for uncollectibles):					
Accounts receivable	128,776	-	-	-	128,776
Due from other funds	-	-	103,057	-	103,057
Due from other governmental units	597,339	6,769	22,750	-	626,858
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	27,274,753	-	27,274,753
Total assets	<u>\$ 2,559,786</u>	<u>\$ 69,122</u>	<u>\$ 27,400,560</u>	<u>\$ 77,660</u>	<u>\$ 30,107,128</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 190,027	\$ -	\$ 126,357	\$ -	\$ 316,384
Accrued liabilities	1,833,171	54,914	-	-	1,888,085
Due to primary government	536,088	-	-	-	536,088
Total liabilities	<u>\$ 2,559,286</u>	<u>\$ 54,914</u>	<u>\$ 126,357</u>	<u>\$ -</u>	<u>\$ 2,740,557</u>
Fund balances:					
Reserved for:					
Construction	\$ -	\$ -	\$ 27,274,203	\$ -	\$ 27,274,203
Unreserved:					
Undesignated	500	14,208	-	77,660	\$ 92,368
Total fund balances	<u>\$ 500</u>	<u>\$ 14,208</u>	<u>\$ 27,274,203</u>	<u>\$ 77,660</u>	<u>\$ 27,366,571</u>
Total liabilities and fund balances	<u>\$ 2,559,786</u>	<u>\$ 69,122</u>	<u>\$ 27,400,560</u>	<u>\$ 77,660</u>	<u>\$ 30,107,128</u>

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

Total fund balances per above	\$ 27,366,571
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,897,133
Unspent bond proceeds used for construction by the component unit school board and other assets and liabilities are reported as assets and liabilities of the primary government on the statement of net assets	(27,217,235)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(538,483)
Net assets of governmental activities	<u>\$ 10,507,986</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2008

	School Operating Fund	School Food Service Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Revenue from the use of money and property	\$ 39,527	\$ 1,839	\$ 12,878	\$ 8,069	\$ 62,313
Charges for services	147,722	481,022	-	-	628,744
Miscellaneous	218,731	-	-	-	218,731
Recovered costs	59,209	-	-	-	59,209
Intergovernmental revenues:					
Local government	10,044,127	-	423,043	-	10,467,170
Commonwealth	8,356,922	10,258	51,887	-	8,419,067
Federal	685,236	200,822	22,750	-	908,808
Total revenues	<u>\$ 19,551,474</u>	<u>\$ 693,941</u>	<u>\$ 510,558</u>	<u>\$ 8,069</u>	<u>\$ 20,764,042</u>
EXPENDITURES					
Current:					
Education	\$ 19,551,474	\$ 706,704	\$ -	\$ -	\$ 20,258,178
Capital projects	-	-	2,148,966	-	2,148,966
Total expenditures	<u>\$ 19,551,474</u>	<u>\$ 706,704</u>	<u>\$ 2,148,966</u>	<u>\$ -</u>	<u>\$ 22,407,144</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (12,763)</u>	<u>\$ (1,638,408)</u>	<u>\$ 8,069</u>	<u>\$ (1,643,102)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of capital lease	\$ -	\$ -	\$ 630,000	\$ -	\$ 630,000
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 630,000</u>	<u>\$ -</u>	<u>\$ 630,000</u>
Net change in fund balances	\$ -	\$ (12,763)	\$ (1,008,408)	\$ 8,069	\$ (1,013,102)
Fund balances - beginning	500	26,971	28,282,611	69,591	28,379,673
Fund balances - ending	<u>\$ 500</u>	<u>\$ 14,208</u>	<u>\$ 27,274,203</u>	<u>\$ 77,660</u>	<u>\$ 27,366,571</u>

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

Net change in fund balances - total governmental funds - per above \$ (1,013,102)

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. 2,102,367

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. (705,940)

Change in net assets of governmental activities \$ 383,325

COUNTY OF CLARKE, VIRGINIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2008

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 24,000	\$ 24,000	\$ 39,527	\$ 15,527
Charges for services	106,964	106,964	147,722	40,758
Miscellaneous	80,602	80,602	218,731	138,129
Recovered costs	46,244	46,244	59,209	12,965
Intergovernmental revenues:				
Local government	10,567,641	10,741,423	10,044,127	(697,296)
Commonwealth	8,801,760	8,801,760	8,356,922	(444,838)
Federal	692,227	692,227	685,236	(6,991)
Total revenues	<u>\$ 20,319,438</u>	<u>\$ 20,493,220</u>	<u>\$ 19,551,474</u>	<u>\$ (941,746)</u>
EXPENDITURES				
Current:				
Education	\$ 20,319,438	\$ 20,493,220	\$ 19,551,474	\$ 941,746
Total expenditures	<u>\$ 20,319,438</u>	<u>\$ 20,493,220</u>	<u>\$ 19,551,474</u>	<u>\$ 941,746</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	500	500
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 500</u>

School Food Service Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 400	\$ 400	\$ 1,839	\$ 1,439
619,001	619,001	481,022	(137,979)
-	-	-	-
-	-	-	-
-	-	-	-
12,000	12,000	10,258	(1,742)
146,000	146,000	200,822	54,822
<u>\$ 777,401</u>	<u>\$ 777,401</u>	<u>\$ 693,941</u>	<u>\$ (83,460)</u>
<u>\$ 777,401</u>	<u>\$ 777,401</u>	<u>\$ 706,704</u>	<u>\$ 70,697</u>
<u>\$ 777,401</u>	<u>\$ 777,401</u>	<u>\$ 706,704</u>	<u>\$ 70,697</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,763)</u>	<u>\$ (12,763)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,763)</u>	<u>\$ (12,763)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,971</u>	<u>\$ 26,971</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,208</u></u>	<u><u>\$ 14,208</u></u>

Balance Sheet

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

June 30, 2008

	<u>School Capital Project Proffers Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>77,660</u>
Total assets	\$ <u><u>77,660</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ <u>-</u>
Total liabilities	\$ <u>-</u>
Fund balances:	
Unreserved:	
Undesignated	\$ <u>77,660</u>
Total fund balances	\$ <u>77,660</u>
Total liabilities and fund balances	\$ <u><u>77,660</u></u>

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Capital Project Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2008

	<u>School Capital Project Proffers Fund</u>
REVENUES	
Revenue from the use of money and property	\$ 8,069
Miscellaneous	<u>-</u>
Total revenues	<u>\$ 8,069</u>
EXPENDITURES	
Current:	
Education	<u>\$ -</u>
Total expenditures	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 8,069</u>
Net change in fund balances	\$ 8,069
Fund balances - beginning	<u>69,591</u>
Fund balances - ending	<u><u>\$ 77,660</u></u>

COUNTY OF CLARKE, VIRGINIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor and Major Capital Projects Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2008

	Capital Projects Proffers Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 8,069	\$ 8,069
Intergovernmental revenues:				
Local government	-	-	-	-
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	\$ -	\$ -	\$ 8,069	\$ 8,069
EXPENDITURES				
Current:				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 8,069	\$ 8,069
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 8,069	\$ 8,069
Fund balances - beginning	-	-	69,591	69,591
Fund balances - ending	\$ -	\$ -	\$ 77,660	\$ 77,660

School Capital Projects Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 12,878	\$ 12,878
776,012	993,957	423,043	(570,914)
180,000	180,000	51,887	(128,113)
-	327,735	22,750	-
<u>\$ 956,012</u>	<u>\$ 1,501,692</u>	<u>\$ 510,558</u>	<u>\$ (686,149)</u>
<u>\$ 1,041,012</u>	<u>\$ 2,216,692</u>	<u>\$ 2,148,966</u>	<u>\$ 67,726</u>
<u>\$ 1,041,012</u>	<u>\$ 2,216,692</u>	<u>\$ 2,148,966</u>	<u>\$ 67,726</u>
<u>\$ (85,000)</u>	<u>\$ (715,000)</u>	<u>\$ (1,638,408)</u>	<u>\$ (618,423)</u>
<u>\$ 85,000</u>	<u>\$ 715,000</u>	<u>\$ 630,000</u>	<u>\$ (85,000)</u>
<u>\$ 85,000</u>	<u>\$ 715,000</u>	<u>\$ 630,000</u>	<u>\$ (85,000)</u>
-	-	(1,008,408)	(703,423)
-	-	28,282,611	28,282,611
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,274,203</u>	<u>\$ 27,579,188</u>

Capital Assets Used in the Operation of Governmental Funds -
 Discretely Presented Component Unit - School Board
 Comparative Schedules by Source
 June 30, 2008

	<u>2008</u>	<u>2007</u>
Governmental funds capital assets:		
Land	\$ 647,266	\$ 647,266
Buildings	14,220,289	12,067,601
Improvements other than buildings	218,538	115,481
Machinery and equipment	2,998,859	3,046,426
Construction in progress	<u>216,518</u>	<u>622,777</u>
Total governmental funds capital assets	<u>\$ 18,301,470</u>	<u>\$ 12,379,636</u>
Investments in governmental funds capital assets by source:		
Special revenue funds	<u>\$ 18,301,470</u>	<u>\$ 12,379,636</u>
Total governmental funds capital assets	<u>\$ 18,301,470</u>	<u>\$ 12,379,636</u>

Capital Assets Used in the Operation of Governmental Funds -
 Discretely Presented Component Unit - School Board
 Schedule by Function and Activity
 June 30, 2008

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Construction in Progress	Total
Education:						
Schools	\$ 647,266	\$ 14,220,289	\$ 218,538	\$ 2,998,859	\$ 216,518	\$ 18,301,470
Total governmental funds capital assets	<u>\$ 647,266</u>	<u>\$ 14,220,289</u>	<u>\$ 218,538</u>	<u>\$ 2,998,859</u>	<u>\$ 216,518</u>	<u>\$ 18,301,470</u>

Capital Assets Used in the Operation of Governmental Funds -
 Discretely Presented Component Unit - School Board
 Schedule of Changes By Function and Activity
 For the Year Ended June 30, 2008

Function and Activity	Governmental Funds Capital Assets July 1, 2007	Additions	Deductions	Governmental Funds Capital Assets June 30, 2008
Education:				
Schools	\$ 16,499,551	\$ 3,328,202	\$ (1,526,283)	\$ 18,301,470
Total education	\$ 16,499,551	\$ 3,328,202	\$ (1,526,283)	\$ 18,301,470
Total governmental funds capital assets	\$ 16,499,551	\$ 3,328,202	\$ (1,526,283)	\$ 18,301,470

Supporting Schedules

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Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

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	\$ 11,861,131	\$ 11,861,131	\$ 11,700,667	\$ (160,464)
Real and personal public service corporation taxes	214,560	214,560	225,122	10,562
Personal property taxes	2,610,774	2,621,966	3,524,856	902,890
Mobile home taxes	628	628	427	(201)
Machinery and tools taxes	295,410	295,410	300,464	5,054
Proceeds from delinquent land sales	-	-	5,785	5,785
Penalties	115,199	115,199	116,586	1,387
Interest	51,627	51,627	89,587	37,960
Total general property taxes	\$ 15,149,329	\$ 15,160,521	\$ 15,963,494	\$ 802,973
Other local taxes:				
Local sales and use taxes	\$ 825,000	\$ 825,000	\$ 809,311	\$ (15,689)
Consumers' utility taxes	399,594	399,594	372,570	(27,024)
Communication taxes	464,197	464,197	492,778	28,581
Consumption taxes	36,502	36,502	34,996	(1,506)
Utility license taxes	11,104	11,104	-	(11,104)
Motor vehicle licenses	283,920	283,920	281,650	(2,270)
Taxes on recordation and wills	270,724	270,724	270,168	(556)
Franchise license taxes	-	-	18,847	18,847
Transient occupancy taxes	11,983	11,983	17,562	5,579
Business license taxes	27,200	27,200	28,060	860
Total other local taxes	\$ 2,330,224	\$ 2,330,224	\$ 2,325,942	\$ (4,282)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,302	\$ 8,302	\$ 8,261	\$ (41)
Land use application fees	8,950	8,950	5,800	(3,150)
Animal shelter fees	9,711	9,711	7,651	(2,060)
Building and related permits	244,488	244,488	122,811	(121,677)
Zoning and subdivision	130,000	130,000	263,975	133,975
Transfer fees	715	715	442	(273)
Signs permits and inspection fees	895	895	1,306	411
Weapons permits	3,000	3,000	4,921	1,921
Excess clerk fees	33,600	33,600	12,228	(21,372)
Other permits and fees	6,913	6,913	4,648	(2,265)
Total permits, privilege fees, and regulatory licenses	\$ 446,574	\$ 446,574	\$ 432,043	\$ (14,531)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Fines and forfeitures:				
Court fines and forfeitures	\$ 276,619	\$ 276,619	\$ 238,256	\$ (38,363)
Total fines and forfeitures	\$ 276,619	\$ 276,619	\$ 238,256	\$ (38,363)
Revenue from use of money and property:				
Revenue from use of money	\$ 304,023	\$ 304,203	\$ 353,839	\$ 49,636
Revenue from use of property	74,906	74,906	76,896	1,990
Total revenue from use of money and property	\$ 378,929	\$ 379,109	\$ 430,735	\$ 51,626
Charges for services:				
Sheriff's fees	\$ 875	\$ 875	\$ 796	\$ (79)
Charges for emergency medical services	62,298	62,298	62,300	2
Charges for courthouse security	25,200	25,200	42,364	17,164
Charges for jail processing	925	925	1,770	845
Court appointed attorney	160	160	79	(81)
Charges for other protection	1,446	1,446	-	(1,446)
Charges for Commonwealth's Attorney	468	478	636	158
Charges for planning and community development	856	856	350	(506)
Charges for parks and recreation	122,005	122,005	126,943	4,938
Parks program - reimbursement	300,000	300,000	270,662	(29,338)
Charges for engineer's fees/biosolids applications	136,000	204,800	171,483	(33,317)
Total charges for services	\$ 650,233	\$ 719,043	\$ 677,383	\$ (41,660)
Miscellaneous revenue:				
Miscellaneous	\$ 49,239	\$ 58,590	\$ 58,460	\$ (130)
Total miscellaneous revenue	\$ 49,239	\$ 58,590	\$ 58,460	\$ (130)
Recovered costs:				
Gas tax refund	\$ 24,879	\$ 24,879	\$ 14,895	\$ (9,984)
Insurance recovery	16,578	12,205	7,601	(4,604)
Gifts & donations in lieu of taxes	2,500	2,500	7,315	4,815
Sale of salvage and surplus property	3,000	3,000	4,910	1,910
Loan repayment	5,287	-	-	-
Recycling rebate	22,715	22,715	-	(22,715)
Total recovered costs	\$ 74,959	\$ 65,299	\$ 34,721	\$ (30,578)
Total revenue from local sources	\$ 19,356,106	\$ 19,435,979	\$ 20,161,034	\$ 725,055

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 5,426	\$ 5,426	\$ 5,425	\$ (1)
Motor vehicle carriers' tax	18,834	18,834	18,737	(97)
Mobile home titling tax	1,024	1,024	35	(989)
Taxes on deeds	159,589	159,589	64,574	(95,015)
Quarterly rental tax	2,510	2,510	2,540	30
Personal property tax relief funds	2,483,842	2,483,842	2,483,842	-
Total noncategorical aid	\$ 2,671,225	\$ 2,671,225	\$ 2,575,153	\$ (96,072)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 188,763	\$ 188,763	\$ 187,677	\$ (1,086)
Sheriff	773,894	773,894	783,551	9,657
Commissioner of revenue	94,383	94,383	93,705	(678)
Treasurer	93,948	114,401	100,806	(13,595)
Medical examiner	135	135	-	(135)
Registrar/electoral board	48,041	54,747	54,747	-
Clerk of the Circuit Court	4,500	4,500	23,281	18,781
Total shared expenses	\$ 1,203,664	\$ 1,230,823	\$ 1,243,767	\$ 12,944
Other categorical aid:				
Fire programs fund	\$ 25,308	\$ 24,394	\$ 24,394	-
Litter control grant	3,284	4,480	6,508	2,028
Virginia Commission for the Arts	-	2,000	2,000	-
Gypsy Moth Control	1,691	1,691	-	(1,691)
4 for life grant	-	24,066	24,066	-
Other categorical aid	39,342	59,633	95,696	36,063
Total other categorical aid	\$ 69,625	\$ 116,264	\$ 152,664	\$ 36,400
Total categorical aid	\$ 1,273,289	\$ 1,347,087	\$ 1,396,431	\$ 49,344
Total revenue from the Commonwealth	\$ 3,944,514	\$ 4,018,312	\$ 3,971,584	\$ (46,728)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 3,690	\$ 3,690	\$ -	\$ (3,690)
Categorical aid:				
Crime victim assistance	\$ 71,928	\$ 45,511	\$ 29,192	\$ (16,319)
Violence against women formula grants	-	26,417	33,828	7,411
Emergency management performance grant	-	-	20,544	20,544
Local law enforcement block grant	7,500	7,500	-	(7,500)
Gang free schools and communities	72,830	72,830	50,555	(22,275)
Bulletproof vest grant	3,000	3,000	411	(2,589)
Ed Byrne Discretionary Grant - School resource officer	22,270	22,270	20,180	(2,090)
Other federal funds	-	7,230	-	(7,230)
Total categorical aid	\$ 177,528	\$ 177,528	\$ 154,710	\$ (22,818)
Total revenue from the federal government	\$ 181,218	\$ 181,218	\$ 154,710	\$ (26,508)
Total General Fund	\$ 23,481,838	\$ 23,635,509	\$ 24,287,328	\$ 651,819
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 778	\$ 778
Total miscellaneous revenue	\$ -	\$ -	\$ 778	\$ 778
Recovered costs:				
Payments from other jurisdictions	\$ -	\$ -	\$ 20,567	\$ 20,567
Expenditure refunds	-	-	382	382
Total recovered costs	\$ -	\$ -	\$ 20,949	\$ 20,949
Total revenue from local sources	\$ -	\$ -	\$ 21,727	\$ 21,727
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 265,165	\$ 265,165	\$ 302,846	\$ 37,681
Total categorical aid	\$ 265,165	\$ 265,165	\$ 302,846	\$ 37,681
Total revenue from the Commonwealth	\$ 265,165	\$ 265,165	\$ 302,846	\$ 37,681
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 714,923	\$ 714,923	\$ 544,899	\$ (170,024)
Total categorical aid	\$ 714,923	\$ 714,923	\$ 544,899	\$ (170,024)
Total revenue from the federal government	\$ 714,923	\$ 714,923	\$ 544,899	\$ (170,024)
Total Virginia Public Assistance Fund	\$ 980,088	\$ 980,088	\$ 869,472	\$ (110,616)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Comprehensive services fund:				
Miscellaneous revenue:				
Other miscellaneous	\$	-	\$ 19,533	\$ 19,533
Total miscellaneous revenue	\$ -	\$ -	\$ 19,533	\$ 19,533
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive services	\$ 461,489	\$ 461,489	\$ 313,738	\$ (147,751)
Total categorical aid	\$ 461,489	\$ 461,489	\$ 313,738	\$ (147,751)
Total revenue from the Commonwealth	\$ 461,489	\$ 461,489	\$ 313,738	\$ (147,751)
Total comprehensive services fund	\$ 461,489	\$ 461,489	\$ 333,271	\$ (128,218)
Drug Enforcement Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,291	\$ 1,291
Total revenue from use of money and property	\$ -	\$ -	\$ 1,291	\$ 1,291
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ -	\$ 6,467	\$ 6,467
Total miscellaneous revenue	\$ -	\$ -	\$ 6,467	\$ 6,467
Total revenue from local sources	\$ -	\$ -	\$ 7,758	\$ 7,758
Categorical aid:				
Drug Enforcement grant	\$ -	\$ -	\$ 12,157	\$ 12,157
Total categorical aid	\$ -	\$ -	\$ 12,157	\$ 12,157
Total revenue from the Commonwealth	\$ -	\$ -	\$ 12,157	\$ 12,157
Total drug enforcement fund	\$ -	\$ -	\$ 19,915	\$ 19,915
Conservation Fund:				
Revenue from local sources:				
Other local taxes:				
Other local taxes	\$ 10,308	\$ 10,308	\$ 25,009	\$ 14,701
Total revenue from local sources	\$ 10,308	\$ 10,308	\$ 25,009	\$ 14,701
Revenue from the Commonwealth:				
Noncategorical aid:				
Other noncategorical aid	\$ -	\$ 173,275	\$ 165,492	\$ (7,783)
Total conservation fund	\$ 10,308	\$ 183,583	\$ 190,501	\$ 6,918

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Fund:				
School Debt Service Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,427,808	\$ 1,427,808	\$ 1,252,949	\$ (174,859)
Total revenue from use of money and property	<u>\$ 1,427,808</u>	<u>\$ 1,427,808</u>	<u>\$ 1,252,949</u>	<u>\$ (174,859)</u>
Total revenue from local sources	<u>\$ 1,427,808</u>	<u>\$ 1,427,808</u>	<u>\$ 1,252,949</u>	<u>\$ (174,859)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Lottery payments	\$ 105,460	\$ 110,132	\$ 105,460	\$ (4,672)
Total noncategorical aid	<u>105,460</u>	<u>110,132</u>	<u>105,460</u>	<u>(4,672)</u>
Categorical aid:				
School construction payments	\$ 124,795	\$ 120,123	\$ 119,993	\$ (130)
Total categorical aid	<u>\$ 124,795</u>	<u>\$ 120,123</u>	<u>\$ 119,993</u>	<u>\$ (130)</u>
Total revenue from the Commonwealth	<u>\$ 230,255</u>	<u>\$ 230,255</u>	<u>\$ 225,453</u>	<u>\$ (4,802)</u>
Total School Debt Service Fund	<u><u>\$ 1,658,063</u></u>	<u><u>\$ 1,658,063</u></u>	<u><u>\$ 1,478,402</u></u>	<u><u>\$ (179,661)</u></u>
General Debt Service Fund:				
Charges for services:				
Charges for services	\$ -	\$ -	\$ 9,910	\$ 9,910
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,910</u>	<u>\$ 9,910</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,910</u>	<u>\$ 9,910</u>
Total General Debt Service Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,910</u></u>	<u><u>\$ 9,910</u></u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive - (Negative)
Capital Projects Fund:				
County Capital Improvements Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	\$ 112,890	\$ 100,000	\$ 190,879	\$ 90,879
Total categorical aid	\$ 112,890	\$ 100,000	\$ 190,879	\$ 90,879
Total revenue from the Commonwealth	\$ 112,890	\$ 100,000	\$ 190,879	\$ 90,879
Revenue from the federal government:				
Categorical aid:				
Emergency management performance grant	\$ -	\$ -	\$ 36,021	\$ 36,021
Homeland security grant	-	-	28,684	28,684
Total categorical aid	\$ -	\$ -	\$ 64,705	\$ 64,705
Total revenue from the federal government	\$ -	\$ -	\$ 64,705	\$ 64,705
Total County Capital Improvements Fund	\$ 112,890	\$ 100,000	\$ 255,584	\$ 155,584
Parks Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,307	\$ 1,307
Total revenue from use of money and property	\$ -	\$ -	\$ 1,307	\$ 1,307
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 10,650	\$ 10,650
Gifts and donations	-	-	250	250
Total miscellaneous revenue	\$ -	\$ -	\$ 10,900	\$ 10,900
Total revenue from local sources	\$ -	\$ -	\$ 12,207	\$ 12,207
Total Parks Construction Fund:	\$ -	\$ -	\$ 12,207	\$ 12,207
Permanent Funds:				
Animal Care Fund:				
Revenue from local sources:				
Revenue from use of money:				
Revenue from the use of money	\$ -	\$ -	\$ 113	\$ 113
Total revenue from use of money	\$ -	\$ -	\$ 113	\$ 113

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Permanent Funds: (Continued)				
Animal Care Fund: (Continued)				
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ -	\$ 205	\$ 205
Total miscellaneous revenue	\$ -	\$ -	\$ 205	\$ 205
Total revenue from local sources	\$ -	\$ -	\$ 318	\$ 318
Total Animal Care Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 318</u>	<u>\$ 318</u>
Parks and Recreation Fund:				
Revenue from local sources:				
Revenue from use of money:				
Revenue from the use of money	\$ -	\$ -	\$ 344	\$ 344
Total revenue from local sources	\$ -	\$ -	\$ 344	\$ 344
Total Parks and Recreation Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 344</u>	<u>\$ 344</u>
Total Primary Government	<u>\$ 26,704,676</u>	<u>\$ 27,018,732</u>	<u>\$ 27,457,252</u>	<u>\$ 438,520</u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 24,000	\$ 24,000	\$ 39,527	\$ 15,527
Charges for services:				
Tuition	\$ 66,964	\$ 66,964	\$ 109,457	\$ 42,493
Town of Berryville Crossing	5,000	5,000	9,727	4,727
Facility use fees	35,000	35,000	28,538	(6,462)
Total charges for services	<u>\$ 106,964</u>	<u>\$ 106,964</u>	<u>\$ 147,722</u>	<u>\$ 40,758</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 12,000	\$ 12,000	\$ 378	\$ (11,622)
Private gifts and donations	68,602	68,602	218,353	149,751
Total miscellaneous revenue	<u>\$ 80,602</u>	<u>\$ 80,602</u>	<u>\$ 218,731</u>	<u>\$ 138,129</u>
Recovered costs:				
Rebates and refunds	\$ 21,744	\$ 21,744	\$ 43,238	\$ 21,494
Insurance recoveries	22,000	22,000	10,174	(11,826)
Sale of equipment	2,500	2,500	5,797	3,297
Total recovered costs	<u>\$ 46,244</u>	<u>\$ 46,244</u>	<u>\$ 59,209</u>	<u>\$ 12,965</u>
Total revenue from local sources	<u>\$ 257,810</u>	<u>\$ 257,810</u>	<u>\$ 465,189</u>	<u>\$ 207,379</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Clarke, Virginia	\$ 10,567,641	\$ 10,741,423	\$ 10,044,127	\$ (697,296)
Total revenues from local governments	\$ 10,567,641	\$ 10,741,423	\$ 10,044,127	\$ (697,296)
Revenue from the Commonwealth:				
Noncategorical aid:				
Wine tax	\$ 5,687	\$ 5,687	\$ 5,687	\$ -
Lottery revenue	110,131	110,131	105,460	(4,671)
Total noncategorical aid	\$ 115,818	\$ 115,818	\$ 111,147	\$ (4,671)
Categorical aid:				
Share of state sales tax	\$ 2,079,434	\$ 2,079,434	\$ 1,994,797	\$ (84,637)
At risk payments	18,136	18,136	12,632	(5,504)
Adult education	2,443	2,443	-	(2,443)
Enrollment loss	-	-	35,294	35,294
Basic school aid	4,774,096	4,774,096	4,525,972	(248,124)
Foster home children	46,317	46,317	20,483	(25,834)
Gifted and talented children	41,862	41,862	39,760	(2,102)
Homebound education	1,689	1,689	881	(808)
Preschool At-Risk	20,155	20,155	20,155	-
Group life insurance	11,961	11,961	11,360	(601)
Special education - soq	402,671	402,671	382,458	(20,213)
Special education - foster children	13,099	13,099	7,600	(5,499)
Vocational education - soq	65,783	65,783	62,481	(3,302)
Vocational occupational preparedness	15,520	15,520	11,293	(4,227)
Vocational education - other	2,112	2,112	6,383	4,271
Textbook payments	99,950	99,950	94,933	(5,017)
Remedial education	35,882	35,882	34,080	(1,802)
Share of fringe benefits	556,165	556,165	541,500	(14,665)
Remedial summer school	29,067	29,067	26,704	(2,363)
Regional program tuition	88,805	88,805	59,431	(29,374)
Mentor teacher program	1,650	1,650	4,339	2,689
SOL algebra readiness	7,583	7,583	5,096	(2,487)
Early intervention	7,461	7,461	12,435	4,974
Salary supplement/bonus	287,052	287,052	275,483	(11,569)
ISAFP	7,859	7,859	7,859	-
English as a second language	27,890	27,890	19,669	(8,221)
E-Rate	28,000	28,000	32,391	4,391
Other categorical aid	13,300	13,300	306	(12,994)
Total categorical aid	\$ 8,685,942	\$ 8,685,942	\$ 8,245,775	\$ (440,167)
Total revenue from the Commonwealth	\$ 8,801,760	\$ 8,801,760	\$ 8,356,922	\$ (444,838)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I part A: Grants to local educational agencies	\$ 189,500	\$ 189,500	\$ 178,420	\$ (11,080)
Title II part A: Improving teacher quality	67,230	67,230	70,292	3,062
Title V part A: State grants for innovative programs	2,179	2,179	1,051	(1,128)
Title II part D: Education technology state grants	2,170	2,170	1,562	(608)
Title III, Part A: English language acquisition grants	6,840	6,840	6,038	(802)
Safe and drug free schools and communities	5,900	5,900	9,044	3,144
Vocational education basic grants to states	23,900	23,900	24,868	968
Title VI-B: Special education grants to states	369,340	369,340	383,521	14,181
AP test fees grant	-	-	1,166	1,166
Special education preschool handicapped grant	13,368	13,368	9,274	(4,094)
Medicaid	11,800	11,800	-	(11,800)
Total categorical aid	<u>\$ 692,227</u>	<u>\$ 692,227</u>	<u>\$ 685,236</u>	<u>\$ (6,991)</u>
Total revenue from the federal government	<u>\$ 692,227</u>	<u>\$ 692,227</u>	<u>\$ 685,236</u>	<u>\$ (6,991)</u>
Total School Operating Fund	<u>\$ 20,319,438</u>	<u>\$ 20,493,220</u>	<u>\$ 19,551,474</u>	<u>\$ (941,746)</u>
School Food Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 400	\$ 400	\$ 1,839	\$ 1,439
Total revenue from use of money and property	<u>400</u>	<u>400</u>	<u>1,839</u>	<u>1,439</u>
Charges for services:				
Cafeteria sales	\$ 619,001	\$ 619,001	\$ 481,022	\$ (137,979)
Total charges for services	<u>\$ 619,001</u>	<u>\$ 619,001</u>	<u>\$ 481,022</u>	<u>\$ (137,979)</u>
Total revenue from local sources	<u>\$ 619,401</u>	<u>\$ 619,401</u>	<u>\$ 482,861</u>	<u>\$ (136,540)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 12,000	\$ 12,000	\$ 10,258	\$ (1,742)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 146,000	\$ 146,000	\$ 200,822	\$ 54,822
Total categorical aid	<u>146,000</u>	<u>146,000</u>	<u>200,822</u>	<u>54,822</u>
Total revenue from the federal government	<u>146,000</u>	<u>146,000</u>	<u>200,822</u>	<u>54,822</u>
Total School Cafeteria Fund	<u>\$ 777,401</u>	<u>\$ 777,401</u>	<u>\$ 693,941</u>	<u>\$ (83,460)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Capital Projects Fund:				
School Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 12,878	\$ 12,878
Total revenue from use of money and property	\$ -	\$ -	\$ 12,878	\$ 12,878
Total revenue from local sources	\$ -	\$ -	\$ 12,878	\$ 12,878
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Clarke , Virginia	\$ 776,012	\$ 993,957	\$ 423,043	\$ (570,914)
Total revenues from local governments	\$ 776,012	\$ 993,957	\$ 423,043	\$ (570,914)
Revenue from the Commonwealth:				
Categorical aid:				
Instructional technology grant	\$ 180,000	\$ 180,000	\$ 51,887	\$ (128,113)
Total categorical aid	\$ 180,000	\$ 180,000	\$ 51,887	\$ (128,113)
Total revenue from the Commonwealth	\$ 180,000	\$ 180,000	\$ 51,887	\$ (128,113)
Revenue from the federal government:				
Categorical aid:				
Other categorical aid				-
Other categorical aid	\$ -	\$ 327,735	\$ 22,750	\$ (304,985)
Total categorical aid	\$ -	\$ 327,735	\$ 22,750	\$ (304,985)
Total revenue from the federal government	-	327,735	22,750	(304,985)
Total School Capital Improvements Fund	\$ 956,012	\$ 1,501,692	\$ 510,558	\$ (991,134)
Capital Projects Fund:				
School Capital Projects Proffers Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 8,069	\$ 8,069
Total revenue from use of money and property	\$ -	\$ -	\$ 8,069	\$ 8,069
Total revenue from local sources	\$ -	\$ -	\$ 8,069	\$ 8,069
Total School Capital Projects Proffer Fund	\$ -	\$ -	\$ 8,069	\$ 8,069
Total Discretely Presented Component Unit - School Board	\$ 22,052,851	\$ 22,772,313	\$ 20,764,042	\$ (2,008,271)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

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	\$ 66,424	\$ 56,424	\$ 56,138	\$ 286
General and financial administration:				
County administrator	\$ 235,698	\$ 245,698	\$ 235,879	\$ 9,819
Personnel - unemployment compensations	-	16,000	11,628	4,372
Legal services	73,209	73,209	64,292	8,917
Commissioner of revenue	241,677	241,677	234,611	7,066
Assessor	62,560	62,560	57,385	5,175
Information technology	251,315	252,446	252,446	-
Treasurer	251,803	283,448	264,950	18,498
Total general and financial administration	\$ 1,116,262	\$ 1,175,038	\$ 1,121,191	\$ 53,847
Board of elections:				
Registrar	\$ 62,024	\$ 62,024	\$ 60,720	\$ 1,304
Electoral board and officials	30,875	39,379	39,079	300
Total board of elections	\$ 92,899	\$ 101,403	\$ 99,799	\$ 1,604
Total general government administration	\$ 1,275,585	\$ 1,332,865	\$ 1,277,128	\$ 55,737
Judicial administration:				
Courts:				
Circuit court	\$ 11,270	\$ 11,270	\$ 11,004	\$ 266
General district court	7,371	7,371	5,431	1,940
Magistrate	1,000	1,000	974	26
Juvenile and domestic relations court	4,050	4,942	4,942	-
Clerk of the circuit court	90,577	90,577	85,993	4,584
Victim Witness Program	39,113	39,113	39,091	22
Division of court services	3,500	3,500	1,551	1,949
Blue Ridge legal services	1,021	1,021	1,021	-
Total courts	\$ 157,902	\$ 158,794	\$ 150,007	\$ 8,787
Commonwealth's attorney:				
Commonwealth's attorney	\$ 273,242	\$ 277,542	\$ 268,953	\$ 8,589
Total commonwealth's attorney	\$ 273,242	\$ 277,542	\$ 268,953	\$ 8,589
Total judicial administration	\$ 431,144	\$ 436,336	\$ 418,960	\$ 17,376

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,613,512	\$ 1,630,574	\$ 1,564,538	\$ 66,036
Criminal justice training	11,780	11,780	11,780	-
Drug task force	15,000	15,000	11,394	3,606
Total law enforcement and traffic control	<u>\$ 1,640,292</u>	<u>\$ 1,657,354</u>	<u>\$ 1,587,712</u>	<u>\$ 69,642</u>
Fire and rescue services:				
Emergency services board	\$ 373,074	\$ 373,074	\$ 345,145	\$ 27,929
Communications	358,679	358,679	346,296	12,383
Fire and rescue departments	203,165	226,317	226,325	(8)
Lord Fairfax Emergency Medical Services	4,467	4,467	4,467	-
Forestry services	1,987	1,987	1,987	-
Total fire and rescue services	<u>\$ 941,372</u>	<u>\$ 964,524</u>	<u>\$ 924,220</u>	<u>\$ 40,304</u>
Correction and detention:				
Regional jail	\$ 417,447	\$ 417,447	\$ 374,650	\$ 42,797
Juvenile detention home	53,642	53,642	53,169	473
Probation office	2,030	2,030	1,006	1,024
Total correction and detention	<u>\$ 473,119</u>	<u>\$ 473,119</u>	<u>\$ 428,825</u>	<u>\$ 44,294</u>
Inspections:				
Building	\$ 222,423	\$ 222,423	\$ 193,096	\$ 29,327
Total inspections	<u>\$ 222,423</u>	<u>\$ 222,423</u>	<u>\$ 193,096</u>	<u>\$ 29,327</u>
Other protection:				
Animal control	\$ 137,881	\$ 137,881	\$ 117,347	\$ 20,534
Medical examiner	300	300	20	280
Total other protection	<u>\$ 138,181</u>	<u>\$ 138,181</u>	<u>\$ 117,367</u>	<u>\$ 20,814</u>
Total public safety	<u>\$ 3,415,387</u>	<u>\$ 3,455,601</u>	<u>\$ 3,251,220</u>	<u>\$ 204,381</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 270,000	\$ 270,000	\$ 193,323	\$ 76,677
Sanitation	59,000	94,935	91,275	3,660
Litter control program	5,500	6,696	6,696	-
Total sanitation and waste removal	<u>\$ 334,500</u>	<u>\$ 371,631</u>	<u>\$ 291,294</u>	<u>\$ 80,337</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Maintenance of general buildings and grounds:				
General properties	\$ 882,673	\$ 882,673	\$ 833,979	\$ 48,694
Total maintenance of general buildings and grounds	\$ 882,673	\$ 882,673	\$ 833,979	\$ 48,694
Total public works	\$ 1,217,173	\$ 1,254,304	\$ 1,125,273	\$ 129,031
Health and welfare:				
Health:				
Supplement of local health department	\$ 186,101	\$ 186,101	\$ 186,101	\$ -
Our Health	6,300	6,300	6,300	-
Total health	\$ 192,401	\$ 192,401	\$ 192,401	\$ -
Mental health and mental retardation:				
Northwestern Community Services	\$ 41,000	\$ 41,000	\$ 41,000	\$ -
Northwestern Health Systems	814	814	814	-
Concern hotline	1,000	1,000	1,000	-
Total mental health and mental retardation	\$ 42,814	\$ 42,814	\$ 42,814	\$ -
Welfare:				
State and local hospitalization	\$ 4,910	\$ 4,910	\$ 1,848	\$ 3,062
Shenandoah area on aging	20,000	20,000	20,000	-
Loudoun County Transportation Association	16,640	16,640	16,640	-
Abused women's shelter	2,000	2,000	2,000	-
Independent living center	840	840	840	-
Disability services	685	685	695	(10)
Total welfare	\$ 45,075	\$ 45,075	\$ 42,023	\$ 3,052
Total health and welfare	\$ 280,290	\$ 280,290	\$ 277,238	\$ 3,052
Education:				
Other instructional costs:				
Contribution to Clarke County Public Schools	\$ 11,343,653	\$ 11,735,380	\$ 10,467,170	\$ 1,268,210
Lord Fairfax Community College	15,043	15,043	15,043	-
Total education	\$ 11,358,696	\$ 11,750,423	\$ 10,482,213	\$ 1,268,210
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 335,015	\$ 335,015	\$ 289,822	\$ 45,193
Recreation center	94,683	94,683	91,941	2,742
Swimming pool	85,096	85,096	67,352	17,744
Programs	284,643	284,643	218,111	66,532
Total parks and recreation	\$ 799,437	\$ 799,437	\$ 667,226	\$ 132,211

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Cultural enrichment:				
Clarke County Historical Association	\$ -	\$ 38,979	\$ 38,979	\$ -
Virginia commission for the arts	2,000	4,000	4,000	-
Total cultural enrichment	<u>\$ 2,000</u>	<u>\$ 42,979</u>	<u>\$ 42,979</u>	<u>\$ -</u>
Library:				
Contribution to Handley library	\$ 176,251	\$ 176,251	\$ 176,251	\$ -
Total library	<u>\$ 176,251</u>	<u>\$ 176,251</u>	<u>\$ 176,251</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 977,688</u>	<u>\$ 1,018,667</u>	<u>\$ 886,456</u>	<u>\$ 132,211</u>
Community development:				
Planning and community development:				
Planning administration	\$ 512,442	\$ 577,442	\$ 560,370	\$ 17,072
Help with housing	7,200	7,200	7,200	-
Board of zoning appeals	3,450	17,664	17,663	1
Office of Economic Development	30,000	30,000	1,534	28,466
Berryville Development Authority	3,755	3,755	475	3,280
Small business development center	1,892	1,892	1,892	-
Blandy Experimental Farm	4,000	4,000	4,000	-
Planning commission	52,125	52,125	29,705	22,420
Contribution to Habitat for Humanity	-	9,000	9,000	-
Board of septic appeals	2,339	2,484	2,485	(1)
Historic preservation	7,010	33,010	32,960	50
Northern Shenandoah Valley Regional Commission	10,824	11,989	11,989	-
Regional airport	10,000	10,000	10,000	-
Total planning and community development	<u>\$ 645,037</u>	<u>\$ 760,561</u>	<u>\$ 689,273</u>	<u>\$ 71,288</u>
Environmental management:				
Friends of the Shenandoah	\$ 4,000	\$ 4,000	\$ 4,000	\$ -
Lord Fairfax Soil and Water Conservation	9,000	9,000	9,000	-
Biosolids Application	6,000	17,000	16,776	224
Gypsy Moth Program	9,927	14,804	14,804	-
Total environmental management	<u>\$ 28,927</u>	<u>\$ 44,804</u>	<u>\$ 44,580</u>	<u>\$ 224</u>
Cooperative extension program:				
Cooperative extension service	\$ 92,216	\$ 92,216	\$ 81,560	\$ 10,656
Northern Virginia 4-H Center	3,000	3,000	3,000	-
Total cooperative extension program	<u>\$ 95,216</u>	<u>\$ 95,216</u>	<u>\$ 84,560</u>	<u>\$ 10,656</u>
Total community development	<u>\$ 769,180</u>	<u>\$ 900,581</u>	<u>\$ 818,413</u>	<u>\$ 82,168</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Nondepartmental:				
Miscellaneous	\$ -	\$ -	\$ 29,231	\$ (29,231)
Legal/professional services contingency	75,000	60,000	-	60,000
Total nondepartmental	<u>\$ 75,000</u>	<u>\$ 60,000</u>	<u>\$ 29,231</u>	<u>\$ 30,769</u>
Total General Fund	<u>\$ 19,800,143</u>	<u>\$ 20,489,067</u>	<u>\$ 18,566,132</u>	<u>\$ 1,922,935</u>
Special Revenue Fund:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Public assistance and welfare administration	\$ 1,359,412	\$ 1,359,412	\$ 1,232,344	\$ 127,068
Total health and welfare	<u>\$ 1,359,412</u>	<u>\$ 1,359,412</u>	<u>\$ 1,232,344</u>	<u>\$ 127,068</u>
Total Virginia Public Assistance Fund	<u>\$ 1,359,412</u>	<u>\$ 1,359,412</u>	<u>\$ 1,232,344</u>	<u>\$ 127,068</u>
Comprehensive Services Fund:				
Health and welfare:				
Welfare and social services:				
Program expenditures	\$ 941,968	\$ 941,968	\$ 646,010	\$ 295,958
Total health and welfare	<u>\$ 941,968</u>	<u>\$ 941,968</u>	<u>\$ 646,010</u>	<u>\$ 295,958</u>
Total CSA Fund	<u>\$ 941,968</u>	<u>\$ 941,968</u>	<u>\$ 646,010</u>	<u>\$ 295,958</u>
Joint Services Fund:				
Joint Services:				
Joint Services:				
Operations	\$ 460,196	\$ 464,958	\$ 457,548	\$ 7,410
Total non-departmental	<u>\$ 460,196</u>	<u>\$ 464,958</u>	<u>\$ 457,548</u>	<u>\$ 7,410</u>
Total Joint Services Fund	<u>\$ 460,196</u>	<u>\$ 464,958</u>	<u>\$ 457,548</u>	<u>\$ 7,410</u>
Special Revenue Fund:				
Drug Enforcement Fund:				
Public Safety:				
Public Safety				
Operations	\$ -	\$ -	\$ 36,841	\$ (36,841)
Total public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,841</u>	<u>\$ (36,841)</u>
Total Drug Enforcement Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,841</u>	<u>\$ (36,841)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Conservation Fund:				
General Government Administration:				
Community Development				
Planning administration	\$ -	\$ 259,913	\$ 250,479	\$ 9,434
Total community development	\$ -	\$ 259,913	\$ 250,479	\$ 9,434
Total conservation fund	\$ -	\$ 259,913	\$ 250,479	\$ 9,434
Debt Service Fund:				
School Debt Service Fund:				
Debt service:				
Principal retirement	\$ 1,894,551	\$ 1,951,606	\$ 1,906,800	\$ 44,806
Interest and other fiscal charges	1,981,599	1,981,599	1,997,516	(15,917)
Total School Debt Service Fund	\$ 3,876,150	\$ 3,933,205	\$ 3,904,316	\$ 28,889
Primary Government Debt Service Fund:				
Debt service:				
Principal retirement	\$ 89,000	\$ 89,000	\$ 89,000	\$ -
Interest and other fiscal charges	-	42,384	18,455	23,929
Total Primary Government Debt Service	\$ 89,000	\$ 131,384	\$ 107,455	\$ 23,929
Capital Projects Fund:				
County Capital Improvements Fund:				
Capital projects expenditures:				
Vehicle replacement	\$ 87,799	\$ 87,799	\$ 100,282	\$ (12,483)
Emergency management grants	-	-	104,825	(104,825)
Sheriff's equipment	46,196	32,116	23,657	8,459
Sheriff's building renovations	-	-	21,418	(21,418)
Greenway Court preservation	100,000	100,000	-	100,000
Criminal Justice Records System Improvement	-	-	175,877	(175,877)
Bike path	-	-	4,514	(4,514)
Groundwater study	110,800	110,800	103,180	7,620
Technology and equipment improvements	51,250	51,250	56,922	(5,672)
Administrative building	62,000	62,000	2,455,585	(2,393,585)
Park expansion	181,458	181,458	164,200	17,258
Miscellaneous projects	88,985	238,985	1,449	237,536
Total capital projects	\$ 728,488	\$ 864,408	\$ 3,211,909	\$ (2,347,501)
Total county capital projects fund	\$ 728,488	\$ 864,408	\$ 3,211,909	\$ (2,347,501)
Total Primary Government	\$ 27,255,357	\$ 28,444,315	\$ 28,413,034	\$ 21,847

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Instruction	\$ 15,944,071	\$ 15,967,288	\$ 15,204,178	\$ 763,110
Administration, attendance and health	1,354,932	1,446,385	1,359,267	87,118
Pupil transportation services	1,117,670	1,076,929	1,092,521	(15,592)
Operation and maintenance services	1,902,765	2,002,618	1,895,508	107,110
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total School Fund	\$ 20,319,438	\$ 20,493,220	\$ 19,551,474	\$ 941,746
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
School Food Service Fund:				
Education:				
School food services:				
Administration of school food program	\$ 777,401	\$ 777,401	\$ 706,704	\$ 70,697
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Cafeteria Fund	\$ 777,401	\$ 777,401	\$ 706,704	\$ 70,697
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
School Capital Projects Fund:				
Capital projects expenditures:				
School furniture replacement	\$ 48,000	\$ 48,000	\$ 16,456	\$ 31,544
Software/on-line content	121,000	121,000	-	121,000
Student census	-	-	444	(444)
Bus and vehicle purchases	95,000	95,000	12,900	82,100
Building improvements	268,012	363,012	28,402	334,610
Track and asphalt renovation	-	80,000	103,207	(23,207)
Middle school renovations	-	70,000	132,166	(62,166)
Mobile classrooms	25,000	25,000	15,515	9,485
Technology	180,000	180,000	58,527	121,473
School roof repair	264,000	264,000	267,807	(3,807)
High school construction	-	-	811,627	(811,627)
School security upgrades	-	357,735	22,750	334,985
Band instruments	40,000	40,000	15,819	24,181
Cooley gymnasium	-	572,945	663,346	(90,401)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total capital projects	\$ 1,041,012	\$ 2,216,692	\$ 2,148,966	\$ 67,726
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total School Capital Projects Fund	\$ 1,041,012	\$ 2,216,692	\$ 2,148,966	\$ 67,726
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Discretely Presented Component Unit - School Board	\$ 22,137,851	\$ 23,487,313	\$ 22,407,144	\$ 1,080,169
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Other Statistical Information

COUNTY OF CLARKE, VIRGINIA

Government-Wide Expenses by Function
Last Ten Fiscal Years (1)

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare
2002-03	\$ 1,239,593	\$ 460,679	\$ 1,965,842	\$ 1,178,996	\$ 2,173,837
2003-04	1,472,858	289,897	2,510,705	1,057,024	2,223,481
2004-05	1,619,702	326,410	2,813,413	1,069,522	2,253,222
2005-06	1,487,688	361,369	2,876,709	1,273,203	1,993,945
2006-07	1,696,286	420,489	3,307,884	1,157,030	2,565,678
2007-08	2,060,607	421,845	3,447,907	1,244,607	2,136,119

(1) Information has only been available for 6 years.

Table 1

	<u>Education</u>	<u>Parks, Recreation, and Cultural</u>	<u>Community Development</u>	<u>Interest on Long- Term Debt</u>	<u>Sanitary Authority</u>	<u>IDA</u>	<u>Total</u>
\$	17,166,200	\$ 746,629	\$ 541,334	\$ 453,011	\$ 413,807	\$ 1,126,366	\$ 27,466,294
	17,835,673	834,924	784,509	583,183	479,537	6,376	28,078,167
	18,892,347	681,001	561,228	278,763	606,925	3,052	29,105,585
	19,290,683	892,222	689,568	397,908	507,662	17,786	29,788,743
	21,446,988	898,356	1,267,673	1,289,965	556,260	12,371	34,618,980
	22,132,397	961,293	1,096,427	1,761,950	633,795	18,030	35,914,977

COUNTY OF CLARKE, VIRGINIA

Government-Wide Revenues

Last Ten Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2002-03	\$ 1,865,163	\$ 10,338,854	\$ 265,586
2003-04	1,796,557	9,536,079	1,204,289
2004-05	2,110,112	10,277,896	595,496
2005-06	2,225,483	10,533,886	1,012,594
2006-07	2,235,396	11,865,571	1,137,027
2007-08	2,326,605	11,941,509	1,162,277

(1) Information has only been available for 6 years.

(2) Includes discretely presented component units.

Table 2

GENERAL REVENUES							
General Property Taxes	Other Local Taxes	Unrestricted revenues from money or property	Miscella- neous	Grants and Contributions Not Restricted to Specific Programs	Gain (Loss) on Disposal of Asset	Total	
\$ 10,341,814	\$ 1,797,139	\$ 237,908	\$ 615,543	\$ 3,479,531	\$ (40,025)	\$ 28,901,513	
10,963,220	1,830,593	219,256	457,279	1,959,463	298,570	28,265,306	
12,047,914	2,254,173	319,583	417,991	2,471,192	541,325	31,035,682	
12,435,828	2,536,599	412,710	401,202	3,405,339	90,651	33,054,292	
15,104,767	2,457,607	1,265,352	480,258	2,728,288	-	37,274,266	
16,045,705	2,350,951	1,757,156	448,435	2,957,252	-	38,989,890	

COUNTY OF CLARKE, VIRGINIA

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

<u>Fiscal Year</u>	<u>General Government Administration</u>	<u>Judicial Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>	<u>Education (2)</u>
1998-99	\$ 892,924	\$ 243,639	\$ 1,394,096	\$ 645,186	\$ 1,178,528	\$ 11,925,769
1999-00	980,629	248,031	1,656,157	831,210	1,232,423	12,741,022
2000-01	1,059,895	264,435	1,667,897	883,396	1,746,494	14,330,390
2001-02	1,137,131	264,742	2,007,868	972,045	1,986,661	15,421,598
2002-03	874,242	289,362	1,967,080	1,036,982	2,229,399	15,625,975
2003-04	978,755	289,897	2,385,071	976,522	2,233,933	16,812,591
2004-05	1,052,796	326,410	2,612,682	1,097,103	2,264,177	17,702,813
2005-06	1,054,602	367,620	2,853,241	1,095,905	2,054,545	18,643,505
2006-07	1,148,248	419,882	3,101,165	1,145,874	2,581,195	19,688,323
2007-08	1,277,128	418,960	3,288,061	1,125,273	2,155,592	20,273,221

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

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

Table 3

	<u>Parks, Recreation, and Cultural</u>	<u>Community Development</u>	<u>Non- departmental</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
\$	556,052	\$ 423,096	\$ -	\$ 742,847	\$ 2,134,804	\$ 20,136,941
	574,042	541,058	-	1,687,523	7,640,349	28,132,444
	612,403	543,784	-	1,616,073	4,352,163	27,076,930
	736,517	775,819	12,834	1,396,526	2,726,828	27,438,569
	695,862	556,199	341,466	1,366,663	1,676,545	26,659,775
	735,161	782,433	356,820	1,372,114	1,669,437	28,592,734
	772,119	680,165	373,123	1,356,963	1,514,423	29,752,774
	830,169	683,302	404,615	1,535,036	3,324,626	32,847,166
	828,018	1,244,788	429,871	1,460,101	4,595,984	36,643,449
	886,456	1,068,892	486,779	4,011,771	5,360,875	40,353,008

COUNTY OF CLARKE, VIRGINIA

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services
1998-99	\$ 9,900,463	\$ 1,172,880	\$ 227,209	\$ 70,472	\$ 393,461	\$ 778,824
1999-00	9,959,037	1,242,094	288,096	62,929	399,085	917,684
2000-01	10,147,623	1,417,622	308,334	68,466	1,301,958	1,174,346
2001-02	9,999,370	1,570,852	437,384	61,861	412,569	1,215,904
2002-03	10,190,653	1,797,139	396,610	57,576	549,094	1,175,725
2003-04	10,659,908	1,830,593	472,820	73,207	1,144,134	957,639
2004-05	12,257,621	2,254,173	614,690	114,229	824,408	1,071,583
2005-06	13,146,490	2,641,776	570,681	140,977	546,121	1,202,341
2006-07	15,027,301	2,457,607	409,494	306,494	1,562,945	1,183,139
2007-08	16,150,133	2,350,951	432,043	238,256	1,749,052	1,316,037

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

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

Table 4

<u>Miscellaneous</u>	<u>Recovered Costs</u>	<u>Inter- governmental (2)</u>	<u>Subtotal</u>	<u>Proceeds From Debt</u>	<u>Total</u>
\$ 121,179	\$ 45,806	\$ 8,448,032	\$ 21,158,326	\$ 8,185,000	\$ 29,343,326
389,107	91,085	9,357,038	22,706,155	-	22,706,155
529,120	110,280	11,534,826	26,592,575	-	26,592,575
432,448	67,266	11,611,131	25,808,785	-	25,808,785
520,868	147,996	11,945,782	26,781,443	-	26,781,443
319,064	108,204	12,438,075	28,003,644	250,000	28,253,644
401,271	190,941	13,235,235	30,964,151	1,966,355	32,930,506
341,554	394,593	14,225,862	33,210,395	173,000	33,383,395
569,111	286,346	15,310,686	37,113,123	29,511,710	66,624,833
315,074	114,879	15,274,338	37,940,763	2,805,396	40,746,159

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1), (3)	Current Tax Collections (1), (6)	Percent of Levy Collected	Delinquent Tax Collections (1), (4)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1), (2), (5)	Percent of Delinquent Taxes to Tax Levy
1998-99	\$ 10,162,796	\$ 9,467,191	93.16%	\$ 273,839	\$ 9,741,030	95.85%	\$ 1,310,142	12.89%
1999-00	10,557,190	10,513,344	99.58%	198,666	10,712,010	101.47%	1,206,813	11.43%
2000-01	11,804,679	11,248,305	95.29%	291,368	11,539,673	97.76%	1,340,673	11.36%
2001-02	11,765,659	11,602,614	98.61%	218,268	11,820,882	100.47%	1,133,172	9.63%
2002-03	12,184,755	11,957,442	98.13%	221,318	12,178,760	99.95%	860,509	7.06%
2003-04	12,423,985	12,330,542	99.25%	174,868	12,505,410	100.66%	1,325,734	10.67%
2004-05	13,604,747	13,463,299	98.96%	237,212	13,700,511	100.70%	1,172,872	8.62%
2005-06	15,599,814	15,894,611	101.89%	167,564	16,062,175	102.96%	1,129,336	7.24%
2006-07	16,926,279	17,029,772	100.61%	216,803	17,246,575	101.89%	909,211	5.37%
2007-08	18,057,673	17,846,889	98.83%	388,062	18,234,951	100.98%	1,042,979	5.78%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years and first half of current tax year.

(3) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.

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

(5) The delinquent amount includes the 3 prior years plus 1/2 of the current real estate and personal property.

(6) In calendar year 2006 PPTRA was established as a fixed amount by the Commonwealth. Payments will be received on specified dates, not necessarily corresponding with tax collections.

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Public Utility (2)		Total
				Real Estate	Personal Property	
1998-99	\$ 751,792,757	\$ 75,301,648	\$ 17,228,390	\$ 34,645,393	\$ -	\$ 878,968,188
1999-00	778,507,697	84,558,128	11,043,716	34,178,547	-	908,288,088
2000-01	815,052,011	94,720,626	19,476,145	39,032,073	-	968,280,855
2001-02	908,343,957	97,154,771	16,953,691	37,638,577	-	1,060,090,996
2002-03	1,036,076,509	100,044,457	18,784,779	40,569,471	-	1,195,475,216
2003-04	1,064,502,206	107,050,697	22,578,269	41,351,924	-	1,235,483,096
2004-05	1,108,825,959	117,548,788	23,590,165	35,750,413	-	1,285,715,325
2005-06	1,739,594,473	129,289,703	22,324,393	33,449,538	-	1,924,658,107
2006-07	2,379,976,523	134,031,694	23,092,118	44,713,209	-	2,581,813,544
2007-08	2,441,782,816	147,619,698	23,665,552	46,902,741	-	2,659,970,807

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

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

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	(2) Real Estate	Mobile Homes	Personal Property	Machinery and Tools	Public Utility	
					Real Estate (2)	Personal Property
1998-99	0.92	4.00	4.00	1.25	0.92	4.00
1999-00	0.92	4.00	4.00	1.25	0.92	4.00
2000-01	0.92	4.00	4.00	1.25	0.92	4.00
2001-02	0.74	4.00	4.00	1.25	0.74	4.00
2002-03	0.74	4.00	4.00	1.25	0.74	4.00
2003-04	0.74	4.00	4.00	1.25	0.74	4.00
2004-05	0.81	4.00	4.00	1.25	0.81	4.00
2005-06	.81 / .45	4.00	4.00	1.25	.81 / .45	4.00
2006-07	.45 / .48	4.00	4.00	1.25	.45 / .48	4.00
2007-08	.48 / .50	4.00	4.00	1.25	.48 / .50	4.00

(1) Per \$100 of assessed value.

(2) The County collects property taxes based on installments. Calendar year 2006 was a reassessment year for real property. The tax neutral rate for calendar year 2006 was computed to be \$.42/100. The rate for the first half of fiscal year 2006 was \$.81/100 (calendar year 2005); for the second half of fiscal year 2006, the rate was \$.45/100 (calendar year 2006) an effective tax increase of 7%.
In fiscal year 2007 the real estate tax rate increased from \$.45/100 to \$.48/100.

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross & Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1999-00	12,652	\$ 878,968	\$ 13,077,480	1.49%	\$ 1,034
2000-01	12,652	908,288	12,048,500	1.33%	952
2001-02	12,652	968,281	11,201,000	1.16%	885
2002-03	12,652	1,060,091	10,323,461	0.97%	816
2003-04	12,652	1,195,475	9,496,500	0.79%	751
2004-05	13,852	1,235,483	9,058,500	0.73%	654
2005-06	13,900	1,285,715	8,186,000	0.64%	589
2006-07	14,565	1,924,658	36,773,330	1.91%	2,525
2006-07	14,565	2,581,814	36,773,330	1.42%	2,525
2007-08	14,565	2,659,971	37,154,725	1.40%	2,551

(1) www.fedstats.gov

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

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

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

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

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Clarke, Virginia as of and for the year ended June 30, 2008, which collectively comprise the County of Clarke, Virginia's basic financial statements and have issued our report thereon dated December 9, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Clarke, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Clarke, Virginia's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Board of Supervisors, federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 9, 2008

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited the compliance of the County of Clarke, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The County of Clarke, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Clarke, Virginia's management. Our responsibility is to express an opinion on the County of Clarke, Virginia's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Clarke, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of County of Clarke, Virginia's compliance with those requirements.

In our opinion, the County of Clarke, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the County of Clarke, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Clarke, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an County's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Supervisors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
December 9, 2008

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Family preservation and support	93.556	\$ 21,874
Temporary assistance to needy families (TANF)	93.558	54,296
Refugee and entrant assistance - discretionary grants	93.566	498
Low income home energy assistance	93.568	1,447
Payments to states for child care assistance	93.575	51,383
Chafee education and training vouchers program	93.599	520
Child care and development fund	93.596	56,903
Child welfare services - state grants	93.645	526
Foster care - Title IV-E	93.658	61,503
Adoption assistance	93.659	26,303
Social services block grant	93.667	89,859
Independent living	93.674	1,555
State children's insurance program	93.767	3,139
Medical assistance program (Title XIX)	93.778	75,355
Total Dept. Health & Human Services-pass through		\$ 445,161
Total Department Health and Human Services		\$ 445,161
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food distribution	10.555	\$ 53,055
Community facilities loans and grants	10.766	2,175,396
Department of Education:		
National school breakfast program	10.553	16,809
National school lunch program	10.555	130,958
Department of Social Services:		
State admin matching grants for food stamp program	10.561	99,738
Total Department of Agriculture - pass-through payments		\$ 2,475,956
Total Department of Agriculture		\$ 2,475,956
Department of Homeland Security		
Pass Through Payments:		
Emergency management performance grant	97.042	\$ 20,544
State domestic preparedness grant	97.004	64,705
Total Department of Homeland Security - pass-through payments		\$ 85,249
Total Department of Homeland Security		\$ 85,249

Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2008

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Service:		
Gang free schools and communities	16.544	\$ 50,555
Ed Byrne discretionary grant - school resource grant	16.580	20,180
Public safety partnership and community policing grants	16.710	22,750
Bulletproof vest grant	16.607	411
Violence against women formula grants	16.588	33,828
Crime victims assistance	16.575	29,192
Total Department of Justice - pass-through		\$ 156,916
Total Department of Justice		156,916
Department of Education:		
Pass Through Payments:		
Department of Education:		
Title I: Educationally deprived children	84.010	178,420
Title VI-B: Special education grants to states	84.027	383,521
Title VI-B: Handicapped preschool incentive grant	84.173	9,274
Title III, part A: Language acquisition grants	84.369	6,038
Vocational Education: Basic grants to states	84.048	24,868
Safe and drug free schools and communities	84.186	9,044
Title II, Part D: Education technology state grants	84.318	1,562
Title V, part A: State grants for innovative programs	84.298	1,051
AP test fee grant	84.330	1,166
Title II, Part A: Improving teacher quality	84.367	70,292
Total Department of Education		\$ 685,236
Total Federal Assistance		\$ 3,848,518

COUNTY OF CLARKE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Note 1 - General

The accompanying schedule of expenditures of federal awards presents the activity of all federally assisted programs of the County of Clarke, Virginia. The County's reporting entity is defined in note 1 to the County's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

Note 2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in note 1 to the County's basic financial statements.

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 2,330,106
Special Revenue Funds:	
Virginia Public Assistance Fund	544,899
Capital Projects Funds:	
County Capital Improvements Fund	64,705
Total primary government	\$ <u>2,939,710</u>

Component Unit Public Schools:

School Operating Fund	\$ 685,236
School Cafeteria Fund	200,822
School Capital Improvement Fund	22,750
Total component unit public schools	\$ <u>908,808</u>
Total federal expenditures per basic financial statements	\$ <u>3,848,518</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 3,848,518

COUNTY OF CLARKE, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.766	Community Facilities Loans and Grants

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Prior Year Audit Findings

None