

County of Clarke, Virginia



Financial Report
Year Ended June 30, 2012

COUNTY OF CLARKE, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2012

COUNTY OF CLARKE, VIRGINIA

Board of Supervisors

J. Michael Hobert, Chairman
David Weiss, Vice Chairman

Barbara J. Byrd

John R. Staelin

Bev McKay

County School Board

Janet K. Creager Alger, Chairman
Dr. Elizabeth Leffel, Vice-Chairman
Thomas J. Judge, Clerk

Charles "Chip" Schutte

Barbara P. Lee

Jim Brinkmeier

Board of Social Services

Dwight Brown, Chairman
E. Ralph Pierce, Vice-Chairman

Barbara Byrd

Lyndon Willingham

William Overby

Other Officials

Judge of the Circuit Court Thomas J. Wilson, IV
Judge of the Circuit Court Clifford Lynwood Athey, Jr.
Judge of the Circuit Court Dennis L. Hupp
Judge of the Circuit Court James V. Lane
Judge of the Circuit Court John E. Wetsel, Jr.
Clerk of the Circuit Court Helen Butts
Judge of the General District Court Amy Beth Tisinger
Judge of the Juvenile and Domestic Relations Court Elizabeth Kellas
Commonwealth's Attorney Suzanne Mackall
Commissioner of the Revenue Donna Peake
Treasurer Sharon Keeler
Sheriff Anthony W. Roper
Superintendent of Schools Michael F. Murphy
County Administrator David L. Ash
Director of Joint Administrative Services Thomas J. Judge
Director of Department of Social Services Angie W. Jones

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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, 2012, 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, 2012, and the respective changes in financial position, and cash flows, 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 7, 2012, 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 should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Clarke, Virginia's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, supporting schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules, supporting schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
December 7, 2012

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, 2012.

Financial Highlights

- The assets of the County (excluding component units) exceeded its liabilities at the close of the most recent fiscal year by \$28.4 million (*net assets*). Of this amount, \$16.6 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets decreased by \$0.6 million, of which the governmental activities accounted for 100% of the decrease.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$328,939. The Fiscal Policy of Clarke County requires that certain financial designations of General Fund balance be maintained. These financial designations are reported as assigned fund balance of \$15,551,338 and are comprised of the numerous designations. Liquidity and stabilization funds comprise \$3,731,769. Saving for pay-as-you-go capital expenditures comprises \$843,462. Multi-year capital appropriations, net of estimated revenue, encumber an additional \$5,902,305. Finally, a total of \$4,378,566 is assigned for carryover requests from unexpended FY 12 funds, and \$695,236 is designated to the FY 13 budgeted deficit.
- The County's total long-term obligations decreased by \$2,310,113 (5%) during the current fiscal year.

Overview of the Financial Statements

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

Government-wide financial statements

The *government-wide financial statements* are designed to provide the readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The *statement of net 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 reports ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and the Virginia Public Assistance Fund both of which are considered to be major funds. Data from the other County funds are combined into a single, aggregated presentation. Individual fund data for each of these 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 7-9 found on pages 18 through 20 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 21 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 49 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary comparisons for the general fund and VPA special revenue fund. Required supplementary information can be found on page 49 through 52 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 53 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 \$28.4 million at the close of the most recent fiscal year. A large portion of the County's net assets (\$11.7 million, 41% 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, 2012 and 2011		
	Governmental Activities	
	2012	2011
Current and other assets	\$ 35,455,027	\$ 49,111,077
Capital assets	48,718,145	37,229,359
Total assets	<u>\$ 84,173,172</u>	<u>\$ 86,340,436</u>
Long-term liabilities outstanding	\$ 43,841,937	\$ 46,152,050
Other liabilities	11,978,860	11,285,732
Total liabilities	<u>\$ 55,820,797</u>	<u>\$ 57,437,782</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 11,726,899	\$ 12,941,979
Restricted	8,564	32,593
Unrestricted	16,616,912	15,928,082
Total net assets	<u><u>\$ 28,352,375</u></u>	<u><u>\$ 28,902,654</u></u>

An additional portion of the County's net assets (\$8,564) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$16.6 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.

As noted previously, the County's net assets decreased by \$0.5 million during the current fiscal year. This is largely attributable to the transfer of capital assets to the School Board as related debt is paid down and the depreciation cost of assets.

Government-Wide Financial Analysis (Continued)

Governmental activities decreased the County's net assets by \$0.5 million. The following table summarizes the County's Statement of Activities:

County of Clarke, Virginia Changes in Net Assets Years Ended June 30, 2012 and 2011

	Governmental Activities	
	2012	2011
Revenues:		
Program revenues:		
Charges for services	\$ 1,262,564	\$ 1,350,640
Operating grants and contributions	2,606,612	2,850,763
Capital grants and contributions	213,905	205,249
General revenues:		
Property taxes	17,478,712	17,655,465
Other taxes	1,814,930	1,653,965
Unrestricted revenues from the use of money and property	128,619	254,454
Miscellaneous	586,642	68,886
Grants and contributions not restricted to specific programs	3,043,021	2,995,371
Total revenues	<u>\$ 27,135,005</u>	<u>\$ 27,034,793</u>
Expenses:		
General governmental administration	\$ 1,943,393	\$ 1,905,789
Judicial administration	424,222	406,759
Public safety	3,466,939	3,205,467
Public works	970,017	900,060
Health and welfare	2,501,215	2,447,164
Parks, recreation, and cultural	1,001,174	969,405
Community development	708,196	991,056
Interest on long-term debt	2,061,986	1,832,949
Education	14,569,378	7,338,844
Transfers out	38,764	16,648
Total expenses	<u>\$ 27,685,284</u>	<u>\$ 20,014,141</u>
Increase (decrease) in net assets	<u>\$ (550,279)</u>	<u>\$ 7,020,652</u>
Net assets - beginning of year	28,902,654	21,882,002
Net assets - end of year	<u>\$ 28,352,375</u>	<u>\$ 28,902,654</u>

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

- Overall increase in operating expenses.
- Increase in interest for long-term debt.
- Increase in transfers out to school Board reported as education expense. These transfers largely represent a change in long-term assets and liabilities transferred between Component Unit School Board and the County.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$16.8 million, an increase of \$.9 million in comparison with the prior year. Of this total amount, \$16.4 million or 98% constitutes *assigned and unassigned fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is *restricted* to indicate that it is not available for new spending because it has already been committed to a specific purpose.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, assigned and unassigned fund balance of the General Fund was \$15.9 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Assigned and unassigned fund balance represents 83% of total General Fund expenditures. This is a common measure for the strength of the County's equity and an overall indicator of a healthy financial condition.

Restricted fund balance of \$8,564 for the swim team and pool in the Parks Construction Fund is included in other governmental funds.

General Fund Budgetary Highlights

There was an increase of \$4,612,773 between the original budget and the final amended budgeted expenditures. The significant differences can be summarized as follows:

- \$43,927 increase in general government administration budget.
- \$58,571 increase in final budget appropriations for public safety.
- \$4,517,829 increase in final budget appropriations for education is primarily due to reappropriation of capital expenditures originally budgeted in prior years.
- (\$7,554) in other increases and decreases.

Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental activities as of June 30, 2012, amounts to \$48.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment and construction in progress. Major capital asset events during the current fiscal year included the following:

- Purchase of a computer server.
- Improvement of HVAC and carpeting.
- Investment in a dog park.
- Incurred expenditures for the groundwater study.
- Other projects included continued improvements in administrative building renovations, circuit courthouse renovations, and a recreation area project as well as the construction of the new Clarke County High School.

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

	Governmental Activities	
	2012	2011
Land	\$ 745,500	\$ 745,500
Buildings	10,242,971	5,841,910
Improvements	858,752	799,551
Machinery & Equipment	828,966	967,221
Construction in progress	36,041,956	28,875,177
Total	\$ 48,718,145	\$ 37,229,359

Additional information on the County's capital assets can be found in note 6 on pages 34 through 35 of this report.

Long-term debt: At the end of the current fiscal year, the County had total outstanding debt of \$43.9 million and details are summarized in the following table:

	Governmental Activities	
	2012	2011
Bonds payable:		
General obligation bonds	\$ 36,205,000	\$ 38,315,000
Premiums and discounts	482,059	570,672
Lease revenue bond	4,460,526	4,200,940
Note payable	548,000	672,000
VRS obligation	49,009	94,153
Capital lease	1,403,248	1,535,061
Compensated absences	694,095	764,224
Total	\$ 43,841,937	\$ 46,152,050

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

Economic Factors and Next Year's Budgets and Rates

- Federal stimulus funding for schools will expire.
- Revenue from the Commonwealth and Federal Government will continue to be weak.
- Citizens are experiencing fiscal stress including unemployment.
- Employee benefit rates will continue to rise.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Assets
June 30, 2012

	Primary Governmental Activities	Component Units		
		School Board	Clarke County Sanitary Authority	Industrial Development Authority
ASSETS				
Cash and cash equivalents	\$ 14,510,227	\$ 1,909,349	\$ 1,537,057	\$ 138,422
Receivables (net of allowance for uncollectibles):				
Taxes receivable	11,497,688	-	-	-
Accounts receivable	181,941	82,616	92,669	-
Notes receivable	2,653	-	-	-
Due from other funds	567,582	125,377	-	-
Due from component unit	566,825	-	-	-
Due from other governmental units	1,617,480	839,207	-	-
Prepaid expenses	327,967	17,073	12,204	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	6,156,596	-	-	-
Notes receivable - net of current portion	26,068	-	-	-
Capital assets (net of accumulated depreciation):				
Land	745,500	647,266	13,200	-
Buildings and system	10,242,971	9,202,455	-	-
Improvements other than buildings	858,752	283,798	-	-
Machinery and equipment	828,966	1,191,491	-	-
Utility plant in service	-	-	9,279,536	-
Construction in progress	36,041,956	-	287,733	-
Total assets	\$ 84,173,172	\$ 14,298,632	\$ 11,222,399	\$ 138,422
LIABILITIES				
Reconciled overdraft	\$ -	\$ 195,416	\$ -	\$ -
Accounts payable	686,195	1,431,947	46,335	1,560
Accrued liabilities	554	1,958,596	-	-
Accrued interest payable	798,160	-	-	-
Due to other funds	557,765	-	-	-
Due to primary government	-	566,825	-	-
Unearned revenue	9,936,186	-	12,976	-
Long-term liabilities:				
Due within one year	2,666,751	53,518	283,904	-
Due in more than one year	41,175,186	481,658	4,848,206	-
Total liabilities	\$ 55,820,797	\$ 4,687,960	\$ 5,191,421	\$ 1,560
NET ASSETS				
Invested in capital assets, net of related debt	\$ 11,726,899	\$ 11,325,010	\$ 4,448,359	\$ -
Restricted for:				
Swim team	4,219	-	-	-
Pool	4,345	-	-	-
Unrestricted (deficit)	16,616,912	(1,714,338)	1,582,619	136,862
Total net assets	\$ 28,352,375	\$ 9,610,672	\$ 6,030,978	\$ 136,862

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, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,943,393	\$ 127,472	\$ 193,007	\$ -
Judicial administration	424,222	2,901	178,765	-
Public safety	3,466,939	501,099	981,023	-
Public works	970,017	227,863	10,953	-
Health and welfare	2,501,215	-	1,229,164	-
Education	14,569,378	-	-	130,343
Parks, recreation, and cultural	1,001,174	403,203	13,700	-
Community development	708,196	26	-	83,562
Interest on long-term debt	2,061,986	-	-	-
Total governmental activities	\$ 27,646,520	\$ 1,262,564	\$ 2,606,612	\$ 213,905
Total primary government	\$ 27,646,520	\$ 1,262,564	\$ 2,606,612	\$ 213,905
COMPONENT UNITS:				
School Board	\$ 21,752,286	\$ 675,609	\$ 9,140,796	\$ -
Clarke County Sanitary Authority	867,469	474,994	-	225,500
Clarke County Industrial Development Authority	9,081	9,285	-	-
Total component units	\$ 22,628,836	\$ 1,159,888	\$ 9,140,796	\$ 225,500
General revenues:				
General property taxes				
Other local taxes:				
Local sales and use tax				
Consumer utility tax				
Taxes on recordation and wills				
Motor vehicle licenses				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Contribution from County of Clarke				
Transfers				
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.

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets				
Primary Government	Component Units			
Governmental Activities	School Board	Clarke County Sanitary Authority	Industrial Development Authority	
\$ (1,622,914)	\$ -	\$ -	\$ -	-
(242,556)	-	-	-	-
(1,984,817)	-	-	-	-
(731,201)	-	-	-	-
(1,272,051)	-	-	-	-
(14,439,035)	-	-	-	-
(584,271)	-	-	-	-
(624,608)	-	-	-	-
(2,061,986)	-	-	-	-
<u>\$ (23,563,439)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
<u>\$ (23,563,439)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
\$ -	\$ (11,935,881)	\$ -	\$ -	-
-	-	(166,975)	-	-
-	-	-	204	-
<u>\$ -</u>	<u>\$ (11,935,881)</u>	<u>\$ (166,975)</u>	<u>\$ 204</u>	<u>-</u>
\$ 17,478,712	\$ -	\$ -	\$ -	-
809,340	-	-	-	-
377,700	-	-	-	-
222,990	-	-	-	-
302,478	-	-	-	-
102,422	-	-	-	-
128,619	36,474	10,723	5,816	-
586,642	59,105	137,226	778	-
3,043,021	-	-	-	-
-	14,554,335	10,000	-	-
(38,764)	-	-	-	-
<u>\$ 23,013,160</u>	<u>\$ 14,649,914</u>	<u>\$ 157,949</u>	<u>\$ 6,594</u>	<u>-</u>
(550,279)	2,714,033	(9,026)	6,798	-
28,902,654	6,896,639	6,040,004	130,064	-
<u>\$ 28,352,375</u>	<u>\$ 9,610,672</u>	<u>\$ 6,030,978</u>	<u>\$ 136,862</u>	<u>-</u>

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Fund Financial Statements

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Balance Sheet
 Governmental Funds
 June 30, 2012

	<u>General</u>	<u>Virginia Public Assistance</u>	<u>School Debt Service</u>	<u>Other Govern- mental Funds</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 13,939,984	\$ -	\$ -	\$ 572,678	\$ 14,512,662
Receivables (net of allowance for uncollectibles):					
Taxes receivable	11,497,688	-	-	-	11,497,688
Accounts receivable	103,049	-	-	78,892	181,941
Due from other funds	258,025	-	37,187	272,370	567,582
Due from component unit	566,825	-	-	-	566,825
Due from other governmental units	1,445,771	92,272	-	79,437	1,617,480
Prepaid items	131,060	1,539	14,264	181,104	327,967
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	-	18,183	18,183
Total assets	<u>\$ 27,942,402</u>	<u>\$ 93,811</u>	<u>\$ 51,451</u>	<u>\$ 1,202,664</u>	<u>\$ 29,290,328</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 221,048	\$ 119	\$ 51,451	\$ 413,577	\$ 686,195
Accrued liabilities	554	-	-	-	554
Due to other funds	444,458	93,692	-	19,615	557,765
Deferred revenue	11,265,005	-	-	-	11,265,005
Total liabilities	<u>\$ 11,931,065</u>	<u>\$ 93,811</u>	<u>\$ 51,451</u>	<u>\$ 433,192</u>	<u>\$ 12,509,519</u>
Fund balances:					
Nonspendable:					
Prepaid items	\$ 131,060	\$ 1,539	\$ 14,264	\$ 181,104	\$ 327,967
Restricted for:					
Swim team	-	-	-	4,219	4,219
Pool	-	-	-	4,345	4,345
Committed for:					
Animal care expenditures	-	-	-	9,619	9,619
Community development	-	-	-	24,735	24,735
Public safety expenditures	-	-	-	50,861	50,861
Assigned for:					
Capital projects	-	-	-	494,589	494,589
Other (Note 15)	15,551,338	-	-	-	15,551,338
Unassigned	328,939	(1,539)	(14,264)	-	313,136
Total fund balances	<u>\$ 16,011,337</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 769,472</u>	<u>\$ 16,780,809</u>
Total liabilities and fund balances	<u>\$ 27,942,402</u>	<u>\$ 93,811</u>	<u>\$ 51,451</u>	<u>\$ 1,202,664</u>	<u>\$ 29,290,328</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, 2012

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 16,780,809
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	48,718,145
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 (Note 6).	6,138,413
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,328,819
Long-term note receivable is not available to pay for current period expenditures and, therefore, is not reported in the funds.	28,721
Interest on long-term debt is not accrued in governmental funds, but rather is recognized when paid.	(798,160)
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.	(2,435)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(43,841,937)</u>
Net assets of governmental activities	<u>\$ 28,352,375</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, 2012

	General	Virginia Public Assistance	School Debt Service	Total Nonmajor Governmental Funds	Total
REVENUES					
General property taxes	\$ 17,551,036	\$ -	\$ -	\$ 18,601	\$ 17,569,637
Other local taxes	1,814,930	-	-	-	1,814,930
Permits, privilege fees, and regulatory licenses	236,880	-	-	-	236,880
Fines and forfeitures	362,725	-	-	-	362,725
Revenue from the use of money and property	100,039	-	27,976	604	128,619
Charges for services	653,049	-	-	9,910	662,959
Miscellaneous	39,101	-	-	550,117	589,218
Recovered costs	141,976	46,825	-	-	188,801
Intergovernmental revenues:					
Commonwealth	4,187,707	334,876	-	462,877	4,985,460
Federal	149,474	562,175	130,343	36,086	878,078
Total revenues	<u>\$ 25,236,917</u>	<u>\$ 943,876</u>	<u>\$ 158,319</u>	<u>\$ 1,078,195</u>	<u>\$ 27,417,307</u>
EXPENDITURES					
Current:					
General government administration	\$ 1,705,944	\$ -	\$ -	\$ -	\$ 1,705,944
Judicial administration	422,609	-	-	-	422,609
Public safety	3,263,777	-	-	27,555	3,291,332
Public works	971,266	-	-	-	971,266
Health and welfare	345,139	1,361,559	-	773,848	2,480,546
Education	10,631,268	-	-	-	10,631,268
Parks, recreation, and cultural	920,144	-	-	-	920,144
Community development	554,290	-	-	167,028	721,318
Nondepartmental	1,242	-	-	-	1,242
Capital projects	-	-	-	1,183,663	1,183,663
Debt service:					
Principal retirement	-	-	2,375,570	193,754	2,569,324
Interest and other fiscal charges	-	-	1,745,876	181,946	1,927,822
Total expenditures	<u>\$ 18,815,679</u>	<u>\$ 1,361,559</u>	<u>\$ 4,121,446</u>	<u>\$ 2,527,794</u>	<u>\$ 26,826,478</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 6,421,238</u>	<u>\$ (417,683)</u>	<u>\$ (3,963,127)</u>	<u>\$ (1,449,599)</u>	<u>\$ 590,829</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 417,683	\$ 3,963,127	\$ 1,254,860	\$ 5,635,670
Transfers out	(5,586,959)	-	-	(87,475)	(5,674,434)
Issuance of lease revenue bond	-	-	-	307,792	307,792
Total other financing sources (uses)	<u>\$ (5,586,959)</u>	<u>\$ 417,683</u>	<u>\$ 3,963,127</u>	<u>\$ 1,475,177</u>	<u>\$ 269,028</u>
Net change in fund balances	\$ 834,279	\$ -	\$ -	\$ 25,578	\$ 859,857
Fund balances - beginning, as adjusted	15,177,058	-	-	743,894	15,920,952
Fund balances - ending	<u>\$ 16,011,337</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 769,472</u>	<u>\$ 16,780,809</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, 2012

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

Net change in fund balances - total governmental funds \$ 859,857

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

Capital outlay	\$ 1,034,074	
Depreciation expense	(569,211)	
Joint tenancy asset transfer	<u>(463,000)</u>	1,863

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (90,925)

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

Principal payments received (2,576)

Changes in long-term assets and liabilities transferred from component unit School Board. (3,475,110)

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.

Issuance of lease revenue bonds	\$ (329,340)	
Principal retired	2,480,711	
Bond discount amortization	(2,404)	
Bond premium amortization	<u>91,017</u>	2,239,984

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase)/decrease in compensated absences	\$ 70,129	
(Increase)/decrease in accrued interest payable	<u>(112,616)</u>	(42,487)

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. (40,885)

Change in net assets of governmental activities \$ (550,279)

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

Statement of Net Assets
 Internal Service Fund
 June 30, 2012

	<u>Health Insurance Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ <u> -</u>
Total assets	\$ <u> -</u>
LIABILITIES	
Current liabilities:	
Reconciled overdraft	\$ <u> 2,435</u>
Total current liabilities	\$ <u> 2,435</u>
Total liabilities	\$ <u> 2,435</u>
NET ASSETS	
Unrestricted	\$ <u> (2,435)</u>
Total net assets	\$ <u> (2,435)</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, 2012

	<u>Health Insurance Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ <u>131,151</u>
Total operating revenues	\$ <u>131,151</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ <u>172,036</u>
Total operating expenses	\$ <u>172,036</u>
Operating income (loss)	\$ <u>(40,885)</u>
Total net assets - beginning	<u>38,450</u>
Total net assets - ending	<u><u>\$ (2,435)</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, 2012

	<u>Health Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 131,151
Payments for premiums	<u>(169,601)</u>
Net cash provided by (used for) operating activities	<u>\$ (38,450)</u>
Net increase (decrease) in cash and cash equivalents	\$ (38,450)
Cash and cash equivalents - beginning	<u>38,450</u>
Cash and cash equivalents - ending	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ <u>(40,885)</u>
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Cash overdraft	<u>\$ 2,435</u>
Net cash provided by (used for) operating activities	<u><u>\$ (38,450)</u></u>

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 78,476
Prepaid expenses	1,480
Due from other governments	317,287
Due from other funds	<u>6,398</u>
Total assets	<u>\$ 403,641</u>
LIABILITIES	
Reconciled overdraft	\$ 48,538
Accounts payable	92,932
Amount held for Town	9,088
Sales tax payable to other towns	31,178
Due to other funds	144,717
Amounts held for social services clients	18,641
Accrued liabilities	<u>58,547</u>
Total liabilities	<u>\$ 403,641</u>

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012

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 Activities) 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 units. 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 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, 2012 (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 GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget and a comparison of final budget and actual results.

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units to be included for the fiscal year ended June 30, 2012.

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, 2012.

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, 2012.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

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

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units: (Continued)

The Clarke County Industrial Development Authority is responsible for industrial and commercial development in the County. The Authority consists of seven members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2012.

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

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

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

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

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

a. General Fund

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

b. Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Virginia Public Assistance Fund, School Operating Fund, and School Cafeteria Fund are considered major funds. The CSA Fund, Drug Enforcement Fund, Animal Care Fund, and Parks and Recreation Funds are considered nonmajor funds.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

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

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

1. Governmental Funds: (Continued)

c. Capital Projects Fund

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

d. Debt Service Funds

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

2. 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 Health Insurance Fund.

E. Cash and Cash Equivalents:

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

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

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.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

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

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 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 \$325,031 at June 30, 2012 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County 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 capital assets including the infrastructure constructed.

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend 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, 2012 was immaterial.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

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

H. Capital Assets: (Continued)

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

<u>Assets</u>	<u>Years</u>
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.

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. 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.

M. 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.

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

M. 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

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

P. Fund Equity

Beginning with fiscal year 2011, the County implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

In accordance with GASB Statement 54, when fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

Note 2—Stewardship, Compliance, and Accounting:

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

1. Prior to March 15th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the Component Unit School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds of the Primary Government and Component Unit - School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. Several Supplemental Appropriations were necessary during the fiscal year.
8. The School Food Service Fund overspent appropriations by \$16,342. The Internal Service Fund reported an ending fund balance of (\$2,435).

Note 3—Deposits and Investments:

Deposits

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

Note 3—Deposits and Investments: (Continued)

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, 2012 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, 2012 were rated by *Standard and Poor’s* and the ratings are presented below using the *Standard and Poor’s* rating scale.

<u>Locality’s Rate Debt Investments’ Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAA</u>
Local Government Investment Pool	\$ 2,131,343
State Non-Arbitrage Pool	<u>6,315,853</u>
Total	<u>\$ 8,447,196</u>

Interest Rate Risk

<u>Investment Type</u>	<u>Investment Maturity (in years)</u>	
	<u>Maturity</u>	
	<u>Fair Value</u>	<u>1</u>
Local Government Investment Pool	\$ <u>2,131,343</u>	\$ <u>2,131,343</u>
Total	<u>\$ 2,131,343</u>	<u>\$ 2,131,343</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

Note 3—Deposits and Investments: (Continued)

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.

Note 4—Due from Other Governments:

At June 30, 2012, the County has receivables from other governments as follows:

		<u>Component Unit</u>
	<u>Primary Government</u>	<u>School Board</u>
Commonwealth of Virginia:	\$	\$
Virginia Public Assistance funds	39,147	-
State sales tax	-	373,825
Constitutional officer reimbursements	105,939	-
PPTRA	1,212,896	-
Communication taxes	74,852	-
Recordation tax	16,735	-
Comprehensive Services Act	79,437	-
School fund grants	-	95,236
Other general grants	448	-
Federal Government:		
Virginia Public Assistance funds	53,125	-
Other general grants	118,559	-
School fund grants	-	370,146
	<u> </u>	<u> </u>
Total due from other governments	\$ 1,701,138	\$ 839,207

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

Note 5—Interfund Obligations:

Details of the Primary Government's interfund receivables and payables as of June 30, 2012, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Primary Government:		
General	\$ 258,025	\$ 444,458
Less Amount Due to Joint Admin Services Fund		(3,125)
Comprehensive Services Act	-	19,615
County Capital Projects Fund	272,370	-
Virginia Public Assistance	-	93,692
School Debt Service Fund	<u>37,187</u>	<u>-</u>
 Total Primary Government	 <u>\$ 567,582</u>	 <u>\$ 554,640</u>
Component Unit:		
School Capital Projects Fund	<u>\$ 125,377</u>	<u>\$ -</u>
Agency Funds:		
Unemployment Compensation Fund	\$ 6,398	\$ -
Undistributed Local Sales Tax Fund	<u>-</u>	<u>144,717</u>
 Total Agency Funds	 <u>\$ 6,398</u>	 <u>\$ 144,717</u>
 Grand Total	 <u>699,357</u>	 <u>699,357</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, 2012 (Continued)

Note 6—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2012:

	Balance July 1, 2011	Additions	Deletions	Joint Tenancy Transfer (Net)	Balance June 30, 2012
Primary Government:					
Capital assets not being depreciated:					
Land	\$ 745,500	\$ -	\$ -	\$ -	\$ 745,500
Construction in Progress	<u>28,875,177</u>	<u>12,409,256</u>	<u>5,242,477</u>	-	<u>36,041,956</u>
Total capital assets not being depreciated	<u>\$ 29,620,677</u>	<u>\$ 12,409,256</u>	<u>\$ 5,242,477</u>	<u>\$ -</u>	<u>\$ 36,787,456</u>
Capital assets being depreciated:					
Buildings	\$ 11,568,653	\$ 5,055,339	\$ -	\$ (550,000)	\$ 16,073,992
Improvements other than buildings	1,630,082	120,739	-	-	1,750,821
Equipment	<u>3,277,470</u>	<u>178,140</u>	<u>20,508</u>	-	<u>3,435,102</u>
Total capital assets being depreciated	<u>\$ 16,476,205</u>	<u>\$ 5,354,218</u>	<u>\$ 20,508</u>	<u>\$ (550,000)</u>	<u>\$ 21,259,915</u>
Accumulated depreciation:					
Buildings	5,726,743	191,278	-	(87,000)	5,831,021
Improvements other than buildings	830,531	61,538	-	-	892,069
Equipment	<u>2,310,249</u>	<u>316,395</u>	<u>(20,508)</u>	-	<u>2,606,136</u>
Total accumulated depreciation	<u>\$ 8,867,523</u>	<u>\$ 569,211</u>	<u>\$ (20,508)</u>	<u>\$ (87,000)</u>	<u>\$ 9,329,226</u>
Total capital assets being depreciated, net	<u>\$ 7,608,682</u>	<u>\$ 4,785,007</u>	<u>\$ -</u>	<u>\$ (463,000)</u>	<u>\$ 11,930,689</u>
Net capital assets	<u>\$ 37,229,359</u>	<u>\$ 17,194,263</u>	<u>\$ 5,242,477</u>	<u>\$ (463,000)</u>	<u>\$ 48,718,145</u>
Component Unit-School Board:					
Capital assets not being depreciated:					
Land	\$ 647,266	\$ -	\$ -	\$ -	\$ 647,266
Total capital assets not being depreciated	<u>\$ 647,266</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 647,266</u>
Capital assets being depreciated:					
Buildings	\$ 16,203,721	\$ 189,735	\$ -	\$ 550,000	\$ 16,943,456
Improvements other than buildings	218,538	107,638	-	-	326,176
Equipment	<u>4,324,627</u>	<u>196,249</u>	<u>44,930</u>	-	<u>4,475,946</u>
Total capital assets being depreciated	<u>\$ 20,746,886</u>	<u>\$ 493,622</u>	<u>\$ 44,930</u>	<u>\$ 550,000</u>	<u>\$ 21,745,578</u>
Accumulated depreciation:					
Buildings	\$ 7,100,832	\$ 553,169	\$ -	\$ 87,000	\$ 7,741,001
Improvements other than buildings	28,070	14,308	-	-	42,378
Equipment	<u>2,955,578</u>	<u>373,807</u>	<u>(44,930)</u>	-	<u>3,284,455</u>
Total accumulated depreciation	<u>\$ 10,084,480</u>	<u>\$ 941,284</u>	<u>\$ (44,930)</u>	<u>\$ 87,000</u>	<u>\$ 11,067,834</u>
Total capital assets being depreciated, net	<u>\$ 10,662,406</u>	<u>\$ (447,662)</u>	<u>\$ -</u>	<u>\$ 463,000</u>	<u>\$ 10,677,744</u>
Net capital assets component unit school board	<u>\$ 11,309,672</u>	<u>\$ (447,662)</u>	<u>\$ -</u>	<u>\$ 463,000</u>	<u>\$ 11,325,010</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

Note 6—Capital Assets: (Continued)

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

Governmental activities:	
General government	\$ 362,708
Public safety	89,390
Public works	8,697
Health and welfare	255
Parks, recreation and cultural	77,597
Community development	30,564
	<hr/>
Total Governmental activities	\$ 569,211
	<hr/>
Component Unit School Board	\$ 941,284
	<hr/> <hr/>

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, 2012 is that school financed assets in the amount of \$37,324,410 are reported in the Primary Government for financial reporting purposes. Unspent bond proceeds reported as restricted cash and proceeds from the issuance of long-term debt are reported in the School Capital Projects Fund of the Component Unit School Board in the fund financial statements, and are reported within the Primary Government in the government-wide financial statements.

Component Unit-Sanitary Authority:

A summary of the component unit Sanitary Authority property, plant, and equipment at June 30, 2012 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	451,490	120,967	284,724	287,733
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets not being depreciated	\$ 464,690	\$ 120,967	\$ 284,724	\$ 300,933
Capital Assets being depreciated:				
Utility plant and equipment	\$ 11,304,767	\$ 509,724	\$ -	\$ 11,814,491
Less: accumulated depreciation	(2,234,289)	(300,666)	-	(2,534,955)
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets being depreciated, net	\$ 9,070,478	\$ 209,058	\$ -	\$ 9,279,536
	<hr/>	<hr/>	<hr/>	<hr/>
Capital assets, net	\$ 9,535,168	\$ 330,025	\$ 284,724	\$ 9,580,469
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

Note 7—Interfund Transfers:

Interfund transfers for the year ended June 30, 2012, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 5,436,959
Parks and Rec Fund		32,625
Parks Construction Fund		54,850
Unemployment Compensation Benefits	38,765	-
School Debt Service	3,963,127	-
County Capital Improvements	300,236	-
Virginia Public Assistance	417,683	-
Comprehensive Services Act	438,833	-
General Debt Service	365,790	-
	<u>5,524,434</u>	<u>5,524,434</u>
Total	\$ <u>5,524,434</u>	\$ <u>5,524,434</u>
Component Unit:		
School Fund	\$ -	\$ 37,087
School Food Service Fund	37,087	-
	<u>37,087</u>	<u>-</u>
Total	\$ <u>37,087</u>	\$ <u>37,087</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.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

Note 8—Long-Term Obligations:

Primary Government:

A summary of long-term obligations is as follows:

	Amounts Payable at July 1, 2011	Increases	Decreases	Amounts Payable at June 30, 2012	Amounts Due Within One Year
Governmental Obligations:					
Incurred by County:					
Claims, judgments and compensated absences payable	\$ 764,224	\$ -	\$ 70,129	\$ 694,095	\$ 69,410
Lease revenue bond	4,200,940	329,340	69,754	4,460,526	68,998
Boyce wastewater VRA Note	672,000	-	124,000	548,000	137,500
Total incurred by County	<u>\$ 5,637,164</u>	<u>\$ 329,340</u>	<u>\$ 263,883</u>	<u>\$ 5,702,621</u>	<u>\$ 275,908</u>
Incurred by School Board:					
General obligation bonds payable	\$ 38,315,000	-	\$ 2,110,000	\$ 36,205,000	\$ 2,125,000
Capital leases	1,535,061	-	131,813	1,403,248	137,212
VRS obligation	94,153	-	45,144	49,009	49,009
Total Incurred by School Board	<u>\$ 39,944,214</u>	<u>\$ -</u>	<u>\$ 2,286,957</u>	<u>\$ 37,657,257</u>	<u>\$ 2,311,221</u>
Premiums on bonds issued	\$ 604,193	-	\$ 91,017	\$ 513,176	\$ 82,026
Discount on bonds issued	(33,521)	-	(2,404)	(31,117)	(2,404)
Total Governmental Obligations	<u>\$ 46,152,050</u>	<u>\$ 329,340</u>	<u>\$ 2,639,453</u>	<u>\$ 43,841,937</u>	<u>\$ 2,666,751</u>

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

Year Ending June 30,	County Obligations			School Obligations					
	VRA Bonds Principal	RDA Lease Revenue Bonds Principal	Interest	Bonds and Literary Loans		VRS Obligation		Capital Leases	
	Principal	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 137,500	\$ 68,998	\$ 182,702	\$ 2,125,000	\$ 1,662,455	\$ 49,009	\$ 2,442	\$ 137,212	\$ 54,861
2014	147,500	71,899	179,801	2,135,000	1,557,495	-	-	142,831	49,242
2015	169,000	74,921	176,779	2,225,000	1,447,525	-	-	148,681	43,392
2016	94,000	78,071	173,629	2,320,000	1,331,823	-	-	154,771	37,303
2017	-	81,353	170,347	2,405,000	1,215,689	-	-	161,110	30,963
2018-2022	-	461,032	797,468	7,545,000	4,927,818	-	-	630,567	59,759
2023-2027	-	566,435	692,065	8,160,000	3,193,705	-	-	28,076	449
2028-2032	-	695,937	562,563	9,290,000	1,063,525	-	-	-	-
2033-2037	-	855,046	403,454	-	-	-	-	-	-
2038-2042	-	1,050,532	207,968	-	-	-	-	-	-
2043-2044	-	456,302	18,739	-	-	-	-	-	-
Total	<u>\$ 548,000</u>	<u>\$ 4,460,526</u>	<u>\$ 3,565,515</u>	<u>\$ 36,205,000</u>	<u>\$ 16,400,035</u>	<u>\$ 49,009</u>	<u>\$ 2,442</u>	<u>\$ 1,403,248</u>	<u>\$ 275,969</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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>548,000</u>
<u>Lease Revenue Bond:</u>	
\$4,822,000 lease revenue bond for capital projects issued May 16, 2007 due in monthly installments of \$20,975 commencing May 16, 2009 payable through May 16, 2044 including interest at 4.125%.	\$ <u>4,460,526</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%	\$ 75,000
\$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	260,000
\$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	23,720,000
\$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	2,855,000

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness:

	<u>Amount Outstanding</u>
<u>Virginia Public School Authority (VPSA) Bonds: (Continued)</u>	
\$2,230,000 plus a premium of \$200,813 Series 2010 A bonds issued May 13, 2010, due in semi-annual installments of varying amounts through July 15, 2016; interest payable at rates between 3.050% to 5.050%.	\$ 1,900,000
\$7,395,000 less a discount of \$35,137 Series 2010 B Build America Bonds issued under the American Recovery and Reinvestment Act of 2009 on May 13, 2010. Interest only payments due semi-annually through January 15, 2017; principal and interest payments due semi-annually beginning July 15, 2017 through July 15, 2030. Interest rate varies between 3.854% to 5.562% and is offset by a 35% federal interest subsidy received semi-annually.	<u>7,395,000</u>
Total Virginia Public School Authority Bonds	\$ <u>36,205,000</u>
<u>Capital Leases:</u>	
\$1,525,605 School Energy Management Lease dated June 21, 2005 due in quarterly installments of principal and interest of \$33,755, interest at 3.95%	\$ 922,259
\$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>480,989</u>
Total Capital Leases	\$ <u>1,403,248</u>
Compensated absences	\$ <u>694,095</u>
VRS Obligation	\$ <u>49,009</u>
Premium on bonds issued	\$ <u>513,176</u>
Discount on bonds issued	\$ <u>(31,117)</u>
Total Primary Government	\$ <u><u>43,841,937</u></u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness: (Continued)

The assets acquired through capital leases are as follows:

Asset:		
Machinery and equipment	\$	284,380
Building improvements		2,155,605
Less: Accumulated depreciation		<u>(860,738)</u>
Total	\$	<u>1,579,247</u>
Net present value of leases	\$	<u>1,403,248</u>

Component Unit—School Board:

The following is a summary of long-term debt transactions of the Component Unit—School Board for the year ended June 30, 2012:

	<u>Amounts Payable at July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2012</u>	<u>Amounts Due Within One Year</u>
Compensated absences payable	\$ 500,925	\$ 34,251	\$ -	\$ 535,176	\$ 53,518

Details of Long-Term Indebtedness:

Compensated absences liability	\$ <u>535,176</u>
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Component Unit—Sanitary Authority:

The following is a summary of long-term debt transactions of the Component Unit—Sanitary Authority for the year ended June 30, 2012:

Changes in Long-Term Debt:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2012</u>
General Obligation Bond	\$ 695,937	\$ -	\$ 33,139	\$ 662,798
Notes payables	<u>4,719,033</u>	<u>-</u>	<u>249,721</u>	<u>4,469,312</u>
Totals	<u>\$ 5,414,970</u>	<u>\$ -</u>	<u>\$ 282,860</u>	<u>\$ 5,132,110</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

Note 8—Long-Term Obligations: (Continued)

Component Unit—Sanitary Authority: (Continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Water Operating Fund:		
<u>General Obligation Bond:</u>		
<p>\$997,000 water system revenue bonds issued August 21, 2001 due in semi-annual installments beginning September 1, 2002 through August 1, 2031. No interest</p>		
	\$ 662,798	\$ 33,140
<u>Notes Payable:</u>		
<p>Note payable to VRA for the grouting project. Due June 2032. Payable semiannually. No interest</p>		
	38,542	1,880
<p>Note payable to VRA for new Boyce to Millwood line. Due June 2032. Payable semiannually. No interest</p>		
	131,250	6,250
<p>\$787,546 note payable to VRA issued September 2, 2005 due in semiannual installments of \$26,792 payable through July 1, 2026, including 3.00% interest</p>		
	<u>608,896</u>	<u>35,582</u>
Total Water Fund	\$ <u>1,441,486</u>	\$ <u>76,852</u>
Boyce Wastewater Facility		
<p>Note payable to VRA for the Millwood Sewer project. Due June 2032. Payable semiannually. No interest</p>		
	\$ 403,294	\$ 19,205
<p>\$3,761,429 note payable to VRA issued October 1, 2008 due in semi-annual installments of \$93,924 payable through November 1, 2029.</p>		
	<u>3,287,330</u>	<u>187,847</u>
Total Boyce Wastewater Facility	\$ <u>3,690,624</u>	\$ <u>207,052</u>
Total Clarke County Sanitary Authority	\$ <u><u>5,132,110</u></u>	\$ <u><u>283,904</u></u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

Note 8—Long-Term Obligations: (Continued)

Component Unit—Sanitary Authority: (Continued)

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

Year Ending June 30,	General Obligation Bond		Notes Payable	
	Principal	Interest	Principal	Interest
2013	\$ 33,140	\$ -	\$ 250,764	\$ 18,002
2014	33,140	-	251,840	16,927
2015	33,140	-	252,948	15,819
2016	33,140	-	254,089	14,677
2017	33,140	-	255,265	13,501
2018-2022	165,700	-	1,295,247	48,583
2023-2027	165,700	-	1,276,474	13,773
2028-2032	165,698	-	607,231	-
2033	-	-	25,454	-
Total	\$ 662,798	\$ -	\$ 4,469,312	\$ 141,282

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 \$11,265,005 is comprised of the following:

Deferred Property Tax Revenue: Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$11,143,063 at June 30, 2012.

Prepaid Property Taxes: Property taxes due subsequent June 30, 2012, but paid in advance by the taxpayers totaled \$121,942 at June 30, 2012.

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.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

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)

All full-time, salaried permanent employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plans for local government employees - Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. 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, 2012 (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 the most recent report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2011-annual-report.pdf>, or by writing to the System’s Chief Financial Officer 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 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. 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, 2012 was 8.80% 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 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. 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, 2012 was 7.89% of annual covered payroll.

C. Annual Pension Cost

Primary Government

For fiscal year 2012, County’s annual pension cost of \$340,402 (does not include employee share of \$193,410 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</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC) (1)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
County:			
June 30, 2010	\$ 381,778	100%	\$ -
June 30, 2011	350,275	100%	-
June 30, 2012	340,402	100%	-

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

Note 11—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

The FY2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include 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 projected payrolls on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

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

For fiscal year 2012, School Board's annual pension cost of \$81,430 (does not include employee share of \$51,603 which was assumed by the School Board) was equal to the School Board's required and actual contributions.

Three-Year Trend Information for School Board (Non-professional)

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
School Board:			
Non-Professional:			
June 30, 2010	\$ 80,801	100%	\$ -
June 30, 2011	86,955	100%	-
June 30, 2012	81,430	100%	-

(1) Employer portion only

The FY2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include 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 projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

Note 11—Defined Benefit Pension Plan: (Continued)

D. Funded Status and Funding Progress

Primary Government

As of June 30, 2011, the most recent actuarial valuation date, the plan was 75.54% funded. The actuarial accrued liability for benefits was \$16,928,451, and the actuarial value of assets was \$12,786,982, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,141,469. The covered payroll (annual payroll of active employees covered by the plan) was \$3,980,329, and ratio of the UAAL to the covered payroll was 104.05%.

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

As of June 30, 2011, the most recent actuarial valuation date, the plan was 85.42% funded. The actuarial accrued liability for benefits was \$2,839,483, and the actuarial value of assets was \$2,425,620, resulting in an unfunded actuarial accrued liability (UAAL) of \$413,863. The covered payroll (annual payroll of active employees covered by the plan) was \$1,077,488, and ratio of the UAAL to the covered payroll was 38.41%.

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 (AAL) 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/Publications/2011-Annual-Report.pdf>.

Funding Policy

Plan members are required to contribute 5.0% of their compensation and Clarke County School Board is required to contribute at an actuarially determined rate. The current rate is 6.33% 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, 2012, 2011, and 2010 were \$1,180,616, \$945,003, and \$938,073 respectively, including the employee 5.00% contribution, equal to the required contributions for each year.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

Note 12—Litigation:

At June 30, 2012, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

Note 13—Risk Management:

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

Note 14—Conduit Debt:

The County has issued economic development revenue bonds through the Clarke County Industrial Development Authority. All responsibility for the payment of this debt rests with the Borrower. The County and the Authority have no responsibility for the payment of this debt. Outstanding conduit debt obligations are as follows at June 30, 2012:

Description	Original Issue	Outstanding June 30, 2012
Heritage Child Development Center, Inc.	\$ 450,000	\$ 222,505
Winchester Medical Center, Inc.	70,000,000	70,000,000
Grafton School, Inc.	13,425,000	8,510,000
R-1 Berryville Town bond	2,327,000	2,271,823
R-2 Clarke County bond	4,822,000	4,281,544
	<u>\$ 91,024,000</u>	<u>\$ 85,285,872</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

Note 15—Assigned Fund Balances:

Fund balances have been assigned for the following purposes:

Liquidity Designation	\$ 2,985,415
Stabilization Designation	746,354
Continuing Appropriations for Capital Projects	5,902,305
Joint Government HVAC	240,000
Energy Efficiency	200,000
School Capital and Debt	1,488,000
Parks Master Plan Implementation	100,000
Government Construction and Debt	759,562
Property Acquisition	265,000
Conservation Easements	153,462
Government Savings Reserve	400,000
Community Facilities	325,000
Comprehensive Services Act Reserve	250,000
Data and Communications Technology	350,000
School Operating Carryover	566,004
Landfill Costs	50,000
Leave Liability	75,000
FY 2013 Original Budget Deficit	<u>695,236</u>
Total	<u>\$ 15,551,338</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
Donna Peake, Commissioner of the Revenue	3,000
Anthony W. Roper, Sheriff	30,000
Western Surety	
Sharon Keeler, Treasurer	10,000

Note 17—Post Employment Benefits Other Than Pensions:

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2012 (Continued)

Note 18—Note Receivable:

During fiscal year 2010, the County issued a note receivable to the Berryville Main Street Program in the amount of \$35,000. The note is payable over 12 years, bearing interest at 3%. At June 30, 2012, \$28,721 of this note was outstanding. Future payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 2,653	\$ 841
2014	2,734	761
2015	2,816	678
2016	2,921	593
2017	2,989	506
2018-2022	<u>14,608</u>	<u>1,116</u>
Total	<u>\$ 28,721</u>	<u>\$ 4,495</u>

Note 19—Reclassification of Fund Balance:

The County un-merged reported funds in accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The following reclassifications of fund balance were necessary to report the un-merged funds:

	<u>Un-merged Funds</u>		
	<u>General Fund</u>	<u>Gang Task Force</u>	<u>Conservation Easement</u>
Fund balance, June 30, 2011	\$ 15,297,762	\$ -	\$ -
Net reclassification	<u>(120,704)</u>	<u>-</u>	<u>120,704</u>
Fund balance, July 1, 2011, reclassified	<u>\$ 15,177,058</u>	<u>\$ -</u>	<u>\$ 120,704</u>

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
General property taxes	\$ 17,293,625	\$ 17,293,625	\$ 17,551,036	\$ 257,411
Other local taxes	1,665,758	1,665,758	1,814,930	149,172
Permits, privilege fees, and regulatory licenses	170,151	170,151	236,880	66,729
Fines and forfeitures	290,000	290,000	362,725	72,725
Revenue from the use of money and property	132,820	132,820	100,039	(32,781)
Charges for services	559,618	559,618	653,049	93,431
Miscellaneous	46,250	46,250	39,101	(7,149)
Recovered costs	127,599	127,599	141,976	14,377
Intergovernmental revenues:				
Commonwealth	4,211,048	4,238,182	4,187,707	(50,475)
Federal	153,872	156,122	149,474	(6,648)
Total revenues	\$ 24,650,741	\$ 24,680,125	\$ 25,236,917	\$ 556,792
EXPENDITURES				
Current:				
General government administration	\$ 1,789,287	\$ 1,833,214	\$ 1,705,944	\$ 127,270
Judicial administration	428,864	439,106	422,609	16,497
Public safety	3,284,168	3,342,739	3,263,777	78,962
Public works	965,278	994,283	971,266	23,017
Health and welfare	345,139	345,139	345,139	-
Education	10,787,418	15,305,247	10,631,268	4,673,979
Parks, recreation, and cultural	987,955	997,832	920,144	77,688
Community development	666,322	651,097	554,290	96,807
Nondepartmental	85,000	43,547	1,242	42,305
Total expenditures	\$ 19,339,431	\$ 23,952,204	\$ 18,815,679	\$ 5,136,525
Excess (deficiency) of revenues over (under) expenditures	\$ 5,311,310	\$ 727,921	\$ 6,421,238	\$ 5,693,317
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (6,656,230)	\$ (7,362,227)	\$ (5,586,959)	\$ 1,775,268
Total other financing sources (uses)	\$ (6,656,230)	\$ (7,362,227)	\$ (5,586,959)	\$ 1,775,268
Net change in fund balances	\$ (1,344,920)	\$ (6,634,306)	\$ 834,279	\$ 7,468,585
Fund balances - beginning, as adjusted	1,344,920	6,634,306	15,177,058	8,542,752
Fund balances - ending	\$ -	\$ -	\$ 16,011,337	\$ 16,011,337

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Recovered costs	\$ -	\$ 1,921	\$ 46,825	\$ 44,904
Intergovernmental revenues:				
Commonwealth	349,167	349,167	334,876	(14,291)
Federal	586,166	586,166	562,175	(23,991)
Total revenues	<u>\$ 935,333</u>	<u>\$ 937,254</u>	<u>\$ 943,876</u>	<u>\$ 6,622</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 1,351,949	\$ 1,361,559	\$ 1,361,559	\$ -
Total expenditures	<u>\$ 1,351,949</u>	<u>\$ 1,361,559</u>	<u>\$ 1,361,559</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (416,616)</u>	<u>\$ (424,305)</u>	<u>\$ (417,683)</u>	<u>\$ 6,622</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 416,616</u>	<u>\$ 424,305</u>	<u>\$ 417,683</u>	<u>\$ (6,622)</u>
Total other financing sources (uses)	<u>\$ 416,616</u>	<u>\$ 424,305</u>	<u>\$ 417,683</u>	<u>\$ (6,622)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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)
6/30/2011	\$ 12,786,982	\$ 16,928,451	4,141,469	75.54%	\$ 3,980,329	104.05%
6/30/2010	12,383,980	15,703,989	3,320,009	78.86%	3,980,563	83.41%
6/30/2009	12,150,634	13,917,444	1,766,810	87.31%	4,002,692	44.14%

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)
6/30/2011	\$ 2,425,620	\$ 2,839,483	413,863	85.42%	\$ 1,077,488	38.41%
6/30/2010	2,287,766	2,666,016	378,250	85.81%	1,123,779	33.66%
6/30/2009	2,180,091	2,350,923	170,832	92.73%	1,155,429	14.79%

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OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2012

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 78,090	\$ 494,588	\$ 572,678
Prepaid items	181,104	-	181,104
Receivables (net of allowance)			
Accounts receivable	-	78,892	78,892
Due from other funds	-	272,370	272,370
Due from other governmental units	79,437	-	79,437
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	<u>9,619</u>	<u>8,564</u>	<u>18,183</u>
Total assets	<u>\$ 348,250</u>	<u>\$ 854,414</u>	<u>\$ 1,202,664</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 62,316	\$ 351,261	\$ 413,577
Due to other funds	<u>19,615</u>	<u>-</u>	<u>19,615</u>
Total liabilities	<u>\$ 81,931</u>	<u>\$ 351,261</u>	<u>\$ 433,192</u>
Fund balances:			
Nonspendable:			
Prepaid items	\$ 181,104	\$ -	\$ 181,104
Restricted for:			
Swim team	-	4,219	4,219
Pool	-	4,345	4,345
Committed for:			
Animal care expenditures	9,619	-	9,619
Community development	24,735	-	24,735
Public safety	50,861	-	50,861
Assigned for:			
Capital projects	<u>-</u>	<u>494,589</u>	<u>494,589</u>
Total fund balances	<u>\$ 266,319</u>	<u>\$ 503,153</u>	<u>\$ 769,472</u>
Total liabilities and fund balances	<u>\$ 348,250</u>	<u>\$ 854,414</u>	<u>\$ 1,202,664</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2012

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
General property taxes	\$ 18,601	\$ -	\$ -	\$ 18,601
Revenue from the use of money and property	304	-	300	604
Charges for services	-	9,910	-	9,910
Miscellaneous	6,482	-	543,635	550,117
Intergovernmental revenues:				
Commonwealth	462,877	-	-	462,877
Federal	-	-	36,086	36,086
Total revenues	\$ 488,264	\$ 9,910	\$ 580,021	\$ 1,078,195
EXPENDITURES				
Current:				
Public safety	\$ 27,555	\$ -	\$ -	\$ 27,555
Health and welfare	773,848	-	-	773,848
Community development	167,028	-	-	167,028
Capital projects	-	-	1,183,663	1,183,663
Debt service:				
Principal retirement	-	193,754	-	193,754
Interest and other fiscal charges	-	181,946	-	181,946
Total expenditures	\$ 968,431	\$ 375,700	\$ 1,183,663	\$ 2,527,794
Excess (deficiency) of revenues over (under) expenditures	\$ (480,167)	\$ (365,790)	\$ (603,642)	\$ (1,449,599)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 588,833	\$ 365,790	\$ 300,237	\$ 1,254,860
Transfers out	(32,625)	-	(54,850)	(87,475)
Issuance of lease revenue bond	-	-	307,792	307,792
Total other financing sources (uses)	\$ 556,208	\$ 365,790	\$ 553,179	\$ 1,475,177
Net change in fund balances	\$ 76,041	\$ -	\$ (50,463)	\$ 25,578
Fund balances - beginning, as adjusted	190,278	-	553,616	743,894
Fund balances - ending	<u>\$ 266,319</u>	<u>\$ -</u>	<u>\$ 503,153</u>	<u>\$ 769,472</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2012

	<u>CSA Fund</u>	<u>Drug Enforcement Fund</u>	<u>Animal Care Fund</u>	<u>Conservation Easement Fund</u>	<u>Parks and Recreation Fund</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ 53,008	\$ -	\$ 25,082	\$ -	\$ 78,090
Prepaid items	-	-	-	181,104	-	181,104
Due from other governmental units	79,437	-	-	-	-	79,437
Restricted assets:						
Temporarily restricted:						
Cash and cash equivalents	-	-	9,619	-	-	9,619
Total assets	<u>\$ 79,437</u>	<u>\$ 53,008</u>	<u>\$ 9,619</u>	<u>\$ 206,186</u>	<u>\$ -</u>	<u>\$ 348,250</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 59,822	\$ 2,147	\$ -	\$ 347	\$ -	\$ 62,316
Due to other funds	19,615	-	-	-	-	19,615
Total liabilities	<u>\$ 79,437</u>	<u>\$ 2,147</u>	<u>\$ -</u>	<u>\$ 347</u>	<u>\$ -</u>	<u>\$ 81,931</u>
Fund balances:						
Nonspendable:						
Prepaid items	\$ -	\$ -	\$ -	\$ 181,104	\$ -	\$ 181,104
Committed for:						
Animal care expenditures	-	-	9,619	-	-	9,619
Community development	-	-	-	24,735	-	24,735
Public safety	-	50,861	-	-	-	50,861
Total fund balances	<u>\$ -</u>	<u>\$ 50,861</u>	<u>\$ 9,619</u>	<u>\$ 205,839</u>	<u>\$ -</u>	<u>\$ 266,319</u>
Total liabilities and fund balances	<u>\$ 79,437</u>	<u>\$ 53,008</u>	<u>\$ 9,619</u>	<u>\$ 206,186</u>	<u>\$ -</u>	<u>\$ 348,250</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2012

	CSA Fund	Drug Enforcement Fund	Animal Care Fund	Conservation Easement Fund	Parks and Recreation Fund	Total
REVENUES						
General property taxes	\$ -	\$ -	\$ -	\$ 18,601	\$ -	\$ 18,601
Revenue from the use of money and property	-	265	7	-	32	304
Miscellaneous	2,902	3,277	303	-	-	6,482
Intergovernmental revenues:						
Commonwealth	332,113	47,202	-	83,562	-	462,877
Total revenues	<u>\$ 335,015</u>	<u>\$ 50,744</u>	<u>\$ 310</u>	<u>\$ 102,163</u>	<u>\$ 32</u>	<u>\$ 488,264</u>
EXPENDITURES						
Current:						
Public safety	\$ -	\$ 27,555	\$ -	\$ -	\$ -	27,555
Health and welfare	773,848	-	-	-	-	773,848
Community development	-	-	-	167,028	-	167,028
Total expenditures	<u>\$ 773,848</u>	<u>\$ 27,555</u>	<u>\$ -</u>	<u>\$ 167,028</u>	<u>\$ -</u>	<u>\$ 968,431</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (438,833)</u>	<u>\$ 23,189</u>	<u>\$ 310</u>	<u>\$ (64,865)</u>	<u>\$ 32</u>	<u>\$ (480,167)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 438,833	\$ -	\$ -	\$ 150,000	\$ -	\$ 588,833
Transfers out	-	-	-	-	(32,625)	(32,625)
Total other financing sources (uses)	<u>\$ 438,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ (32,625)</u>	<u>\$ 556,208</u>
Net change in fund balances	\$ -	\$ 23,189	\$ 310	\$ 85,135	\$ (32,593)	\$ 76,041
Fund balances - beginning, as adjusted	-	27,672	9,309	120,704	32,593	190,278
Fund balances - ending	<u>\$ -</u>	<u>\$ 50,861</u>	<u>\$ 9,619</u>	<u>\$ 205,839</u>	<u>\$ -</u>	<u>\$ 266,319</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, 2012

	CSA				Drug Enforcement Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-	-	-	-	-
Permits, privilege fees, and regulatory licen:	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 265	\$ 265
Miscellaneous	-	-	2,902	2,902	-	-	3,277	3,277
Intergovernmental revenues:								
Commonwealth	471,297	471,297	332,113	(139,184)	-	-	47,202	47,202
Total revenues	\$ 471,297	\$ 471,297	\$ 335,015	\$ (136,282)	\$ -	\$ -	\$ 50,744	\$ 50,744
EXPENDITURES								
Current:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,555	\$ (27,555)
Health and welfare	1,022,594	1,022,594	773,848	248,746	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Total expenditures	\$ 1,022,594	\$ 1,022,594	\$ 773,848	\$ 248,746	\$ -	\$ -	\$ 27,555	\$ (27,555)
Excess (deficiency) of revenues over (under) expenditures	\$ (551,297)	\$ (551,297)	\$ (438,833)	\$ 112,464	\$ -	\$ -	\$ 23,189	\$ 23,189
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ 551,297	\$ 551,297	\$ 438,833	\$ (112,464)	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ 551,297	\$ 551,297	\$ 438,833	\$ (112,464)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,189	\$ 23,189
Fund balances - beginning, as adjusted	-	-	-	-	-	-	27,672	27,672
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,861	\$ 50,861

Animal Care Fund				Conservation Easement Fund				Parks and Recreation Fund			
Budgeted Amounts			Variance with Final Budget	Budgeted Amounts			Variance with Final Budget	Budgeted Amounts			Variance with Final Budget
Original	Final	Actual	Positive (Negative)	Original	Final	Actual	Positive (Negative)	Original	Final	Actual	Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	18,601	\$ 18,601	\$ -	\$ -	\$ -	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
\$ -	\$ -	7	7	\$ -	\$ -	-	\$ -	\$ -	\$ -	32	32
-	-	303	303	-	-	-	-	-	-	-	-
-	-	-	-	-	123,963	83,562	(40,401)	-	-	-	-
\$ -	\$ -	310	310	\$ -	123,963	102,163	\$ (21,800)	\$ -	\$ -	32	32
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	150,000	394,667	167,028	227,639	-	-	-	-
\$ -	\$ -	\$ -	\$ -	150,000	394,667	167,028	227,639	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	310	310	(150,000)	(270,704)	(64,865)	205,839	\$ -	\$ -	32	32
\$ -	\$ -	\$ -	\$ -	150,000	150,000	150,000	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-	(32,625)	(32,625)
\$ -	\$ -	\$ -	\$ -	150,000	150,000	150,000	\$ -	\$ -	\$ -	(32,625)	(32,625)
\$ -	\$ -	310	310	\$ -	(120,704)	85,135	205,839	\$ -	\$ -	(32,593)	(32,593)
-	-	9,309	9,309	-	120,704	120,704	-	-	-	32,593	32,593
\$ -	\$ -	9,619	9,619	\$ -	\$ -	205,839	205,839	\$ -	\$ -	\$ -	\$ -

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Debt Service Funds
 For the Year Ended June 30, 2012

	<u>Primary Government Debt Service Fund</u>
REVENUES	
Charges for services	\$ <u>9,910</u>
Total revenues	\$ <u>9,910</u>
EXPENDITURES	
Debt service:	
Principal retirement	\$ 193,754
Interest and other fiscal charges	<u>181,946</u>
Total expenditures	\$ <u>375,700</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(365,790)</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	\$ <u>365,790</u>
Total other financing sources (uses)	\$ <u>365,790</u>
Net change in fund balances	\$ -
Fund balances - beginning	<u>-</u>
Fund balances - ending	<u><u>-</u></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Debt Service Funds
 For the Year Ended June 30, 2012

	Primary Government Debt Service Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ 1,571	\$ 9,910	\$ 8,339
Total revenues	\$ -	\$ 1,571	\$ 9,910	\$ 8,339
EXPENDITURES				
Debt service:				
Principal retirement	\$ 210,645	\$ 211,530	\$ 193,754	\$ 17,776
Interest and other fiscal charges	163,484	164,170	181,946	(17,776)
Total expenditures	\$ 374,129	\$ 375,700	\$ 375,700	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ (374,129)	\$ (374,129)	\$ (365,790)	\$ 8,339
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 374,129	\$ 374,129	\$ 365,790	\$ (8,339)
Total other financing sources (uses)	\$ 374,129	\$ 374,129	\$ 365,790	\$ (8,339)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2012

	Parks Construction Fund	General Government Capital Projects Fund	Total
ASSETS			
Cash and cash equivalents	\$ 22,603	\$ 471,985	\$ 494,588
Restricted assets:			
Cash and cash equivalents	8,564	-	8,564
Receivables:			
Accounts receivable	-	78,892	78,892
Due from other funds	-	272,370	272,370
Total assets	<u>\$ 31,167</u>	<u>\$ 823,247</u>	<u>\$ 854,414</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 351,261	\$ 351,261
Total liabilities	<u>\$ -</u>	<u>\$ 351,261</u>	<u>\$ 351,261</u>
Fund balances:			
Restricted for:			
Swim team	\$ 4,219	\$ -	\$ 4,219
Pool	4,345	-	4,345
Assigned for:			
Capital projects	<u>22,603</u>	<u>471,986</u>	<u>494,589</u>
Total fund balances	<u>\$ 31,167</u>	<u>\$ 471,986</u>	<u>\$ 503,153</u>
Total liabilities and fund balances	<u>\$ 31,167</u>	<u>\$ 823,247</u>	<u>\$ 854,414</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2012

	Parks Construction Fund	General Government Capital Projects Fund	Total
REVENUES			
Revenue from the use of money and property	\$ 300	\$ -	\$ 300
Miscellaneous	5,877	537,758	543,635
Intergovernmental revenues:			
Federal	-	36,086	36,086
Total revenues	<u>\$ 6,177</u>	<u>\$ 573,844</u>	<u>\$ 580,021</u>
EXPENDITURES			
Capital projects	<u>\$ -</u>	<u>\$ 1,183,663</u>	<u>\$ 1,183,663</u>
Total expenditures	<u>\$ -</u>	<u>\$ 1,183,663</u>	<u>\$ 1,183,663</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 6,177</u>	<u>\$ (609,819)</u>	<u>\$ (603,642)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 300,237	\$ 300,237
Transfers out	(54,850)	-	(54,850)
Issuance of lease revenue bond	-	307,792	307,792
Total other financing sources (uses)	<u>\$ (54,850)</u>	<u>\$ 608,029</u>	<u>\$ 553,179</u>
Net change in fund balances	\$ (48,673)	\$ (1,790)	\$ (50,463)
Fund balances - beginning	<u>79,840</u>	<u>473,776</u>	<u>553,616</u>
Fund balances - ending	<u><u>\$ 31,167</u></u>	<u><u>\$ 471,986</u></u>	<u><u>\$ 503,153</u></u>

COUNTY OF CLARKE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2012

	Parks Construction Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 300	\$ 300
Miscellaneous	-	-	5,877	5,877
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	\$ -	\$ -	\$ 6,177	\$ 6,177
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 6,177	\$ 6,177
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	(54,850)	(54,850)
Issuance of debt	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ (54,850)	\$ (54,850)
Net change in fund balances	\$ -	\$ -	\$ (48,673)	\$ (48,673)
Fund balances - beginning	-	-	79,840	79,840
Fund balances - ending	\$ -	\$ -	\$ 31,167	\$ 31,167

General Government Capital Projects Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
450,307	455,307	537,758	82,451
-	56,872	-	(56,872)
-	40,297	36,086	(4,211)
<u>\$ 450,307</u>	<u>\$ 552,476</u>	<u>\$ 573,844</u>	<u>\$ 21,368</u>
<u>\$ 1,725,525</u>	<u>\$ 3,234,370</u>	<u>\$ 1,183,663</u>	<u>\$ 2,050,707</u>
<u>\$ 1,725,525</u>	<u>\$ 3,234,370</u>	<u>\$ 1,183,663</u>	<u>\$ 2,050,707</u>
<u>\$ (1,275,218)</u>	<u>\$ (2,681,894)</u>	<u>\$ (609,819)</u>	<u>\$ 2,072,075</u>
\$ 1,270,218	\$ 1,936,607	\$ 300,237	\$ (1,636,370)
-	-	-	-
-	410,694	307,792	(102,902)
<u>\$ 1,270,218</u>	<u>\$ 2,347,301</u>	<u>\$ 608,029</u>	<u>\$ (1,739,272)</u>
\$ (5,000)	\$ (334,593)	\$ (1,790)	\$ 332,803
5,000	334,593	473,776	139,183
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 471,986</u>	<u>\$ 471,986</u>

Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2012

	<u>Agency Funds</u>						
	<u>Special Welfare</u>	<u>Town of Berryville</u>	<u>Undistributed Local Sales Tax Fund</u>	<u>Cafeteria Plan Withholding Fund</u>	<u>Gang Task Force Fund</u>	<u>Unemployment Compensation Benefits Fund</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$ 18,641	\$ -	\$ -	\$ 59,835	\$ -	\$ -	\$ 78,476
Prepaid expenses	-	1,480	-	-	-	-	1,480
Due from other governments	-	57,734	175,895	-	83,658	-	317,287
Due from other funds	-	-	-	-	-	6,398	6,398
Total assets	<u>\$ 18,641</u>	<u>\$ 59,214</u>	<u>\$ 175,895</u>	<u>\$ 59,835</u>	<u>\$ 83,658</u>	<u>\$ 6,398</u>	<u>\$ 403,641</u>
LIABILITIES							
Reconciled overdraft	\$ -	\$ 45,133	\$ -	\$ -	\$ 3,405	\$ -	\$ 48,538
Accounts payable	-	4,993	-	1,288	80,253	6,398	92,932
Sales tax payable to other towns	-	-	31,178	-	-	-	31,178
Amounts held for Town	-	9,088	-	-	-	-	9,088
Due to other funds	-	-	144,717	-	-	-	144,717
Accrued liabilities	-	-	-	58,547	-	-	58,547
Amounts held for social services clients	18,641	-	-	-	-	-	18,641
Total liabilities	<u>\$ 18,641</u>	<u>\$ 59,214</u>	<u>\$ 175,895</u>	<u>\$ 59,835</u>	<u>\$ 83,658</u>	<u>\$ 6,398</u>	<u>\$ 403,641</u>
NET ASSETS							
Total net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and net assets	<u>\$ 18,641</u>	<u>\$ 59,214</u>	<u>\$ 175,895</u>	<u>\$ 59,835</u>	<u>\$ 83,658</u>	<u>\$ 6,398</u>	<u>\$ 403,641</u>

Combining Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2012

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special welfare:				
Assets:				
Cash and cash equivalents	\$ 22,514	\$ 61,521	\$ 65,394	\$ 18,641
Liabilities:				
Amounts held for social service clients	\$ 22,514	\$ 61,521	\$ 65,394	\$ 18,641
Town of Berryville:				
Assets:				
Prepaid expenses	\$ -	\$ 1,480	\$ -	\$ 1,480
Due from other governments	-	57,734	-	57,734
Total assets	\$ -	\$ 59,214	\$ -	\$ 59,214
Liabilities:				
Reconciled overdraft	\$ -	\$ 156,009	\$ 110,876	\$ 45,133
Amounts held for Town	-	9,088	-	9,088
Accounts payable	-	4,993	-	4,993
Total liabilities	\$ -	\$ 170,090	\$ 110,876	\$ 59,214
Undistributed local sales tax:				
Assets:				
Cash and cash equivalents	\$ -	\$ 983,700	\$ 983,700	\$ -
Due from other governments	170,567	175,895	170,567	175,895
Total assets	\$ 170,567	\$ 1,159,595	\$ 1,154,267	\$ 175,895
Liabilities:				
Sales tax payable to other towns	\$ 100,602	\$ 31,178	\$ 100,602	\$ 31,178
Due to other funds	69,965	144,717	69,965	144,717
Total liabilities	\$ 170,567	\$ 175,895	\$ 170,567	\$ 175,895
Cafeteria plan withholdings:				
Assets:				
Cash and cash equivalents	\$ 50,017	\$ 141,115	\$ 131,297	\$ 59,835
Liabilities:				
Accounts payable	\$ -	\$ 10,995	\$ 9,707	\$ 1,288
Accrued liabilities	50,017	141,115	132,585	58,547
Total liabilities	\$ 50,017	\$ 152,110	\$ 142,292	\$ 59,835
Gang Task Force:				
Assets:				
Due from other governments	\$ -	\$ 83,658	\$ -	\$ 83,658
Liabilities:				
Reconciled overdraft	\$ -	\$ 3,405	\$ -	\$ 3,405
Accounts payable	-	80,253	-	80,253
Total liabilities	\$ -	\$ 83,658	\$ -	\$ 83,658
Unemployment compensation benefits:				
Assets:				
Due from other funds	\$ 1,952	\$ 38,765	\$ 34,319	\$ 6,398
Liabilities:				
Accounts payable	\$ 1,952	\$ 38,765	\$ 34,319	\$ 6,398

Combining Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2012

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 72,531	\$ 1,186,336	\$ 1,180,391	\$ 78,476
Prepaid expenses	-	1,480	-	1,480
Due from other governments	170,567	317,287	170,567	317,287
Due from other funds	1,952	38,765	34,319	6,398
Total assets	<u>\$ 245,050</u>	<u>\$ 1,543,868</u>	<u>\$ 1,385,277</u>	<u>\$ 403,641</u>
Liabilities:				
Reconciled overdraft	\$ -	\$ 159,414	\$ 110,876	\$ 48,538
Amounts held for social service clients	22,514	61,521	65,394	18,641
Sales tax payable to other towns	100,602	31,178	100,602	31,178
Amounts held for Town	-	9,088	-	9,088
Accrued liabilities	50,017	141,115	132,585	58,547
Due to other funds	69,965	144,717	69,965	144,717
Accounts payable	1,952	135,006	44,026	92,932
Total liabilities	<u>\$ 245,050</u>	<u>\$ 682,039</u>	<u>\$ 523,448</u>	<u>\$ 403,641</u>

Discretely Presented Component Unit-School Board

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2012

	School Operating Fund	School Food Service Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,905,307	\$ -	\$ -	\$ 4,042	\$ 1,909,349
Receivables (net of allowance for uncollectibles):					
Accounts receivable	12,074	70,542	-	-	82,616
Due from other funds	-	-	125,377	-	125,377
Due from other governmental units	710,043	26,343	102,821	-	839,207
Prepaid items	17,073	-	-	-	17,073
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	6,138,413	-	6,138,413
Total assets	<u>\$ 2,644,497</u>	<u>\$ 96,885</u>	<u>\$ 6,366,611</u>	<u>\$ 4,042</u>	<u>\$ 9,112,035</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Reconciled overdraft	\$ -	\$ 20,776	\$ 174,640	\$ -	\$ 195,416
Accounts payable	172,365	22,320	1,237,262	-	1,431,947
Accrued liabilities	1,904,807	53,789	-	-	1,958,596
Due to primary government	566,825	-	-	-	566,825
Total liabilities	<u>\$ 2,643,997</u>	<u>\$ 96,885</u>	<u>\$ 1,411,902</u>	<u>\$ -</u>	<u>\$ 4,152,784</u>
Fund balances:					
Nonspendable items:					
Prepaid items	\$ 17,073	\$ -	\$ -	\$ -	\$ 17,073
Restricted for:					
Construction	-	-	4,954,709	-	4,954,709
Assigned for:					
School operating	500	-	-	-	500
Capital projects	-	-	-	4,042	4,042
Unassigned	(17,073)	-	-	-	(17,073)
Total fund balances	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 4,954,709</u>	<u>\$ 4,042</u>	<u>\$ 4,959,251</u>
Total liabilities and fund balances	<u>\$ 2,644,497</u>	<u>\$ 96,885</u>	<u>\$ 6,366,611</u>	<u>\$ 4,042</u>	<u>\$ 9,112,035</u>

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

Total fund balances per above	\$ 4,959,251
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,325,010
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 (Note 6).	(6,138,413)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(535,176)
Net assets of governmental activities	<u>\$ 9,610,672</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, 2012

	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	\$ 35,842	\$ 180	\$ -	\$ 452	\$ 36,474
Charges for services	159,102	516,507	-	-	675,609
Miscellaneous	59,105	-	-	-	59,105
Recovered costs	61,793	-	13,178	-	74,971
Intergovernmental revenues:					
Local government	9,633,639	-	982,586	-	10,616,225
Commonwealth	7,658,228	9,112	219,187	-	7,886,527
Federal	979,991	233,688	40,590	-	1,254,269
Total revenues	<u>\$ 18,587,700</u>	<u>\$ 759,487</u>	<u>\$ 1,255,541</u>	<u>\$ 452</u>	<u>\$ 20,603,180</u>
EXPENDITURES					
Current:					
Education	\$ 18,550,613	\$ 796,574	\$ -	\$ -	\$ 19,347,187
Capital projects	-	-	13,485,080	-	13,485,080
Total expenditures	<u>\$ 18,550,613</u>	<u>\$ 796,574</u>	<u>\$ 13,485,080</u>	<u>\$ -</u>	<u>\$ 32,832,267</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 37,087</u>	<u>\$ (37,087)</u>	<u>\$ (12,229,539)</u>	<u>\$ 452</u>	<u>\$ (12,229,087)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 37,087	\$ -	\$ -	\$ 37,087
Transfers out	<u>(37,087)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,087)</u>
Total other financing sources (uses)	<u>\$ (37,087)</u>	<u>\$ 37,087</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ (12,229,539)	\$ 452	\$ (12,229,087)
Fund balances - beginning	<u>500</u>	<u>-</u>	<u>17,184,248</u>	<u>3,590</u>	<u>17,188,338</u>
Fund balances - ending	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 4,954,709</u>	<u>\$ 4,042</u>	<u>\$ 4,959,251</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	\$ (12,229,087)
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.	14,977,371
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	<u>(34,251)</u>
Change in net assets of governmental activities	<u>\$ 2,714,033</u>

COUNTY OF CLARKE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2012

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 45,332	\$ 45,332	\$ 35,842	\$ (9,490)
Charges for services	201,015	153,747	159,102	5,355
Miscellaneous	68,435	58,941	59,105	164
Recovered costs	34,148	58,890	61,793	2,903
Intergovernmental revenues:				
Local government	10,081,457	10,081,457	9,633,639	(447,818)
Commonwealth	7,560,316	7,631,044	7,658,228	27,184
Federal	1,057,382	1,078,771	979,991	(98,780)
Total revenues	<u>\$ 19,048,085</u>	<u>\$ 19,108,182</u>	<u>\$ 18,587,700</u>	<u>\$ (520,482)</u>
EXPENDITURES				
Current:				
Education	\$ 19,033,109	\$ 19,008,182	\$ 18,550,613	\$ 457,569
Total expenditures	<u>\$ 19,033,109</u>	<u>\$ 19,008,182</u>	<u>\$ 18,550,613</u>	<u>\$ 457,569</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 14,976</u>	<u>\$ 100,000</u>	<u>\$ 37,087</u>	<u>\$ (62,913)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(14,976)	(100,000)	(37,087)	62,913
Total other financing sources (uses)	<u>\$ (14,976)</u>	<u>\$ (100,000)</u>	<u>\$ (37,087)</u>	<u>\$ 62,913</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	500	500
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 500</u>

School Food Service Fund				
Budgeted Amounts		Actual	Variance with Final Budget	
Original	Final		Positive	(Negative)
\$ 20	\$ 20	\$ 180	\$ 160	
545,836	545,836	516,507	(29,329)	
-	-	-	-	
-	-	-	-	
-	-	-	-	
9,400	9,400	9,112	(288)	
210,000	210,000	233,688	23,688	
<u>\$ 765,256</u>	<u>\$ 765,256</u>	<u>\$ 759,487</u>	<u>\$ (5,769)</u>	
<u>\$ 780,232</u>	<u>\$ 780,232</u>	<u>\$ 796,574</u>	<u>\$ (16,342)</u>	
<u>\$ 780,232</u>	<u>\$ 780,232</u>	<u>\$ 796,574</u>	<u>\$ (16,342)</u>	
<u>\$ (14,976)</u>	<u>\$ (14,976)</u>	<u>\$ (37,087)</u>	<u>\$ (22,111)</u>	
\$ 14,976	\$ 14,976	\$ 37,087	\$ 22,111	
-	-	-	-	
<u>\$ 14,976</u>	<u>\$ 14,976</u>	<u>\$ 37,087</u>	<u>\$ 22,111</u>	
\$ -	\$ -	\$ -	\$ -	
-	-	-	-	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Balance Sheet

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

June 30, 2012

	<u>School Capital Project Proffers Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>4,042</u>
Total assets	\$ <u><u>4,042</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Total liabilities	\$ <u>-</u>
Fund balances:	
Assigned for:	
Capital projects	\$ <u>4,042</u>
Total fund balances	\$ <u>4,042</u>
Total liabilities and fund balances	\$ <u><u>4,042</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, 2012

	<u>School Capital Project Proffers Fund</u>
REVENUES	
Revenue from the use of money and property	\$ <u>452</u>
Total revenues	\$ <u>452</u>
EXPENDITURES	
Current:	
Capital projects	\$ <u>-</u>
Total expenditures	\$ <u>-</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>452</u>
Net change in fund balances	\$ 452
Fund balances - beginning	<u>3,590</u>
Fund balances - ending	<u><u>4,042</u></u>

COUNTY OF CLARKE, VIRGINIA

Schedule 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, 2012

	Capital Projects Proffers Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 452	\$ 452
Miscellaneous	-	-	-	-
Recovered costs	-	-	-	-
Intergovernmental revenues:				
Local government	-	-	-	-
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	\$ -	\$ -	\$ 452	\$ 452
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 452	\$ 452
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 452	\$ 452
Fund balances - beginning	-	-	3,590	3,590
Fund balances - ending	\$ -	\$ -	\$ 4,042	\$ 4,042

School Capital Projects Fund				Variance with Final Budget Positive (Negative)
Budgeted Amounts		Actual		
Original	Final			
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
-	21,035	13,178	-	(7,857)
-	5,208,747	982,586	-	(4,226,161)
154,000	288,321	219,187	-	(69,134)
-	52,510	40,590	-	(11,920)
<u>\$ 154,000</u>	<u>\$ 5,570,613</u>	<u>\$ 1,255,541</u>	<u>\$</u>	<u>(4,315,072)</u>
<u>\$ 844,918</u>	<u>\$ 22,754,863</u>	<u>\$ 13,485,080</u>	<u>\$</u>	<u>9,269,783</u>
<u>\$ 844,918</u>	<u>\$ 22,754,863</u>	<u>\$ 13,485,080</u>	<u>\$</u>	<u>9,269,783</u>
<u>\$ (690,918)</u>	<u>\$ (17,184,250)</u>	<u>\$ (12,229,539)</u>	<u>\$</u>	<u>4,954,711</u>
<u>\$ 690,918</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>-</u>
<u>\$ 690,918</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>-</u>
-	(17,184,250)	(12,229,539)	-	4,954,711
-	17,184,250	17,184,248	-	(2)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,954,709</u>	<u>\$</u>	<u>4,954,709</u>

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Discretely Presented Component Unit – Sanitary Authority

Statement of Fund Net Assets
 Discretely Presented Component Unit - Sanitary Authority
 As of June 30, 2012

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 895,453	\$ 641,604	\$ 1,537,057
Accounts receivable (net of allowance for uncollectible accounts)	41,326	51,343	92,669
Prepaid expenses	6,102	6,102	12,204
Total current assets	\$ 942,881	\$ 699,049	\$ 1,641,930
Noncurrent assets:			
Capital assets:			
Land	\$ 13,200	\$ -	\$ 13,200
Utility plant in service	4,997,753	6,816,738	11,814,491
Less accumulated depreciation	(2,006,896)	(528,059)	(2,534,955)
Sub-total	\$ 3,004,057	\$ 6,288,679	\$ 9,292,736
Construction work in progress	287,733	-	287,733
Total capital assets	\$ 3,291,790	\$ 6,288,679	\$ 9,580,469
Total noncurrent assets	\$ 3,291,790	\$ 6,288,679	\$ 9,580,469
Total assets	\$ 4,234,671	\$ 6,987,728	\$ 11,222,399
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 20,902	\$ 25,433	\$ 46,335
Unearned revenue	12,976	-	12,976
Bonds payable - current portion	76,852	207,052	283,904
Total current liabilities	\$ 110,730	\$ 232,485	\$ 343,215
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 1,364,634	\$ 3,483,572	\$ 4,848,206
Total noncurrent liabilities	\$ 1,364,634	\$ 3,483,572	\$ 4,848,206
Total liabilities	\$ 1,475,364	\$ 3,716,057	\$ 5,191,421
NET ASSETS			
Invested in capital assets, net of related debt	\$ 1,850,304	\$ 2,598,055	\$ 4,448,359
Unrestricted	909,003	673,616	1,582,619
Total net assets	\$ 2,759,307	\$ 3,271,671	\$ 6,030,978
Total liabilities and net assets	\$ 4,234,671	\$ 6,987,728	\$ 11,222,399

Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Discretely Presented Component Unit - Sanitary Authority
 For the Year Ended June 30, 2012

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services:			
Customer service charges	\$ 208,013	\$ 237,987	\$ 446,000
Connection fees	1,327	2,546	3,873
Miscellaneous	2,871	22,250	25,121
Total operating revenues	\$ 212,211	\$ 262,783	\$ 474,994
OPERATING EXPENSES			
Insurance	\$ 6,181	\$ 6,181	\$ 12,362
Miscellaneous	1,115	42	1,157
Office supplies and expenses	1,886	591	2,477
Plant maintenance	16,172	83,002	99,174
Pipeline repairs	4,828	-	4,828
Pump station maintenance	-	5,900	5,900
Grinder pump maintenance	-	16,609	16,609
Operating supplies / small equipment	4,174	34,451	38,625
Professional services	105,097	132,287	237,384
Salaries and wages	15,145	15,145	30,290
Benefits	4,528	4,528	9,056
Testing services	1,291	7,963	9,254
Utilities	24,075	56,566	80,641
Depreciation	129,409	171,257	300,666
Total operating expenses	\$ 313,901	\$ 534,522	\$ 848,423
Operating income (loss)	\$ (101,690)	\$ (271,739)	\$ (373,429)
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	\$ 5,737	\$ 4,986	\$ 10,723
Tower rental	137,226	-	137,226
County operating subsidy	-	10,000	10,000
Interest expense	(19,046)	-	(19,046)
Total nonoperating revenues (expenses)	\$ 123,917	\$ 14,986	\$ 138,903
Income before contributions and transfers	\$ 22,227	\$ (256,753)	\$ (234,526)
Contributed capital - plant	\$ -	\$ 225,000	\$ 225,000
Contributed capital - availability fees	500	-	500
Change in net assets	\$ 22,727	\$ (31,753)	\$ (9,026)
Total net assets - beginning	2,736,580	3,303,424	6,040,004
Total net assets - ending	\$ 2,759,307	\$ 3,271,671	\$ 6,030,978

Statement of Cash Flows
 Discretely Presented Component Unit - Sanitary Authority
 For the Year Ended June 30, 2012

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 215,505	\$ 261,780	\$ 477,285
Payments to suppliers	(212,712)	(352,170)	(564,882)
Payments to and on behalf of employees	(19,673)	(19,673)	(39,346)
Net cash provided by (used for) operating activities	\$ (16,880)	\$ (110,063)	\$ (126,943)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Tower rental	\$ 137,226	\$ -	\$ 137,226
Operating subsidy from Clarke County	-	10,000	10,000
Net cash provided by (used for) noncapital financing activities	\$ 137,226	\$ 10,000	\$ 147,226
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of property, plant and equipment	\$ (120,967)	\$ (225,000)	\$ (345,967)
Capital contributions	500	225,000	225,500
Retirements of long-term indebtedness	(75,807)	(207,052)	(282,859)
Interest payments	(19,046)	-	(19,046)
Net cash provided by (used for) capital and related financing activities	\$ (215,320)	\$ (207,052)	\$ (422,372)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	\$ 5,737	\$ 4,986	\$ 10,723
Net cash provided by (used for) investing activities	\$ 5,737	\$ 4,986	\$ 10,723
Net increase (decrease) in cash and cash equivalents	\$ (89,237)	\$ (302,129)	\$ (391,366)
Cash and cash equivalents - beginning	984,690	943,733	1,928,423
Cash and cash equivalents - ending	\$ 895,453	\$ 641,604	\$ 1,537,057
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (101,690)	\$ (271,739)	\$ (373,429)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	129,409	171,257	300,666
(Increase) decrease in accounts receivable	1,601	(1,003)	598
(Increase) decrease in prepaid expenses	29	29	58
Increase (decrease) in accounts payable	(47,922)	(8,607)	(56,529)
Increase (decrease) deferred revenue	1,693	-	1,693
Total adjustments	\$ 84,810	\$ 161,676	\$ 246,486
Net cash provided by (used for) operating activities	\$ (16,880)	\$ (110,063)	\$ (126,943)

Discretely Presented Component Unit-Industrial Development Authority

Statement of Fund Net Assets
 Discretely Presented Component Unit - Industrial Development Authority
 As of June 30, 2012

	Industrial Development Authority
	<u> </u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ <u> 138,422</u>
Total assets	\$ <u><u> 138,422</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ <u> 1,560</u>
Total liabilities	\$ <u> 1,560</u>
NET ASSETS	
Unrestricted	<u> 136,862</u>
Total net assets	\$ <u><u> 136,862</u></u>

Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Discretely Presented Component Unit - Industrial Development Authority
 For the Year Ended June 30, 2012

	Industrial Development Authority
OPERATING REVENUES	
Charges for services:	
Bond repayment fee	\$ 9,285
Miscellaneous	<u>778</u>
Total operating revenues	<u>\$ 10,063</u>
OPERATING EXPENSES	
Contribution to Lord Fairfax Small Business Park	\$ 5,000
Professional services	1,690
Board members' fee	1,100
Insurance	1,278
Miscellaneous	<u>13</u>
Total operating expenses	<u>\$ 9,081</u>
Operating income (loss)	<u>\$ 982</u>
NONOPERATING REVENUES (EXPENSES)	
Unrealized gain (loss) on investments	<u>\$ 5,816</u>
Total nonoperating revenues (expenses)	<u>\$ 5,816</u>
Change in net assets	\$ 6,798
Total net assets - beginning	<u>130,064</u>
Total net assets - ending	<u><u>\$ 136,862</u></u>

Statement of Cash Flows
 Discretely Presented Component Unit - Industrial Development Authority
 For the Year Ended June 30, 2012

	<u>Industrial Development Authority</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to suppliers	\$ <u>(7,521)</u>
Net cash provided (used) by operating activities	\$ <u>2,542</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Unrealized gain (loss) on investments	\$ <u>5,816</u>
Net cash provided (used) by investing activities	\$ <u>5,816</u>
Net increase (decrease) in cash and cash equivalents	\$ 8,358
Cash and cash equivalents - beginning	<u>130,064</u>
Cash and cash equivalents - ending	\$ <u><u>138,422</u></u>

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

Supporting Schedules

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Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2012

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 13,451,374	\$ 13,451,374	\$ 13,395,988	\$ (55,386)
Real and personal public service corporation taxes	356,500	356,500	385,872	29,372
Personal property taxes	3,074,592	3,074,592	3,317,744	243,152
Mobile home taxes	1,049	1,049	699	(350)
Machinery and tools taxes	198,670	198,670	207,657	8,987
Penalties	123,172	123,172	150,465	27,293
Interest	88,268	88,268	92,611	4,343
Total general property taxes	\$ 17,293,625	\$ 17,293,625	\$ 17,551,036	\$ 257,411
Other local taxes:				
Local sales and use taxes	\$ 752,000	\$ 752,000	\$ 809,340	\$ 57,340
Consumers' utility taxes	376,348	376,348	377,700	1,352
Consumption taxes	36,991	36,991	33,732	(3,259)
Motor vehicle licenses	290,976	290,976	302,478	11,502
Taxes on recordation and wills	164,385	164,385	222,990	58,605
Franchise license taxes	5,000	5,000	21,629	16,629
Transient occupancy taxes	16,058	16,058	23,851	7,793
Business license taxes	24,000	24,000	23,210	(790)
Total other local taxes	\$ 1,665,758	\$ 1,665,758	\$ 1,814,930	\$ 149,172
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,463	\$ 10,463	\$ 11,077	\$ 614
Land use application fees	3,500	3,500	3,600	100
Animal shelter fees	6,909	6,909	11,065	4,156
Building and related permits	94,100	94,100	106,583	12,483
Zoning and subdivision	45,000	45,000	96,953	51,953
Transfer fees	601	601	447	(154)
Signs permits and inspection fees	1,000	1,000	200	(800)
Weapons permits	5,000	5,000	5,686	686
Other permits and fees	3,578	3,578	1,269	(2,309)
Total permits, privilege fees, and regulatory licenses	\$ 170,151	\$ 170,151	\$ 236,880	\$ 66,729
Fines and forfeitures:				
Court fines and forfeitures	\$ 290,000	\$ 290,000	\$ 362,725	\$ 72,725
Total fines and forfeitures	\$ 290,000	\$ 290,000	\$ 362,725	\$ 72,725
Revenue from use of money and property:				
Revenue from use of money	\$ 81,048	\$ 81,048	\$ 48,265	\$ (32,783)
Revenue from use of property	51,772	51,772	51,774	2
Total revenue from use of money and property	\$ 132,820	\$ 132,820	\$ 100,039	\$ (32,781)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Sheriff's fees	\$ 800	\$ 800	\$ 796	\$ (4)
Charges for emergency medical services	11,600	11,600	43,333	31,733
Charges for courthouse security	55,000	55,000	63,160	8,160
Charges for jail processing	1,200	1,200	1,988	788
Court appointed attorney	273	273	978	705
Charges for other localities	59,282	59,282	85,234	25,952
Charges for Commonwealth's Attorney	573	573	1,923	1,350
Charges for planning and community development	200	200	26	(174)
Charges for parks and recreation	377,690	377,690	403,203	25,513
Charges for engineer's fees/biosolids applications	26,000	26,000	24,127	(1,873)
Other charges for services	27,000	27,000	28,281	1,281
Total charges for services	\$ 559,618	\$ 559,618	\$ 653,049	\$ 93,431
Miscellaneous revenue:				
Miscellaneous	\$ 46,250	\$ 46,250	\$ 39,101	\$ (7,149)
Total miscellaneous revenue	\$ 46,250	\$ 46,250	\$ 39,101	\$ (7,149)
Recovered costs:				
Gas tax refund	\$ 8,318	\$ 8,318	\$ 9,397	\$ 1,079
Insurance recovery	17,384	17,384	16,267	(1,117)
Gifts & donations in lieu of taxes	3,000	3,000	2,500	(500)
Sale of salvage and surplus property	3,327	3,327	148	(3,179)
Loan repayment	3,495	3,495	3,494	(1)
Recycling and other rebates and refunds	92,075	92,075	110,170	18,095
Total recovered costs	\$ 127,599	\$ 127,599	\$ 141,976	\$ 14,377
Total revenue from local sources	\$ 20,285,821	\$ 20,285,821	\$ 20,899,736	\$ 613,915
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 19,426	\$ 19,426	\$ 20,821	\$ 1,395
Mobile home titling tax	45	45	35	(10)
Taxes on deeds	110,198	110,198	61,801	(48,397)
Quarterly rental tax	2,464	2,464	1,782	(682)
Communications tax	449,600	449,600	469,025	19,425
Personal property tax relief funds	2,483,842	2,483,842	2,483,842	-
Total noncategorical aid	\$ 3,065,575	\$ 3,065,575	\$ 3,037,306	\$ (28,269)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 175,237	\$ 175,237	\$ 174,246	\$ (991)
Sheriff	679,680	679,680	688,383	8,703
Commissioner of revenue	77,830	77,830	73,934	(3,896)
Treasurer	79,095	79,095	78,887	(208)
Registrar/electoral board	30,414	35,066	40,186	5,120
Clerk of the Circuit Court	9,657	9,657	4,519	(5,138)
Total shared expenses	<u>\$ 1,051,913</u>	<u>\$ 1,056,565</u>	<u>\$ 1,060,155</u>	<u>\$ 3,590</u>
Other categorical aid:				
Fire programs fund	\$ 40,905	\$ 63,387	\$ 63,387	-
Litter control grant	5,429	5,429	6,000	571
Virginia Commission for the Arts	5,000	5,000	5,000	-
Local law enforcement block grant	4,500	4,500	3,766	(734)
Divison of historic landmarks	24,500	24,500	8,700	(15,800)
Other categorical aid	13,226	13,226	3,393	(9,833)
Total other categorical aid	<u>\$ 93,560</u>	<u>\$ 116,042</u>	<u>\$ 90,246</u>	<u>\$ (25,796)</u>
Total categorical aid	<u>\$ 1,145,473</u>	<u>\$ 1,172,607</u>	<u>\$ 1,150,401</u>	<u>\$ (22,206)</u>
Total revenue from the Commonwealth	<u>\$ 4,211,048</u>	<u>\$ 4,238,182</u>	<u>\$ 4,187,707</u>	<u>\$ (50,475)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 5,554</u>	<u>\$ 5,554</u>	<u>\$ 5,715</u>	<u>\$ 161</u>
Categorical aid:				
Crime victim assistance	\$ 30,784	\$ 30,784	\$ 27,883	\$ (2,901)
ARRA - Byrne justice memorial assistance grant	10,789	10,789	56	(10,733)
Gang free schools and communities	65,000	65,000	62,468	(2,532)
DMV 402 grant	7,677	7,677	10,754	3,077
DMV CPSF grant	3,314	3,314	-	(3,314)
Disaster relief	-	-	4,953	4,953
Violence against women formula grants	30,754	33,004	37,645	4,641
Total categorical aid	<u>\$ 148,318</u>	<u>\$ 150,568</u>	<u>\$ 143,759</u>	<u>\$ (6,809)</u>
Total revenue from the federal government	<u>\$ 153,872</u>	<u>\$ 156,122</u>	<u>\$ 149,474</u>	<u>\$ (6,648)</u>
Total General Fund	<u><u>\$ 24,650,741</u></u>	<u><u>\$ 24,680,125</u></u>	<u><u>\$ 25,236,917</u></u>	<u><u>\$ 556,792</u></u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Recovered costs:				
Payments from other jurisdictions	\$ -	\$ -	\$ 38,895	\$ 38,895
Expenditure refunds	-	1,921	7,930	6,009
Total recovered costs	\$ -	\$ 1,921	\$ 46,825	\$ 44,904
Total revenue from local sources	\$ -	\$ 1,921	\$ 46,825	\$ 44,904
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 349,167	\$ 349,167	\$ 334,876	\$ (14,291)
Total categorical aid	\$ 349,167	\$ 349,167	\$ 334,876	\$ (14,291)
Total revenue from the Commonwealth	\$ 349,167	\$ 349,167	\$ 334,876	\$ (14,291)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 586,166	\$ 586,166	\$ 562,175	\$ (23,991)
Total categorical aid	\$ 586,166	\$ 586,166	\$ 562,175	\$ (23,991)
Total revenue from the federal government	\$ 586,166	\$ 586,166	\$ 562,175	\$ (23,991)
Total Virginia Public Assistance Fund	\$ 935,333	\$ 937,254	\$ 943,876	\$ 6,622
Comprehensive services fund:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 2,902	\$ 2,902
Total miscellaneous revenue	\$ -	\$ -	\$ 2,902	\$ 2,902
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive services	\$ 471,297	\$ 471,297	\$ 332,113	\$ (139,184)
Total categorical aid	\$ 471,297	\$ 471,297	\$ 332,113	\$ (139,184)
Total revenue from the Commonwealth	\$ 471,297	\$ 471,297	\$ 332,113	\$ (139,184)
Total comprehensive services fund	\$ 471,297	\$ 471,297	\$ 335,015	\$ (136,282)
Drug Enforcement Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 265	\$ 265
Total revenue from use of money and property	\$ -	\$ -	\$ 265	\$ 265
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ -	\$ 3,277	\$ 3,277
Total miscellaneous revenue	\$ -	\$ -	\$ 3,277	\$ 3,277
Total revenue from local sources	\$ -	\$ -	\$ 3,542	\$ 3,542

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Drug Enforcement Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 47,202	\$ 47,202
Total revenue from the Commonwealth	\$ -	\$ -	\$ 47,202	\$ 47,202
Total drug enforcement fund	\$ -	\$ -	\$ 50,744	\$ 50,744
Animal Care Fund:				
Revenue from local sources:				
Revenue from use of money:				
Revenue from the use of money	\$ -	\$ -	\$ 7	\$ 7
Total revenue from use of money	\$ -	\$ -	\$ 7	\$ 7
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ -	\$ 303	\$ 303
Total miscellaneous revenue	\$ -	\$ -	\$ 303	\$ 303
Total Animal Care Fund	\$ -	\$ -	\$ 310	\$ 310
Conservation Easement Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ -	\$ -	\$ 18,601	\$ 18,601
Revenue from the Commonwealth:				
Other categorical aid:				
Conservation easement grants	\$ -	\$ 123,963	\$ 83,562	\$ (40,401)
Total Parks and Recreation Fund	\$ -	\$ 123,963	\$ 102,163	\$ (21,800)
Parks and Recreation Fund:				
Revenue from local sources:				
Revenue from use of money:				
Revenue from the use of money	\$ -	\$ -	\$ 32	\$ 32
Total revenue from local sources	\$ -	\$ -	\$ 32	\$ 32
Total Parks and Recreation Fund	\$ -	\$ -	\$ 32	\$ 32
Debt Service Funds:				
School Debt Service Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 17,325	\$ 17,325	\$ 27,976	\$ 10,651
Total revenue from use of money and property	\$ 17,325	\$ 17,325	\$ 27,976	\$ 10,651
Total revenue from local sources	\$ 17,325	\$ 17,325	\$ 27,976	\$ 10,651
Revenue from the federal government:				
Categorical aid:				
BAB interest subsidy	\$ 130,348	\$ 130,348	\$ 130,343	\$ (5)
Total School Debt Service Fund	\$ 147,673	\$ 147,673	\$ 158,319	\$ 10,646

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Debt Service Fund:				
Revenue from local sources:				
Charges for services:				
Charges for services	\$ -	\$ 1,571	\$ 9,910	\$ 8,339
Total charges for services	\$ -	\$ 1,571	\$ 9,910	\$ 8,339
Total revenue from local sources	\$ -	\$ 1,571	\$ 9,910	\$ 8,339
Total General Debt Service Fund	<u>\$ -</u>	<u>\$ 1,571</u>	<u>\$ 9,910</u>	<u>\$ 8,339</u>
Capital Projects Fund:				
General Government Capital Projects Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Gifts and donations	\$ 450,307	\$ 455,307	\$ 537,758	\$ 82,451
Total revenue from local sources	<u>\$ 450,307</u>	<u>\$ 455,307</u>	<u>\$ 537,758</u>	<u>\$ 82,451</u>
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	\$ -	\$ 56,872	\$ -	\$ (56,872)
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 56,872</u>	<u>\$ -</u>	<u>\$ (56,872)</u>
Revenue from the federal government:				
Categorical aid:				
ARRA RLEA rural justice grant	\$ -	\$ 40,297	\$ 36,086	\$ (4,211)
Total categorical aid	<u>\$ -</u>	<u>\$ 40,297</u>	<u>\$ 36,086</u>	<u>\$ (4,211)</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 40,297</u>	<u>\$ 36,086</u>	<u>\$ (4,211)</u>
Total General Government Capital Projects Fund	<u>\$ 450,307</u>	<u>\$ 552,476</u>	<u>\$ 573,844</u>	<u>\$ 21,368</u>
Parks Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 300	\$ 300
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 300</u>
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 599	\$ 599
Gifts and donations	-	-	5,278	5,278
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,877</u>	<u>\$ 5,877</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,177</u>	<u>\$ 6,177</u>
Total Parks Construction Fund:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,177</u>	<u>\$ 6,177</u>
Total Primary Government	<u>\$ 26,655,351</u>	<u>\$ 26,790,396</u>	<u>\$ 27,417,307</u>	<u>\$ 524,748</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
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	\$ 45,332	\$ 45,332	\$ 35,842	\$ (9,490)
Charges for services:				
Tuition	\$ 156,973	\$ 98,937	\$ 107,243	\$ 8,306
Town of Berryville Crossing	5,000	5,000	5,000	-
Facility use fees	39,042	49,810	46,859	(2,951)
Total charges for services	\$ 201,015	\$ 153,747	\$ 159,102	\$ 5,355
Miscellaneous revenue:				
Other miscellaneous	\$ 48,263	\$ 40,469	\$ 30,867	\$ (9,602)
Private gifts and donations	20,172	18,472	28,238	9,766
Total miscellaneous revenue	\$ 68,435	\$ 58,941	\$ 59,105	\$ 164
Recovered costs:				
Rebates and refunds	\$ 20,247	\$ 51,363	\$ 55,943	\$ 4,580
Insurance recoveries	10,200	2,000	-	(2,000)
Sale of equipment	3,701	5,527	5,850	323
Total recovered costs	\$ 34,148	\$ 58,890	\$ 61,793	\$ 2,903
Total revenue from local sources	\$ 348,930	\$ 316,910	\$ 315,842	\$ (1,068)
Revenues from local governments:				
Contribution from County of Clarke, Virginia	\$ 10,081,457	\$ 10,081,457	\$ 9,633,639	\$ (447,818)
Total revenues from local governments	\$ 10,081,457	\$ 10,081,457	\$ 9,633,639	\$ (447,818)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,918,707	\$ 1,926,465	\$ 1,977,865	\$ 51,400
At risk payments	11,857	12,128	12,128	-
Basic school aid	4,092,853	4,212,511	4,209,184	(3,327)
Foster home children	30,172	28,826	11,146	(17,680)
Gifted and talented children	42,646	43,700	43,703	3
Homebound education	3,878	938	938	-
Preschool At-Risk	18,000	18,000	18,000	-
Special education - soq	417,185	427,499	427,526	27
Special education - foster children	18,005	18,005	39,475	21,470
Vocational education - soq	74,166	76,000	76,005	5
Vocational equipment	4,328	4,819	4,819	-
Vocational - occupational	17,615	18,511	7,813	(10,698)
Textbook payments	37,602	38,532	38,534	2
Remedial education	35,229	36,100	36,102	2

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012 (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)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Share of fringe benefits	455,195	466,449	466,479	30
Remedial summer school	20,463	9,805	9,805	-
Regional program tuition	94,728	52,459	48,676	(3,783)
Industry certification program	1,692	2,026	7,480	5,454
Mentor teacher program	2,963	2,963	2,533	(430)
SOL algebra readiness	5,939	5,939	5,939	-
Early intervention	11,591	10,142	10,142	-
ISAEF	7,859	7,859	7,859	-
English as a second language	9,714	10,239	10,239	-
Supplemental support	120,168	123,139	123,147	8
Project graduation	-	15,978	8,227	(7,751)
Regional tuition	105,012	52,923	52,390	(533)
Other categorical aid	2,749	9,089	2,074	(7,015)
Total categorical aid	\$ 7,560,316	\$ 7,631,044	\$ 7,658,228	\$ 27,184
Total revenue from the Commonwealth	\$ 7,560,316	\$ 7,631,044	\$ 7,658,228	\$ 27,184
Revenue from the federal government:				
Categorical aid:				
Title I part A: Grants to local educational agencies	\$ 194,053	\$ 172,000	\$ 118,371	\$ (53,629)
Title II part A: Improving teacher quality	68,906	99,279	116,136	16,857
Title II part D: Education technology state grants	1,925	4,256	2,214	(2,042)
Title II part D: Education technology state grants - ARRA	-	4,871	4,871	-
Title III, Part A: English language acquisition grants	3,274	4,601	10,046	5,445
Medicaid	7,353	7,353	2,979	(4,374)
Education jobs fund - ARRA	360,614	360,614	365,688	5,074
Vocational education basic grants to states	23,881	22,390	20,248	(2,142)
Title VI-B: Special education grants to states	384,085	387,367	324,198	(63,169)
Title VI-B: Special education grants to states - ARRA	-	5,040	5,040	-
Special education preschool handicapped grant	13,291	11,000	10,200	(800)
Total categorical aid	\$ 1,057,382	\$ 1,078,771	\$ 979,991	\$ (98,780)
Total revenue from the federal government	\$ 1,057,382	\$ 1,078,771	\$ 979,991	\$ (98,780)
Total School Operating Fund	\$ 19,048,085	\$ 19,108,182	\$ 18,587,700	\$ (520,482)
School Food Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 20	\$ 20	\$ 180	\$ 160
Total revenue from use of money and property	\$ 20	\$ 20	\$ 180	\$ 160
Charges for services:				
Cafeteria sales	\$ 545,836	\$ 545,836	\$ 516,507	\$ (29,329)
Total charges for services	\$ 545,836	\$ 545,836	\$ 516,507	\$ (29,329)
Total revenue from local sources	\$ 545,856	\$ 545,856	\$ 516,687	\$ (29,169)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012 (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)				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 9,400	\$ 9,400	\$ 9,112	\$ (288)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 210,000	\$ 210,000	\$ 233,688	\$ 23,688
Total categorical aid	<u>210,000</u>	<u>210,000</u>	<u>233,688</u>	<u>23,688</u>
Total revenue from the federal government	<u>210,000</u>	<u>210,000</u>	<u>233,688</u>	<u>23,688</u>
Total School Food Service Fund	<u>\$ 765,256</u>	<u>\$ 765,256</u>	<u>\$ 759,487</u>	<u>\$ (5,769)</u>
Capital Projects Funds:				
School Capital Projects Fund:				
Recovered costs:				
Other recovered costs	\$ -	\$ 21,035	\$ 13,178	\$ (7,857)
Total recovered costs	<u>\$ -</u>	<u>\$ 21,035</u>	<u>\$ 13,178</u>	<u>\$ (7,857)</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 21,035</u>	<u>\$ 13,178</u>	<u>\$ (7,857)</u>
Revenues from local governments:				
Contribution from County of Clarke , Virginia	<u>\$ -</u>	<u>\$ 5,208,747</u>	<u>\$ 982,586</u>	<u>\$ (4,226,161)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Instructional technology grant	\$ 154,000	\$ 288,321	\$ 219,187	\$ (69,134)
Total revenue from the Commonwealth	<u>\$ 154,000</u>	<u>\$ 288,321</u>	<u>\$ 219,187</u>	<u>\$ (69,134)</u>
Categorical aid:				
ARRA - Longitudinal data system	\$ -	\$ 52,510	\$ 40,590	\$ (11,920)
Total categorical aid	<u>\$ -</u>	<u>\$ 52,510</u>	<u>\$ 40,590</u>	<u>\$ (11,920)</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 52,510</u>	<u>\$ 40,590</u>	<u>\$ (11,920)</u>
Total School Capital Projects Fund	<u>\$ 154,000</u>	<u>\$ 5,570,613</u>	<u>\$ 1,255,541</u>	<u>\$ (4,315,072)</u>
School Capital Projects Proffers Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 452	\$ 452
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 452</u>	<u>\$ 452</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 452</u>	<u>\$ 452</u>
Total School Capital Projects Proffers Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 452</u>	<u>\$ 452</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 19,967,341</u>	<u>\$ 25,444,051</u>	<u>\$ 20,603,180</u>	<u>\$ (4,840,871)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

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	\$ 58,424	\$ 58,424	\$ 42,279	\$ 16,145
General and financial administration:				
County administrator	\$ 254,954	\$ 278,841	\$ 272,341	\$ 6,500
Independent auditor	33,500	33,500	30,650	2,850
Legal services	71,872	77,120	77,120	-
Commissioner of revenue	198,221	199,190	188,645	10,545
Assessor	64,782	65,267	46,344	18,923
Data processing	280,575	281,168	265,174	15,994
Finance and purchasing	453,715	453,715	446,314	7,401
Treasurer	272,935	273,635	232,099	41,536
Total general and financial administration	\$ 1,630,554	\$ 1,662,436	\$ 1,558,687	\$ 103,749
Board of elections:				
Registrar	\$ 66,067	\$ 73,460	\$ 68,274	\$ 5,186
Electoral board and officials	34,242	38,894	36,704	2,190
Total board of elections	\$ 100,309	\$ 112,354	\$ 104,978	\$ 7,376
Total general government administration	\$ 1,789,287	\$ 1,833,214	\$ 1,705,944	\$ 127,270
Judicial administration:				
Courts:				
Circuit court	\$ 12,180	\$ 12,180	\$ 11,241	\$ 939
General district court	5,064	5,346	5,239	107
Magistrate	1,000	1,000	202	798
Juvenile and domestic relations court	4,571	4,571	2,299	2,272
Clerk of the circuit court	89,263	89,263	82,742	6,521
Victim Witness Program	40,867	41,352	39,533	1,819
Division of court services	3,178	3,178	-	3,178
Blue Ridge legal services	2,000	2,000	2,000	-
Total courts	\$ 158,123	\$ 158,890	\$ 143,256	\$ 15,634
Commonwealth's attorney:				
Commonwealth's attorney	\$ 270,741	\$ 280,216	\$ 279,353	\$ 863
Total commonwealth's attorney	\$ 270,741	\$ 280,216	\$ 279,353	\$ 863
Total judicial administration	\$ 428,864	\$ 439,106	\$ 422,609	\$ 16,497

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012 (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	\$ 1,560,636	\$ 1,570,971	\$ 1,546,587	\$ 24,384
Criminal justice training	15,500	15,500	13,448	2,052
Drug task force	10,500	10,500	9,866	634
Total law enforcement and traffic control	<u>\$ 1,586,636</u>	<u>\$ 1,596,971</u>	<u>\$ 1,569,901</u>	<u>\$ 27,070</u>
Fire and rescue services:				
Emergency services board	\$ 368,806	\$ 371,875	\$ 358,198	\$ 13,677
Communications	409,990	419,435	402,574	16,861
Fire and rescue departments	279,405	313,189	308,089	5,100
Lord Fairfax Emergency Medical Services	4,929	4,929	4,929	-
Forestry services	2,231	2,231	2,231	-
Total fire and rescue services	<u>\$ 1,065,361</u>	<u>\$ 1,111,659</u>	<u>\$ 1,076,021</u>	<u>\$ 35,638</u>
Correction and detention:				
Regional jail	\$ 376,287	\$ 376,287	\$ 376,287	-
Juvenile detention home	31,192	31,192	26,217	4,975
Probation office	925	925	483	442
Total correction and detention	<u>\$ 408,404</u>	<u>\$ 408,404</u>	<u>\$ 402,987</u>	<u>\$ 5,417</u>
Inspections:				
Building	\$ 133,871	\$ 134,840	\$ 130,268	\$ 4,572
Total inspections	<u>\$ 133,871</u>	<u>\$ 134,840</u>	<u>\$ 130,268</u>	<u>\$ 4,572</u>
Other protection:				
Animal control	\$ 89,746	\$ 90,715	\$ 84,480	\$ 6,235
Medical examiner	150	150	120	30
Total other protection	<u>\$ 89,896</u>	<u>\$ 90,865</u>	<u>\$ 84,600</u>	<u>\$ 6,265</u>
Total public safety	<u>\$ 3,284,168</u>	<u>\$ 3,342,739</u>	<u>\$ 3,263,777</u>	<u>\$ 78,962</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 150,000	\$ 169,594	\$ 159,593	\$ 10,001
Sanitation	34,000	35,880	35,879	1
Litter control program	5,429	5,429	4,718	711
Total sanitation and waste removal	<u>\$ 189,429</u>	<u>\$ 210,903</u>	<u>\$ 200,190</u>	<u>\$ 10,713</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public Works: (continued)				
Maintenance of general buildings and grounds:				
General properties	\$ 775,849	\$ 783,380	\$ 771,076	\$ 12,304
Total maintenance of general buildings and grounds	\$ 775,849	\$ 783,380	\$ 771,076	\$ 12,304
Total public works	\$ 965,278	\$ 994,283	\$ 971,266	\$ 23,017
Health and welfare:				
Health:				
Supplement of local health department	\$ 199,000	\$ 199,000	\$ 199,000	\$ -
Our Health	6,500	6,500	6,500	-
Total health	\$ 205,500	\$ 205,500	\$ 205,500	\$ -
Mental health and mental retardation:				
Northwestern Community Services	\$ 82,000	\$ 82,000	\$ 82,000	\$ -
Concern Hotline	1,000	1,000	1,000	-
NW Works	1,000	1,000	1,000	-
Total mental health and mental retardation	\$ 84,000	\$ 84,000	\$ 84,000	\$ -
Welfare:				
Shenandoah area on aging	\$ 35,000	\$ 35,000	\$ 35,000	\$ -
Loudoun County Transportation Association	17,639	17,639	17,639	-
Abused women's shelter	2,000	2,000	2,000	-
Independent living center	1,000	1,000	1,000	-
Total welfare	\$ 55,639	\$ 55,639	\$ 55,639	\$ -
Total health and welfare	\$ 345,139	\$ 345,139	\$ 345,139	\$ -
Education:				
Other instructional costs:				
Contribution to Clarke County Public Schools	\$ 10,772,375	\$ 15,290,204	\$ 10,616,225	\$ 4,673,979
Lord Fairfax Community College	15,043	15,043	15,043	-
Total education	\$ 10,787,418	\$ 15,305,247	\$ 10,631,268	\$ 4,673,979
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 338,080	\$ 340,987	\$ 334,008	\$ 6,979
Recreation center	101,994	102,479	93,955	8,524
Swimming pool	88,679	94,679	76,207	18,472
Concession stand	21,237	21,237	18,367	2,870
Programs	245,846	246,331	205,488	40,843
Total parks and recreation	\$ 795,836	\$ 805,713	\$ 728,025	\$ 77,688

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation, and culture: (continued)				
Cultural enrichment:				
Virginia commission for the arts	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Total cultural enrichment	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Library:				
Contribution to Handley library	\$ 182,119	\$ 182,119	\$ 182,119	\$ -
Total library	\$ 182,119	\$ 182,119	\$ 182,119	\$ -
Total parks, recreation, and cultural	\$ 987,955	\$ 997,832	\$ 920,144	\$ 77,688
Community development:				
Planning and community development:				
Planning administration	\$ 425,551	\$ 419,226	\$ 362,160	\$ 57,066
Help with housing	7,200	7,200	7,200	-
Board of zoning appeals	3,620	4,405	4,405	-
Office of Economic Development	42,598	43,841	43,412	429
Berryville Development Authority	11,800	11,800	2,973	8,827
Small business development center	2,000	2,000	2,000	-
Blandy Experimental Farm	4,000	4,000	4,000	-
Planning commission	26,390	26,390	14,362	12,028
Board of septic appeals	2,739	2,739	54	2,685
Historic preservation	42,500	42,500	37,187	5,313
Northern Shenandoah Valley Regional Commission	10,310	18,815	18,815	-
Regional airport	5,000	5,000	5,000	-
Total planning and community development	\$ 583,708	\$ 587,916	\$ 501,568	\$ 86,348
Environmental management:				
Friends of the Shenandoah	\$ 4,000	\$ 4,000	\$ 4,000	\$ -
Lord Fairfax Soil and Water Conservation	9,500	9,500	9,500	-
Biosolids Application	19,001	19,001	11,642	7,359
Total environmental management	\$ 32,501	\$ 32,501	\$ 25,142	\$ 7,359
Cooperative extension program:				
Cooperative extension service	\$ 47,113	\$ 27,680	\$ 24,580	\$ 3,100
Northern Virginia 4-H Center	3,000	3,000	3,000	-
Total cooperative extension program	\$ 50,113	\$ 30,680	\$ 27,580	\$ 3,100
Total community development	\$ 666,322	\$ 651,097	\$ 554,290	\$ 96,807

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Nondepartmental:				
Miscellaneous	\$ -	\$ -	\$ 1,242	\$ (1,242)
Legal/professional services contingency	85,000	43,547	-	43,547
Total nondepartmental	<u>\$ 85,000</u>	<u>\$ 43,547</u>	<u>\$ 1,242</u>	<u>\$ 42,305</u>
Total General Fund	<u>\$ 19,339,431</u>	<u>\$ 23,952,204</u>	<u>\$ 18,815,679</u>	<u>\$ 5,136,525</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Public assistance and welfare administration	\$ 1,351,949	\$ 1,361,559	\$ 1,361,559	\$ -
Total health and welfare	<u>\$ 1,351,949</u>	<u>\$ 1,361,559</u>	<u>\$ 1,361,559</u>	<u>\$ -</u>
Total Virginia Public Assistance Fund	<u>\$ 1,351,949</u>	<u>\$ 1,361,559</u>	<u>\$ 1,361,559</u>	<u>\$ -</u>
Comprehensive Services Fund:				
Health and welfare:				
Welfare and social services:				
Program expenditures	\$ 1,022,594	\$ 1,022,594	\$ 773,848	\$ 248,746
Total health and welfare	<u>\$ 1,022,594</u>	<u>\$ 1,022,594</u>	<u>\$ 773,848</u>	<u>\$ 248,746</u>
Total CSA Fund	<u>\$ 1,022,594</u>	<u>\$ 1,022,594</u>	<u>\$ 773,848</u>	<u>\$ 248,746</u>
Drug Enforcement Fund:				
Public Safety:				
Public Safety Operations	\$ -	\$ -	\$ 27,555	\$ (27,555)
Total public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,555</u>	<u>\$ (27,555)</u>
Total Drug Enforcement Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,555</u>	<u>\$ (27,555)</u>
Conservation Easement Fund:				
Community development:				
Development rights	\$ 150,000	\$ 394,667	\$ 167,028	\$ 227,639
Total Conservation Easement Fund	<u>\$ 150,000</u>	<u>\$ 394,667</u>	<u>\$ 167,028</u>	<u>\$ 227,639</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Fund:				
School Debt Service Fund:				
Debt service:				
Principal retirement	\$ 2,287,031	\$ 2,287,031	\$ 2,375,570	\$ (88,539)
Interest and other fiscal charges	1,835,165	1,835,165	1,745,876	89,289
Total School Debt Service Fund	<u>\$ 4,122,196</u>	<u>\$ 4,122,196</u>	<u>\$ 4,121,446</u>	<u>\$ 750</u>
Primary Government Debt Service Fund:				
Debt service:				
Principal retirement	\$ 210,645	\$ 211,530	\$ 193,754	\$ 17,776
Interest and other fiscal charges	163,484	164,170	181,946	(17,776)
Total Primary Government Debt Service	<u>\$ 374,129</u>	<u>\$ 375,700</u>	<u>\$ 375,700</u>	<u>\$ -</u>
Capital Projects Fund:				
General Government Capital Projects Fund:				
Capital projects expenditures:				
Communications equipment	\$ 26,500	\$ 30,872	\$ 10,920	\$ 19,952
Double Tollgate Road commercial area	-	-	1,890	(1,890)
Administrative building	-	136,833	-	136,833
Sheriff's equipment	-	26,360	5,533	20,827
Vehicles	72,250	121,740	-	121,740
Park expansion	-	30,000	-	30,000
Circuit courthouse renovations	-	87,369	5,497	81,872
Technology and equipment improvements	55,363	67,514	63,994	3,520
Roofing	-	196,190	-	196,190
Groundwater study	37,544	37,544	37,544	-
Tennis courts	90,000	90,000	-	90,000
Economic development	-	334,693	-	334,693
Pool repair	20,000	21,850	1,851	19,999
Parking	10,000	10,000	-	10,000
Social services building	-	50,093	-	50,093
HVAC	45,000	45,000	68,931	(23,931)
Dog park	-	5,000	21,704	(16,704)
Citizens convenience center	-	-	21,887	(21,887)
Park to town utility upgrades	-	-	6,400	(6,400)
Sheriff's building renovation	10,000	210,584	2,820	207,764
Plan updates	-	11,786	-	11,786
Greenway court preservation	-	39,312	34,298	5,014
Carpeting	-	53,745	14,665	39,080
Landscaping	-	15,375	-	15,375
Parks - Westside/Parking/Pool roof	20,000	83,728	-	83,728
Recreation center additions	1,288,868	1,413,456	849,754	563,702
EDP equipment	50,000	75,900	-	75,900
Sheriff mobile data terminals	-	39,426	35,975	3,451
Total General Government Capital Projects Fund	<u>\$ 1,725,525</u>	<u>\$ 3,234,370</u>	<u>\$ 1,183,663</u>	<u>\$ 2,050,707</u>
Total Primary Government	<u>\$ 27,935,824</u>	<u>\$ 34,068,623</u>	<u>\$ 26,826,478</u>	<u>\$ 7,409,173</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012 (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	\$ 14,523,055	\$ 14,494,769	\$ 14,272,882	\$ 221,887
Administration, attendance and health	1,374,930	1,357,677	1,324,186	33,491
Pupil transportation services	1,090,231	1,135,947	1,130,500	5,447
Operation and maintenance services	2,044,893	2,019,789	1,823,045	196,744
Total School Operating Fund	<u>\$ 19,033,109</u>	<u>\$ 19,008,182</u>	<u>\$ 18,550,613</u>	<u>\$ 457,569</u>
School Food Service Fund:				
Education:				
School food services:				
Administration of school food program	\$ 780,232	\$ 780,232	\$ 796,574	\$ (16,342)
Total School Food Service Fund	<u>\$ 780,232</u>	<u>\$ 780,232</u>	<u>\$ 796,574</u>	<u>\$ (16,342)</u>
School Capital Projects Fund:				
Capital projects expenditures:				
School furniture replacement	\$ 31,518	\$ 36,811	\$ 21,479	\$ 15,332
Uniform replacements and band instruments	10,000	10,000	13,700	(3,700)
Athletic equipment and uniforms	10,200	10,200	6,600	3,600
Software/online content - attendance and health	-	29,110	-	29,110
Bus purchases	158,100	166,345	146,240	20,105
School passenger vehicle	25,500	50,453	32,290	18,163
Track	60,000	110,000	107,638	2,362
Facilities - technology	-	361,068	257,812	103,256
Lighting	-	33,539	-	33,539
Fencing	35,000	35,000	-	35,000
School food - service equipment	40,800	55,403	2,062	53,341
School painting	33,300	51,300	-	51,300
HVAC	45,000	86,292	62,548	23,744
Misc professional services	-	-	278	(278)
Roof	-	175,900	142,700	33,200
Flooring replacements	25,500	73,600	47,160	26,440
Modular classroom removal	-	45,000	10,360	34,640
Security	20,000	115,610	8,078	107,532
Space needs study	-	54,016	13,550	40,466
Practice field	-	10,194	3,290	6,904
Sidewalks	-	31,500	-	31,500
Technology	350,000	292,948	963,701	(670,753)
Software licenses	-	52,510	40,590	11,920
New high school	-	20,868,064	11,605,004	9,263,060
Total capital projects	<u>\$ 844,918</u>	<u>\$ 22,754,863</u>	<u>\$ 13,485,080</u>	<u>\$ 9,269,783</u>
Total School Capital Projects Fund	<u>\$ 844,918</u>	<u>\$ 22,754,863</u>	<u>\$ 13,485,080</u>	<u>\$ 9,269,783</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 20,658,259</u>	<u>\$ 42,543,277</u>	<u>\$ 32,832,267</u>	<u>\$ 9,711,010</u>

Other Statistical Information

COUNTY OF CLARKE, VIRGINIA

Government-Wide Expenses by Function
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Government Administration</u>	<u>Judicial Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>
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
2008-09	2,002,482	436,680	3,612,168	1,155,450	2,388,506
2009-10	1,804,666	440,855	3,719,972	852,209	2,672,185
2010-11	1,905,789	406,759	3,205,467	900,060	2,447,164
2011-12	1,943,393	424,222	3,466,939	970,017	2,501,215

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
	21,529,346	995,410	924,413	1,413,426	613,951	6,236	35,078,068
	21,883,310	980,707	2,475,922	1,679,649	639,747	10,032	37,159,254
	20,984,893	969,405	991,056	1,832,949	832,459	10,501	34,486,502
	21,767,329	1,001,174	708,196	2,061,986	867,469	9,081	35,721,021

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
2008-09	2,045,018	12,366,784	574,420
2009-10	2,217,128	11,769,147	3,374,914
2010-11	2,616,152	11,706,825	406,085
2011-12	2,422,452	11,747,408	439,405

(1) Includes discretely presented component units.

(2) In fiscal year 2010, communications tax reporting was moved from Other Local Taxes to Grants and Contributions Not Restricted to Specific Programs

Table 2

GENERAL REVENUES						
General Property Taxes	Other Local Taxes (2)	Unrestricted revenues from money or property	Miscella- neous	Grants and Contributions Not Restricted to Specific Programs	Gain (Loss) on Disposal of Asset	Total
\$ 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
16,834,336	2,222,936	744,769	440,076	2,976,959	-	38,205,298
17,174,992	1,682,254	403,628	295,794	3,106,207	(42,433)	39,981,631
17,655,465	1,653,965	312,727	272,123	2,995,371	-	37,618,713
17,478,712	1,814,930	181,632	783,751	3,043,021	-	37,911,311

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>
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
2008-09	1,250,373	433,671	3,363,061	989,119	2,372,269	20,593,066
2009-10	1,269,798	435,732	3,287,873	796,207	2,616,419	19,745,229
2010-11	1,758,864	406,846	3,300,190	866,886	2,558,292	19,753,538
2011-12	1,705,944	422,609	3,291,332	971,266	2,480,546	19,362,230

(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>
\$	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
	902,369	891,594	528,021	3,766,858	6,505,229	41,595,630
	887,006	2,517,665	506,161	3,850,058	3,141,660	39,053,808
	900,137	814,400	3,531	4,087,218	16,577,174	51,027,076
	920,144	721,318	1,242	4,497,146	14,668,743	49,042,520

COUNTY OF CLARKE, VIRGINIA

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

Fiscal Year	General Property Taxes	Other Local Taxes (3)	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services
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
2008-09	16,206,520	2,222,936	295,830	265,963	747,635	1,112,975
2009-10	17,169,972	1,682,254	231,078	224,547	367,505	1,203,527
2010-11	17,351,499	1,653,965	326,865	381,509	293,560	1,467,079
2011-12	17,569,637	1,814,930	236,880	362,725	165,093	1,338,568

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

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

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

Table 4

<u>Miscellaneous</u>	<u>Recovered Costs</u>	<u>Inter- governmental (2)</u>	<u>Subtotal</u>	<u>Proceeds From Debt</u>	<u>Total</u>
\$ 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
153,293	486,361	15,087,521	36,579,034	1,371,046	37,950,080
175,218	252,483	16,313,208	37,619,792	9,900,172	47,519,964
141,845	315,412	14,907,445	36,839,179	567,178	37,406,357
648,323	263,772	15,004,334	37,404,262	307,792	37,712,054

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1), (2)	Current Tax Collections (1), (4)	Percent of Levy Collected	Delinquent Tax Collections (1), (3)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
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%	939,476	6.91%
2005-06	15,599,814	15,894,611	101.89%	167,564	16,062,175	102.96%	1,060,745	6.80%
2006-07	16,926,279	17,029,772	100.61%	216,803	17,246,575	101.89%	1,416,900	8.37%
2007-08	18,057,673	17,846,889	98.83%	388,062	18,234,951	100.98%	1,206,020	6.68%
2008-09	18,811,655	18,342,029	97.50%	184,729	18,526,758	98.49%	1,806,318	9.60%
2009-10	19,462,691	19,093,650	98.10%	277,314	19,370,964	99.53%	1,834,072	9.42%
2010-11	19,716,647	19,437,175	98.58%	144,661	19,581,836	99.32%	1,939,623	9.84%
2011-12	19,776,620	19,650,841	99.36%	140,961	19,791,802	100.08%	2,008,440	10.16%

(1) Exclusive of penalties and interest.

(2) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.

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

(4) 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	
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
2008-09	2,486,836,400	116,384,130	21,681,568	51,387,105	-	2,676,289,203
2009-10	2,226,939,452	121,592,042	19,086,630	54,229,648	-	2,421,847,772
2010-11	2,189,128,079	125,806,164	17,424,033	56,051,400	-	2,388,409,676
2011-12	2,190,224,504	128,161,170	16,579,941	62,777,134	-	2,397,742,749

(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
2002-03	\$ 0.74	\$ 0.74	\$ 4.00	\$ 1.25	\$ 0.74	\$ 4.00
2003-04	0.74	0.74	4.00	1.25	0.74	4.00
2004-05	0.81	0.81	4.00	1.25	0.81	4.00
2005-06	.81/.45	.81/.45	4.00	1.25	.81/.45	4.00
2006-07	.45/.48	.45/.48	4.00	1.25	.45/.48	4.00
2007-08	.48/.50	.48/.50	4.00	1.25	.48/.50	4.00
2008-09	.50/.53	.50/.53	4.00/4.81	1.25	.50/.53	4.00
2009-10	.53/.62	.53/.62	4.81/4.83	1.25	0.53	4.00
2010-11	.62/.62	.62/.62	4.83/4.69	1.25	0.62	4.00
2011-12	.62/.63	.62/.63	4.69/4.496	1.25	0.62	n/a

(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%.

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
2002-03	12,652	\$ 1,195,475	\$ 10,323,461	0.86%	\$ 816
2003-04	12,652	1,235,483	9,496,500	0.77%	751
2004-05	13,852	1,285,715	9,058,500	0.70%	654
2005-06	13,900	1,924,658	8,186,000	0.43%	589
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
2008-09	14,565	2,676,289	36,767,291	1.37%	2,524
2009-10	14,565	2,421,848	44,596,490	1.84%	3,062
2010-11	14,458	2,388,410	43,187,940	1.81%	2,987
2011-12	14,458	2,397,743	36,753,000	1.53%	2,542

(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.

General Government Capital Projects Carryover Budget Allocations

	FY 11 Carryover	FY 12 Original Budget	FY12 Supplemental Budget	Final Budget
Revenue from local sources:				
Miscellaneous Revenue:				
Gifts and donations	\$ 5,000	\$ 450,307	\$ 5,000	\$ 460,307
Total revenue from local sources	<u>\$ 5,000</u>	<u>\$ 450,307</u>	<u>\$ 5,000</u>	<u>\$ 460,307</u>
Revenue from the Commonwealth:				
Categorical aid:				
Other Categorical aid	\$ 51,872	\$ -	\$ -	\$ 51,872
Total revenue from the Commonwealth	<u>\$ 51,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,872</u>
Revenue from the federal government:				
Categorical Aid:				
Mobile Data Terminals	\$ 40,297	\$ -	\$ -	\$ 40,297
Total categorical aid	<u>\$ 40,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,297</u>
Total revenue from the federal government	<u>\$ 40,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,297</u>
Total revenue	<u><u>\$ 97,169</u></u>	<u><u>\$ 450,307</u></u>	<u><u>\$ 5,000</u></u>	<u><u>\$ 552,476</u></u>
Expenditures:				
Administrative Building	\$ 136,833	\$ -	\$ -	\$ 136,833
Sheriff's Equipment (fingerprinting, etc.)	26,360	-	-	26,360
HVAC	-	45,000	-	45,000
Resurface Tennis Courts	-	90,000	-	90,000
Pool Repair	-	20,000	1,850	21,850
Additional Parking	-	10,000	-	10,000
Auto Replacement	33,929	-	-	33,929
Sheriff's Vehicles	15,561	72,250	-	87,811
Sheriff's Mobile Radios	-	26,500	-	26,500
Park Expansion	30,000	-	-	30,000
Dog Park	-	-	5,000	5,000
Circuit Courthouse Renovation (and GD Cells)	87,369	-	-	87,369
Technology and equipment improvements	12,151	55,363	-	67,514
Park Signs and Pool Roof	-	20,000	-	20,000
Groundwater Study	-	37,544	-	37,544
Social Services Building	50,093	-	-	50,093
Economic Development	334,693	-	-	334,693
Sheriff's Building Renovation	200,584	10,000	-	210,584
Roofing	196,190	-	-	196,190
Plan Updates	11,786	-	-	11,786
Carpeting (Includes GD Courthouse Seating)	53,745	-	-	53,745
Landscaping	15,375	-	-	15,375
Parks Westside Sitework	63,728	-	-	63,728
Systems Integration	25,900	50,000	-	75,900
Sheriff's Mobile Data Terminals	39,426	-	-	39,426
Greenway Court Preservation	39,312	-	-	39,312
Recreation Center Additions/Wall Crack	124,588	1,288,868	-	1,413,456
VDEM Emergency Operations Center Grant	4,372	-	-	4,372
Total expenditures	<u><u>\$ 1,501,995</u></u>	<u><u>\$ 1,725,525</u></u>	<u><u>\$ 6,850</u></u>	<u><u>\$ 3,234,370</u></u>

School Board Capital Projects Carryover Budget Allocations

	FY 11 Carryover	FY 12 Original Budget	FY12 Supplemental Budget	Final Budget
Categorical aid:				
Instructional technology grant	\$ 134,321	\$ 154,000	\$ 57,137	\$ 345,458
Total revenue from the Commonwealth	\$ 134,321	\$ 154,000	\$ 57,137	\$ 345,458
Total revenue	<u>\$ 134,321</u>	<u>\$ 154,000</u>	<u>\$ 57,137</u>	<u>\$ 345,458</u>
Expenditures:				
School Furniture Replacement	\$ 5,293	\$ 31,518	\$ -	\$ 36,811
Uniform Replacements and Band Instruments	-	10,000	-	10,000
Athletic Equipment and Uniforms	-	10,200	-	10,200
Fencing	-	35,000	-	35,000
Buses	8,245	158,100	-	166,345
Passenger Vehicle	24,953	25,500	-	50,453
Modular Classroom Removal	45,000	-	-	45,000
Resurface track and tennis courts	-	60,000	50,000	110,000
Facilities - Technology	138,948	154,000	-	292,948
Technology	165,068	196,000	-	361,068
Paving and sidewalks	31,500	-	-	31,500
School Food	14,603	40,800	-	55,403
School Painting	18,000	33,300	-	51,300
HVAC	41,292	45,000	-	86,292
School Roof Repair	175,900	-	-	175,900
Boyce Canopy	33,539	-	-	33,539
Flooring Replacements	48,100	25,500	-	73,600
Security Improvements	95,610	20,000	-	115,610
CCHS Practice/Football Field Renovation	10,194	-	-	10,194
Space Needs Study	54,016	-	-	54,016
Student Records/Technology	29,110	-	-	29,110
IEP Management System	-	-	52,510	52,510
Former High Renovation	-	-	-	-
DG Cooley Renovation	-	-	-	-
Berryville Primary Renovation	-	-	-	-
New High School	<u>20,868,064</u>	<u>-</u>	<u>-</u>	<u>20,868,064</u>
Total expenditures	<u>\$ 21,807,435</u>	<u>\$ 844,918</u>	<u>\$ 102,510</u>	<u>\$ 22,754,863</u>

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Compliance

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Clarke, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County of Clarke, Virginia's basic financial statements and have issued our report thereon dated December 7, 2012. 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.

Internal Control over Financial Reporting

Management of County of Clarke, Virginia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered 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 County of Clarke, Virginia'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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 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, others within the entity, 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 7, 2012

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on 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
Berryville, Virginia

Compliance

We have audited County of Clarke, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Clarke, Virginia's major federal programs for the year ended June 30, 2012. 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 County of Clarke, Virginia's management. Our responsibility is to express an opinion on 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 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, County of Clarke, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of 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 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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Clarke, Virginia's internal control over compliance.

Internal Control Over Compliance: (Continued)

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, others within the entity, 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 7, 2012

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting safe and stable families	93.556	0950111/0950112	\$ 12,934
Temporary assistance for needy families (TANF)	93.558	0400111/0400112	83,841
Refugee and entrant assistance - state administered programs	93.566	0500111/0500112	234
Low-income home energy assistance	93.568	0600411/0600412	4,791
Child care cluster:			
Child care and development block grant	93.575	0770111/0770112	51,475
Child care mandatory and matching funds of the child care and development fund	93.596	0760111/0760112	39,685
Stephanie Tubbs Jones child welfare services program	93.645	0900111/0900112	240
Foster care - Title IV-E	93.658	1100111/1100112	77,848
Adoption assistance	93.659	1120111/1120112	9,459
Social services block grant	93.667	1000111/1000112	69,652
Chafee foster care independence program	93.674	9150111/9150112	2,950
Children's health insurance program	93.767	0540111/0540112	3,492
Medical assistance program	93.778	1200111/1200112	80,467
Total Department of Health and Human Services			\$ <u>437,068</u>
Department of Agriculture:			
Direct Payments:			
Community facilities loans and grants	10.766	n/a	\$ <u>329,339</u>
Pass Through Payments:			
Department of Agriculture:			
Food distribution	10.555	10.555/2012	\$ 37,042
Department of Education:			
National school lunch program	10.555	10.555/2012	<u>173,424</u>
Subtotal food distribution/national school lunch program			\$ <u>210,466</u>
Department of Education:			
School breakfast program	10.553	10.553/2012	\$ 23,222
Department of Social Services:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	00101111/00101112 0040111/0040112	<u>128,086</u>
Total Department of Agriculture - pass-through payments			\$ <u>361,774</u>
Total Department of Agriculture			\$ <u>691,113</u>

Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2012

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Homeland Security:			
Pass Through Payments:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	n/a	\$ <u>4,953</u>
Total Department of Homeland Security			\$ <u>4,953</u>
Department of Justice:			
Direct payments:			
ARRA - Assistance to rural law enforcement to combat crime and drugs competitive grant	16.810	n/a	\$ <u>36,086</u>
Total Department of Justice - direct payments			\$ <u>36,086</u>
Pass Through Payments:			
Department of Criminal Justice Service:			
Youth gang prevention	16.544	n/a	\$ 260,816
ARRA - Edward Byrne memorial justice assistance grant (JAG)	16.803	10SUB9033	56
Violence against women formula grants	16.588	09WFAX0050	37,645
Crime victim assistance	16.575	11VAGX0095	<u>27,883</u>
Total Department of Justice - pass-through payments			\$ <u>326,400</u>
Total Department of Justice			\$ <u>362,486</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol open container requirements	20.607	n/a	\$ <u>10,754</u>
Total Department of Transportation			\$ <u>10,754</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to local educational agencies	84.010	S010A100046	\$ 118,371
Special education cluster:			
Special education grants to states	84.027	H027A090107	324,198
ARRA - Special education grants to states	84.391	H391A090107	5,040
Special education - preschool grants	84.173	H173A090112	10,200
ARRA - Education jobs fund	84.410	S410A100047	365,688
ARRA - Statewide data systems	84.384	R384A100037	40,590
Educational Technology State Grants cluster:			
Educational technology state grants	84.318	S318X080046	2,214
ARRA - Educational technology state grant	84.386	S386A090046	4,871
English language acquisition grant	84.365	T365A080046	10,046
Career and technical education - basic grants to states	84.048	V048A090046	20,248
Improving teacher quality state grants	84.367	S367A080044	<u>116,136</u>
Total Department of Education			\$ <u>1,017,602</u>
Total Expenditures of Federal Awards			\$ <u><u>2,523,976</u></u>

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF CLARKE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Clarke, Virginia under programs of the federal government for the year ended June 30, 2012. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Clarke, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Clarke, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Note 3 - Food Donation

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

Note 4 - 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	\$ 149,474
Special Revenue Funds:	
Virginia Public Assistance Fund	562,175
Debt Service Funds:	
School Debt Service Fund	130,343
Agency Funds:	
Gang Task Force	198,348
Capital Projects Funds:	
County Capital Improvements Fund	36,086
Total primary government	<u>\$ 1,076,426</u>
Component Unit Public Schools:	
School Operating Fund	\$ 979,991
School Capital Improvement Fund	40,590
School Cafeteria Fund	233,688
Total component unit public schools	<u>\$ 1,254,269</u>
Federal rural development loan proceeds	<u>\$ 329,339</u>
Total federal expenditures per basic financial statements	<u>\$ 2,660,034</u>
Less amounts not reported on the Schedule of Expenditures of Federal Awards:	
Payment in lieu of taxes	\$ 5,715
Build America Bond interest rate subsidy	130,343
Total federal expenditures	<u>\$ 2,523,976</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 2,523,976</u></u>

COUNTY OF CLARKE, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:
Material weakness(es) identified? No
Significant deficiency(ies) identified? None Reported
Type of 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>
Special education cluster	
84.027	Special education grants to states
84.391	ARRA - Special education grants to states
84.173	Special education - preschool grants
84.410	ARRA - Education jobs fund
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

Section IV - Prior Year Audit Findings

None