

COUNTY OF CLARKE, VIRGINIA



FINANCIAL REPORT YEAR ENDED JUNE 30, 2013

COUNTY OF CLARKE, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

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

Dr. Elizabeth Leffel, Chairman
Charles "Chip" Schutte, Vice-Chairman
Renée F. Weir, Clerk

Janet K. Creager Alger

Barbara P. Lee

James W. Brinkmeier

Board of Social Services

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

Barbara Byrd

Bob Ferrebee

Lynn Gray

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 Bruce D. Albertson
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 General District Court Richard A. Claybrook, Jr.
Judge of the General District Court W. Dale Houff
Judge of the General District Court David Shaw Whitacre
Judge of the Juvenile and Domestic Relations Court Elizabeth Kellas Burton
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

COUNTY OF CLARKE, VIRGINIA
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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Clarke, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Clarke, Virginia, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the County adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-11, budgetary comparison information, and schedule of pension funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Clarke, Virginia's basic financial statements. The introductory section, other supplementary information, and other statistical information, are presented for purposes of additional analysis and are not a required part of the financial statements. The 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 basic financial statements.

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

Other Matters: (Continued)

Other Information (Continued)

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2013, on our consideration of the County of Clarke, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Clarke, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer Cox Associates
Charlottesville, Virginia
November 30, 2013

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County of Clarke, Virginia Management's Discussion and Analysis

As management of the County of Clarke (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2013.

Financial Highlights

- The assets of the County (excluding component units) exceeded its liabilities at the close of the most recent fiscal year by \$29.7 million (*net position*). Of this amount, \$16.3 million (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$1.3 million, of which the governmental activities accounted for 100% of the increase.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$466,841. 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 \$15,079,504 and are comprised of the numerous designations. Liquidity and stabilization funds comprise \$3,811,916. Saving for pay-as-you-go capital expenditures comprises \$4,448,006. Multi-year capital appropriations, net of estimated revenue, encumber an additional \$5,497,143. Finally, a total of \$674,421 is assigned for carryover requests from unexpended FY 13 funds, and \$647,968 is designated to the FY 14 budgeted deficit.
- The County's total long-term obligations decreased by \$2,658,648 (5%) during the current fiscal year.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

Overview of the Financial Statements (Continued)

Government-wide financial statements: (Continued)

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

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate school board, a legally separate industrial development authority and a legally separate sanitary authority for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 12 through 14 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 15 through 18 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 19 through 21 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund statement can be found on page 22 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 23 through 53 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 54 through 56 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 57 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$29.7 million at the close of the most recent fiscal year. A large portion of the County's net position (\$13.4 million, 45% of total) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

Government-Wide Financial Analysis (Continued)

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

County of Clarke, Virginia		
Summary of Net Position		
As of June 30, 2013 and 2012		
	Governmental Activities	
	2013	2012
Current and other assets	\$ 32,099,379	\$ 35,455,027
Capital assets	50,134,932	48,718,145
Total assets	<u>\$ 82,234,311</u>	<u>\$ 84,173,172</u>
Long-term liabilities outstanding	\$ 41,183,289	\$ 43,841,937
Other liabilities	1,361,791	11,978,860
Total liabilities	<u>\$ 42,545,080</u>	<u>\$ 55,820,797</u>
Deferred inflows of resources	<u>\$ 10,032,334</u>	<u>\$ -</u>
Net position:		
Net investment in capital assets	\$ 13,353,341	\$ 11,726,899
Restricted	7,712	8,564
Unrestricted	16,295,844	16,664,162
Total net position	<u>\$ 29,656,897</u>	<u>\$ 28,399,625</u>

An additional portion of the County's net position (\$7,712) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$16.3 million) may be used to meet the County's ongoing obligations to citizens and creditors.

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

As noted previously, the County's net position increased by \$1.3 million during the current fiscal year. This is largely attributable to an increase in capital assets due to the construction of the recreation center/senior center addition, continued improvements in administrative building renovations, circuit courthouse renovations, and the construction of the new Clarke County High School, which are partially offset by the transfer of capital assets to the School Board as related debt is paid down, and as the cost of capital assets is depreciated over their useful lives.

Government-Wide Financial Analysis (Continued)

Governmental activities increased the County's net position by \$1.3 million. The following table summarizes the County's Statement of Activities:

County of Clarke, Virginia Changes in Net Position Years Ended June 30, 2013 and 2012

	Governmental Activities	
	2013	2012
Revenues:		
Program revenues:		
Charges for services	\$ 1,185,012	\$ 1,262,564
Operating grants and contributions	2,367,314	2,606,612
Capital grants and contributions	227,884	213,905
General revenues:		
Property taxes	18,046,810	17,478,712
Other taxes	1,855,520	1,814,930
Unrestricted revenues from the use of money and property	124,970	128,619
Miscellaneous	123,464	586,642
Grants and contributions not restricted to specific programs	3,569,984	3,043,021
Gain (loss) on disposal of capital assets	3,336	-
Total revenues	<u>\$ 27,504,294</u>	<u>\$ 27,135,005</u>
Expenses:		
General governmental administration	\$ 2,039,336	\$ 1,943,393
Judicial administration	566,006	424,222
Public safety	3,462,973	3,466,939
Public works	1,001,606	970,017
Health and welfare	2,101,344	2,501,215
Parks, recreation, and cultural	1,018,007	1,001,174
Community development	1,098,325	708,196
Interest on long-term debt	1,777,739	2,061,986
Education	13,181,686	14,569,378
Transfers out	-	38,764
Total expenses	<u>\$ 26,247,022</u>	<u>\$ 27,685,284</u>
Increase (decrease) in net position	<u>\$ 1,257,272</u>	<u>\$ (550,279)</u>
Net position - beginning of year	<u>28,399,625</u>	<u>28,949,904</u>
Net position - end of year	<u>\$ 29,656,897</u>	<u>\$ 28,399,625</u>

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

- Overall increase in operating expenses.
- Increase in property tax revenue.
- Decrease 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.
- Decrease in interest expense for long-term debt

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 \$16.4 million, a decrease of \$.4 million in comparison with the prior year. Of this total amount, \$15.9 million or 97% constitutes *assigned and unassigned fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is *nonspendable, restricted, or committed* to indicate that it is not available for new spending because it has already been committed to a specific purpose.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, assigned and unassigned fund balance of the General Fund was \$15.5 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 78% 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 \$7,712 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 \$746,587 between the original budget and the final amended budgeted expenditures. The significant differences can be summarized as follows:

- \$123,564 increase in judicial administration budget.
- \$625,861 increase in final budget appropriations for education is primarily due to reappropriation of capital expenditures originally budgeted in prior years.
- (\$2,838) 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, 2013, amounts to \$50.1 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 Sheriff and administrative vehicles.
- Improvement of HVAC and carpeting.
- Investment in a recreation center.
- Other projects included continued improvements in administrative building renovations, circuit courthouse renovations, and the construction of the new Clarke County High School.

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

	Governmental Activities	
	2013	2012
Land	\$ 745,500	\$ 745,500
Buildings	9,533,565	10,242,971
Improvements	830,868	858,752
Machinery & Equipment	587,446	828,966
Construction in progress	38,437,553	36,041,956
Total	\$ 50,134,932	\$ 48,718,145

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

Long-term debt: At the end of the current fiscal year, the County had total outstanding debt of \$41.2 million and details are summarized in the following table:

	Governmental Activities	
	2013	2012
Bonds payable:		
General obligation bonds	\$ 34,080,000	\$ 36,205,000
Premiums and discounts	402,437	482,059
Lease revenue bond	4,391,536	4,460,526
Note payable	410,500	548,000
VRS obligation	-	49,009
Capital leases	1,266,443	1,403,248
Compensated absences	632,373	694,095
Total	\$ 41,183,289	\$ 43,841,937

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

Economic Factors and Next Year's Budgets and Rates

- Revenue from the Commonwealth and Federal Government will continue to be weak.
- 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 Position
June 30, 2013

	Primary Government Governmental Activities	Component Units		
		School Board	Clarke County Sanitary Authority	Industrial Development Authority
ASSETS				
Cash and cash equivalents	\$ 14,262,254	\$ 2,170,546	\$ 1,253,892	\$ 39,527
Receivables (net of allowance for uncollectibles):				
Taxes receivable	11,610,031	-	-	-
Accounts receivable	122,877	77,825	99,263	-
Notes receivable	2,734	-	-	-
Due from other funds	311,315	-	-	-
Due from component unit	432,532	-	-	-
Due from other governmental units	1,681,921	711,958	-	-
Prepaid expenses	42,457	52,106	10,996	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	3,609,924	-	-	-
Notes receivable - net of current portion	23,334	-	-	-
Capital assets (net of accumulated depreciation):				
Land	745,500	647,266	13,200	-
Buildings	9,533,565	9,107,596	-	-
Improvements other than buildings	830,868	272,925	-	-
Equipment	587,446	998,788	-	-
Utility plant in service	-	-	9,189,309	-
Construction in progress	38,437,553	-	96,299	-
Total assets	\$ 82,234,311	\$ 14,039,010	\$ 10,662,959	\$ 39,527
LIABILITIES				
Reconciled overdraft	\$ -	\$ 36,111	\$ -	\$ -
Accounts payable	370,188	650,998	73,410	-
Accrued liabilities	4,033	2,135,693	-	-
Accrued interest payable	751,903	-	-	-
Due to other funds	176,163	-	-	-
Due to primary government	-	432,532	-	-
Unearned revenue	59,504	-	11,894	-
Long-term liabilities:				
Due within one year	2,640,088	54,947	284,980	-
Due in more than one year	38,543,201	494,523	4,563,226	-
Total liabilities	\$ 42,545,080	\$ 3,804,804	\$ 4,933,510	\$ -
DEFERRED INFLOWS OF RESOURCES				
Unavailable property tax revenue	\$ 10,032,334	\$ -	\$ -	\$ -
NET POSITION				
Net investment in capital assets	\$ 13,353,341	\$ 11,026,575	\$ 4,450,602	\$ -
Restricted for:				
Swim team	5,454	-	-	-
Pool	2,258	-	-	-
Unrestricted (deficit)	16,295,844	(792,369)	1,278,847	39,527
Total net position	\$ 29,656,897	\$ 10,234,206	\$ 5,729,449	\$ 39,527
Total liabilities, deferred inflows of resources and net position	\$ 82,234,311	\$ 14,039,010	\$ 10,662,959	\$ 39,527

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, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,039,336	\$ 92,043	\$ 194,803	\$ -
Judicial administration	566,006	3,515	279,117	-
Public safety	3,462,973	468,850	881,095	257,565
Public works	1,001,606	225,218	8,512	-
Health and welfare	2,101,344	-	984,369	-
Education	13,181,686	-	-	118,604
Parks, recreation, and cultural	1,018,007	395,386	24,996	-
Community development	1,098,325	-	-	433,530
Interest on long-term debt	1,777,739	-	-	-
Total governmental activities	\$ 26,247,022	\$ 1,185,012	\$ 2,372,892	\$ 809,699
Total primary government	\$ 26,247,022	\$ 1,185,012	\$ 2,372,892	\$ 809,699
COMPONENT UNITS:				
School Board	\$ 22,960,310	\$ 678,717	\$ 9,633,723	\$ -
Clarke County Sanitary Authority	946,254	467,904	-	800
Clarke County Industrial Development Authority	419,373	15,000	-	-
Total component units	\$ 24,325,937	\$ 1,161,621	\$ 9,633,723	\$ 800
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				
Gain on disposal of capital assets				
Total general revenues				
Change in net position				
Net position - beginning, as adjusted				
Net position - ending				

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position				
Primary Government	Component Units			
Governmental Activities	School Board	Clarke County Sanitary Authority	Industrial Development Authority	
\$ (1,752,490)	\$ -	\$ -	\$ -	\$ -
(283,374)	-	-	-	-
(1,855,463)	-	-	-	-
(767,876)	-	-	-	-
(1,116,975)	-	-	-	-
(13,063,082)	-	-	-	-
(597,625)	-	-	-	-
(664,795)	-	-	-	-
(1,777,739)	-	-	-	-
<u>\$ (21,879,419)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (21,879,419)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (12,647,870)	\$ -	\$ -	\$ -
-	-	(477,550)	-	-
-	-	-	(404,373)	-
<u>\$ -</u>	<u>\$ (12,647,870)</u>	<u>\$ (477,550)</u>	<u>\$ (404,373)</u>	<u>\$ -</u>
\$ 18,046,810	\$ -	\$ -	\$ -	\$ -
760,491	-	-	-	-
376,302	-	-	-	-
301,902	-	-	-	-
305,225	-	-	-	-
111,600	-	-	-	-
124,970	36,169	6,178	1,038	-
123,464	67,904	132,843	-	-
2,982,591	-	-	-	-
-	13,167,331	37,000	306,000	-
3,336	-	-	-	-
<u>\$ 23,136,691</u>	<u>\$ 13,271,404</u>	<u>\$ 176,021</u>	<u>\$ 307,038</u>	<u>\$ -</u>
1,257,272	623,534	(301,529)	(97,335)	-
28,399,625	9,610,672	6,030,978	136,862	-
<u>\$ 29,656,897</u>	<u>\$ 10,234,206</u>	<u>\$ 5,729,449</u>	<u>\$ 39,527</u>	<u>\$ -</u>

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Fund Financial Statements

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Balance Sheet
Governmental Funds
June 30, 2013

	General	Virginia Public Assistance	School Debt Service	Other Govern- mental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 13,449,703	\$ -	\$ 34,067	\$ 772,643	\$ 14,256,413
Receivables (net of allowance for uncollectibles):					
Taxes receivable	11,610,031	-	-	-	11,610,031
Accounts receivable	65,312	-	-	57,565	122,877
Due from other funds	238,290	-	52,278	20,747	311,315
Due from component unit	432,532	-	-	-	432,532
Due from other governmental units	1,502,364	96,987	-	82,570	1,681,921
Prepaid items	28,193	-	14,264	-	42,457
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	11,173	18,472	29,645
Total assets	<u>\$ 27,326,425</u>	<u>\$ 96,987</u>	<u>\$ 111,782</u>	<u>\$ 951,997</u>	<u>\$ 28,487,191</u>
LIABILITIES					
Liabilities:					
Accounts payable	\$ 201,281	\$ 75	\$ 52,278	\$ 116,554	\$ 370,188
Accrued liabilities	4,033	-	-	-	4,033
Due to other funds	79,251	96,912	-	-	176,163
Unearned revenue	-	-	59,504	-	59,504
Total liabilities	<u>\$ 284,565</u>	<u>\$ 96,987</u>	<u>\$ 111,782</u>	<u>\$ 116,554</u>	<u>\$ 609,888</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable property tax revenue	<u>\$ 11,467,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,467,322</u>
Fund balances:					
Nonspendable:					
Prepaid items	\$ 28,193	\$ -	\$ 14,264	\$ -	\$ 42,457
Restricted for:					
Swim team	-	-	-	5,454	5,454
Pool	-	-	-	2,258	2,258
Committed for:					
Animal care expenditures	-	-	-	9,908	9,908
Community development	-	-	-	444,361	444,361
Public safety expenditures	-	-	-	33,309	33,309
Assigned for:					
Capital projects	-	-	-	340,153	340,153
Other (Note 15)	15,079,504	-	-	-	15,079,504
Unassigned	466,841	-	(14,264)	-	452,577
Total fund balances	<u>\$ 15,574,538</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 835,443</u>	<u>\$ 16,409,981</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 27,326,425</u>	<u>\$ 96,987</u>	<u>\$ 111,782</u>	<u>\$ 951,997</u>	<u>\$ 28,487,191</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2013

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 16,409,981
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	50,134,932
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 position (Note 6).	3,580,279
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,434,988
Long-term note receivable is not available to pay for current period expenditures and, therefore, is not reported in the funds.	26,068
Interest on long-term debt is not accrued in governmental funds, but rather is recognized when paid.	(751,903)
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 position.	5,841
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(41,183,289)</u>
Net position of governmental activities	<u>\$ 29,656,897</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, 2013

	General	Virginia Public Assistance	School Debt Service	Total Nonmajor Governmental Funds	Total
REVENUES					
General property taxes	\$ 17,921,211	\$ -	\$ -	\$ 19,430	\$ 17,940,641
Other local taxes	1,855,520	-	-	-	1,855,520
Permits, privilege fees, and regulatory licenses	238,733	-	-	-	238,733
Fines and forfeitures	347,687	-	-	-	347,687
Revenue from the use of money and property	113,271	-	11,174	525	124,970
Charges for services	593,637	-	-	4,955	598,592
Miscellaneous	4,289	-	-	121,828	126,117
Recovered costs	140,210	53,586	-	-	193,796
Intergovernmental revenues:					
Commonwealth	4,206,796	291,566	-	549,312	5,047,674
Federal	159,862	514,792	118,604	324,250	1,117,508
Total revenues	<u>\$ 25,581,216</u>	<u>\$ 859,944</u>	<u>\$ 129,778</u>	<u>\$ 1,020,300</u>	<u>\$ 27,591,238</u>
EXPENDITURES					
Current:					
General government administration	\$ 1,723,450	\$ -	\$ -	\$ -	\$ 1,723,450
Judicial administration	566,436	-	-	-	566,436
Public safety	3,486,827	-	-	25,244	3,512,071
Public works	949,685	-	-	-	949,685
Health and welfare	350,139	1,306,484	-	458,496	2,115,119
Education	11,328,557	-	-	-	11,328,557
Parks, recreation, and cultural	948,452	-	-	-	948,452
Community development	570,409	-	-	510,766	1,081,175
Nondepartmental	11,430	-	-	-	11,430
Capital projects	-	-	-	1,355,355	1,355,355
Debt service:					
Principal retirement	-	-	2,390,436	206,490	2,596,926
Interest and other fiscal charges	-	-	1,641,286	182,710	1,823,996
Total expenditures	<u>\$ 19,935,385</u>	<u>\$ 1,306,484</u>	<u>\$ 4,031,722</u>	<u>\$ 2,739,061</u>	<u>\$ 28,012,652</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,645,831</u>	<u>\$ (446,540)</u>	<u>\$ (3,901,944)</u>	<u>\$ (1,718,761)</u>	<u>\$ (421,414)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 446,540	\$ 3,901,944	\$ 1,740,169	\$ 6,088,653
Transfers out	(6,085,966)	-	-	(2,687)	(6,088,653)
Sale of capital assets	3,336	-	-	-	3,336
Total other financing sources (uses)	<u>\$ (6,082,630)</u>	<u>\$ 446,540</u>	<u>\$ 3,901,944</u>	<u>\$ 1,737,482</u>	<u>\$ 3,336</u>
Net change in fund balances	\$ (436,799)	\$ -	\$ -	\$ 18,721	\$ (418,078)
Fund balances - beginning, as adjusted	16,011,337	-	-	816,722	16,828,059
Fund balances - ending	<u>\$ 15,574,538</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 835,443</u>	<u>\$ 16,409,981</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, 2013

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

Net change in fund balances - total governmental funds \$ (418,078)

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

Capital outlay	\$	2,577,937	
Depreciation expense		(737,275)	
Joint tenancy asset transfer		<u>(423,875)</u>	1,416,787

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 106,169

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

Principal payments received (2,653)

Changes in long-term assets and liabilities transferred from component unit School Board. (2,558,134)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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.

Principal retired	\$	2,517,304	
Bond discount amortization		(2,404)	
Bond premium amortization		<u>82,026</u>	2,596,926

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	\$	61,722	
(Increase)/decrease in accrued interest payable		<u>46,257</u>	107,979

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. 8,276

Change in net position of governmental activities \$ 1,257,272

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

Statement of Net Position
 Internal Service Fund
 June 30, 2013

	<u>Health Insurance Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ <u>5,841</u>
Total assets	\$ <u><u>5,841</u></u>
NET POSITION	
Unrestricted	\$ <u>5,841</u>
Total net position	\$ <u><u>5,841</u></u>

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

Statement of Revenues, Expenses, and Changes in Net Position
 Internal Service Fund
 For the Year Ended June 30, 2013

	<u>Health Insurance Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ <u>127,540</u>
Total operating revenues	\$ <u>127,540</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ <u>119,264</u>
Total operating expenses	\$ <u>119,264</u>
Operating income (loss)	\$ <u>8,276</u>
Total net position - beginning	<u>(2,435)</u>
Total net position - ending	<u><u>\$ 5,841</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, 2013

	<u>Health Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 127,540
Payments for premiums	<u>(121,699)</u>
Net cash provided by (used for) operating activities	<u>\$ 5,841</u>
Net increase (decrease) in cash and cash equivalents	\$ 5,841
Cash and cash equivalents - beginning	<u>-</u>
Cash and cash equivalents - ending	<u><u>\$ 5,841</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ <u>8,276</u>
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
(Decrease) in cash overdraft	<u>\$ (2,435)</u>
Net cash provided by (used for) operating activities	<u><u>\$ 5,841</u></u>

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 65,028
Prepaid expenses	740
Accounts receivable	895
Due from other governments	<u>407,470</u>
Total assets	<u>\$ 474,133</u>
LIABILITIES	
Reconciled overdraft	\$ 79,096
Accounts payable	144,425
Amount held for Town	13,936
Sales tax payable to other towns	30,271
Due to other funds	141,377
Amounts held for social services clients	17,625
Accrued liabilities	<u>47,403</u>
Total liabilities	<u>\$ 474,133</u>

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2013

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

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

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

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2013 (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 Conservation Easement Authority is reported as a blended component unit.

Discretely Presented Component Units:

The School Board members are elected by the citizens of Clarke County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding of the School Board is from the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2013.

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, 2013. The Sanitary Authority does not issue a separate financial report.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2013 (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, 2013. The Authority does not issue a separate financial report.

C. Other Related Organizations

Included in the County's Financial Report

None

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

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

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

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

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

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as 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.

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

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

1. Governmental Funds: (Continued)

b. Special Revenue Funds

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

c. Capital Projects Fund

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

3. Fiduciary Funds (Trust and Agency Funds)

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds consisting of the special welfare fund, Town of Berryville, undistributed local sales tax, cafeteria plan withholdings, gang task force, and the unemployment compensation benefits. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. These funds utilize the accrual basis of accounting.

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

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

4. Component Unit:

The Clarke County School Board has the following funds:

Governmental Funds:

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

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.

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

School Capital Projects Proffers Fund: Capital projects funds account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. This fund is considered a nonmajor fund.

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

E. Cash and Cash Equivalents:

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

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

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

F. Investments

Investments are reported 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, 2013 (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 portion of the interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds” (i.e. the noncurrent portion of interfund loans).

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 \$356,236 at June 30, 2013 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

H. Capital Assets

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

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

H. Capital Assets: (Continued)

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, 2013 was immaterial.

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

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

I. Compensated Absences

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

J. 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.

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

L. Net Position

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

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 position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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.

N. Prepaid Items

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

O. Fund Equity

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

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2013 (Continued)

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

O. Fund Equity: (Continued)

- 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).

P. Net Position Flow Assumption

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

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any deferred outflows of resources as of June 30, 2013.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources.

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

R. Adoption of Accounting Principles

Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement provides guidance for reporting deferred inflows and deferred outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

Items Previously Reported as Assets and Liabilities, Statement No. 65 of the Governmental Accounting Standards Board

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Net position was not required to be restated.

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.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2013 (Continued)

Note 2—Stewardship, Compliance, and Accounting: (Continued)

5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds of the Primary Government and Component Unit - School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. Several Supplemental Appropriations were necessary during the fiscal year.

Note 3—Deposits and Investments:

Deposits

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

Investments

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

As of June 30, 2013 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, 2013 were rated by *Standard and Poor’s* and the ratings are presented below using the *Standard and Poor’s* rating scale.

<u>Locality's Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAA</u>
Local Government Investment Pool	\$ 2,134,819
State Non-Arbitrage Pool	<u>3,769,325</u>
Total	\$ <u>5,904,144</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2013 (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) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

Note 4—Due from Other Governments:

At June 30, 2013, 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	40,150	-
State sales tax	-	379,213
Constitutional officer reimbursements	106,240	-
PPTRA	1,212,896	-
Communication taxes	69,478	-
Recordation tax	21,918	-
Comprehensive Services Act	37,570	-
School fund grants	-	47,796
Other general grants	85,104	-
Federal Government:		
Virginia Public Assistance funds	56,837	-
Gang task force	29,937	-
Other general grants	21,791	-
School fund grants	-	284,949
	<u> </u>	<u> </u>
Total due from other governments	\$ <u>1,681,921</u>	\$ <u>711,958</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2013 (Continued)

Note 5—Interfund Obligations:

Details of the Primary Government's interfund receivables and payables as of June 30, 2013, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Primary Government:		
General	\$ 238,290	\$ 79,251
Less Amount Due to Joint Admin Services Fund	-	(6,225)
Comprehensive Services Act	10,284	-
County Capital Projects Fund	10,463	-
Virginia Public Assistance	-	96,912
School Debt Service Fund	52,278	-
	<u>311,315</u>	<u>169,938</u>
Total Primary Government	\$ <u>311,315</u>	\$ <u>169,938</u>
Agency Funds:		
Unemployment Compensation Fund	\$ -	\$ 866
Undistributed Local Sales Tax Fund	-	140,511
	<u>-</u>	<u>141,377</u>
Total Agency Funds	\$ <u>-</u>	\$ <u>141,377</u>
Grand Total	<u>311,315</u>	<u>311,315</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, 2013 (Continued)

Note 6—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2013:

	Balance July 1, 2012	Additions	Deletions	Joint Tenancy Transfer (Net)	Balance June 30, 2013
Primary Government:					
Capital assets not being depreciated:					
Land	\$ 745,500	\$ -	\$ -	\$ -	\$ 745,500
Construction in Progress	36,041,956	2,395,597	-	-	38,437,553
Total capital assets not being depreciated	<u>\$ 36,787,456</u>	<u>\$ 2,395,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,183,053</u>
Capital assets being depreciated:					
Buildings	\$ 16,073,992	\$ 33,951	\$ -	\$ (485,000)	\$ 15,622,943
Improvements other than buildings	1,750,821	36,599	-	-	1,787,420
Equipment	3,435,102	111,790	20,652	-	3,526,240
Total capital assets being depreciated	<u>\$ 21,259,915</u>	<u>\$ 182,340</u>	<u>\$ 20,652</u>	<u>\$ (485,000)</u>	<u>\$ 20,936,603</u>
Accumulated depreciation:					
Buildings	5,831,021	319,482	-	(61,125)	6,089,378
Improvements other than buildings	892,069	64,483	-	-	956,552
Equipment	2,606,136	353,310	(20,652)	-	2,938,794
Total accumulated depreciation	<u>\$ 9,329,226</u>	<u>\$ 737,275</u>	<u>\$ (20,652)</u>	<u>\$ (61,125)</u>	<u>\$ 9,984,724</u>
Total capital assets being depreciated, net	<u>\$ 11,930,689</u>	<u>\$ (554,935)</u>	<u>\$ -</u>	<u>\$ (423,875)</u>	<u>\$ 10,951,879</u>
Net capital assets	<u>\$ 48,718,145</u>	<u>\$ 1,840,662</u>	<u>\$ -</u>	<u>\$ (423,875)</u>	<u>\$ 50,134,932</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	\$ 16,943,456	\$ 35,133	\$ -	\$ 485,000	\$ 17,463,589
Improvements other than buildings	326,176	-	-	-	326,176
Equipment	4,475,946	195,919	-	-	4,671,865
Total capital assets being depreciated	<u>\$ 21,745,578</u>	<u>\$ 231,052</u>	<u>\$ -</u>	<u>\$ 485,000</u>	<u>\$ 22,461,630</u>
Accumulated depreciation:					
Buildings	\$ 7,741,001	\$ 553,867	\$ -	\$ 61,125	\$ 8,355,993
Improvements other than buildings	42,378	10,873	-	-	53,251
Equipment	3,284,455	388,622	-	-	3,673,077
Total accumulated depreciation	<u>\$ 11,067,834</u>	<u>\$ 953,362</u>	<u>\$ -</u>	<u>\$ 61,125</u>	<u>\$ 12,082,321</u>
Total capital assets being depreciated, net	<u>\$ 10,677,744</u>	<u>\$ (722,310)</u>	<u>\$ -</u>	<u>\$ 423,875</u>	<u>\$ 10,379,309</u>
Net capital assets component unit school board	<u>\$ 11,325,010</u>	<u>\$ (722,310)</u>	<u>\$ -</u>	<u>\$ 423,875</u>	<u>\$ 11,026,575</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2013 (Continued)

Note 6—Capital Assets: (Continued)

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

Governmental activities:	
General government	\$ 491,828
Public safety	121,833
Public works	44,843
Health and welfare	255
Parks, recreation and cultural	72,219
Community development	<u>6,297</u>
Total Governmental activities	<u>\$ 737,275</u>
Component Unit School Board	<u>\$ 953,362</u>

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the new law, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Clarke, Virginia for the year ended June 30, 2013 is that school financed assets in the amount of \$38,416,976 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, 2013 follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 13,200	\$ -	\$ -	\$ 13,200
Construction in progress	<u>287,733</u>	<u>34,470</u>	<u>225,904</u>	<u>96,299</u>
Total capital assets not being depreciated	<u>\$ 300,933</u>	<u>\$ 34,470</u>	<u>\$ 225,904</u>	<u>\$ 109,499</u>
Capital Assets being depreciated:				
Utility plant and equipment	\$ 11,814,491	\$ 219,303	\$ -	\$ 12,033,794
Less: accumulated depreciation	<u>(2,534,955)</u>	<u>(309,530)</u>	<u>-</u>	<u>(2,844,485)</u>
Total capital assets being depreciated, net	<u>\$ 9,279,536</u>	<u>\$ (90,227)</u>	<u>\$ -</u>	<u>\$ 9,189,309</u>
Capital assets, net	<u>\$ 9,580,469</u>	<u>\$ (55,757)</u>	<u>\$ 225,904</u>	<u>\$ 9,298,808</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2013 (Continued)

Note 7—Interfund Transfers:

Interfund transfers for the year ended June 30, 2013, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 6,085,966
School Debt Service	3,901,944	-
County Capital Improvements	934,062	2,687
Virginia Public Assistance	446,540	-
Comprehensive Services Act	271,862	-
Conservation Easement	150,000	-
General Debt Service	<u>384,245</u>	<u>-</u>
Total	<u>\$ 6,088,653</u>	<u>\$ 6,088,653</u>
Component Unit:		
School Fund	\$ -	\$ 32,948
School Food Service Fund	<u>32,948</u>	<u>-</u>
Total	<u>\$ 32,948</u>	<u>\$ 32,948</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, 2013 (Continued)

Note 8—Long-Term Obligations:

Primary Government:

A summary of long-term obligations is as follows:

	Amounts Payable at July 1, 2012	Increases	Decreases	Amounts Payable at June 30, 2013	Amounts Due Within One Year
Governmental Obligations:					
Incurred by County:					
Claims, judgments and compensated absences payable	\$ 694,095	\$ -	\$ 61,722	\$ 632,373	\$ 63,237
Lease revenue bond	4,460,526	-	68,990	4,391,536	71,898
Boyce wastewater VRA Note	548,000	-	137,500	410,500	147,500
Total incurred by County	<u>\$ 5,702,621</u>	<u>\$ -</u>	<u>\$ 268,212</u>	<u>\$ 5,434,409</u>	<u>\$ 282,635</u>
Incurred by School Board:					
General obligation bonds payable	\$ 36,205,000	\$ -	\$ 2,125,000	\$ 34,080,000	\$ 2,135,000
Capital leases	1,403,248	-	136,805	1,266,443	142,831
VRS obligation	49,009	-	49,009	-	-
Total Incurred by School Board	<u>\$ 37,657,257</u>	<u>\$ -</u>	<u>\$ 2,310,814</u>	<u>\$ 35,346,443</u>	<u>\$ 2,277,831</u>
Premiums on bonds issued	\$ 513,176	\$ -	\$ 82,026	\$ 431,150	\$ 82,026
Discount on bonds issued	(31,117)	-	(2,404)	(28,713)	(2,404)
Total Governmental Obligations	<u>\$ 43,841,937</u>	<u>\$ -</u>	<u>\$ 2,658,648</u>	<u>\$ 41,183,289</u>	<u>\$ 2,640,088</u>

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

Year Ending June 30,	County Obligations			School Obligations			
	VRA Bonds	RDA Lease Revenue Bonds		Bonds and Literary Loans		Capital Leases	
	Principal	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 147,500	\$ 71,898	\$ 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	-	84,772	166,928	1,655,000	1,122,592	167,709	24,363
2019-2023	-	480,411	778,089	7,400,000	4,593,412	491,341	35,826
2024-2028	-	590,245	668,255	8,480,000	2,799,975	-	-
2029-2033	-	725,190	533,310	7,460,000	669,070	-	-
2034-2038	-	890,987	367,513	-	-	-	-
2039-2043	-	1,094,690	163,810	-	-	-	-
2044	-	218,998	4,419	-	-	-	-
Total	<u>\$ 410,500</u>	<u>\$ 4,391,536</u>	<u>\$ 3,382,880</u>	<u>\$ 34,080,000</u>	<u>\$ 14,737,580</u>	<u>\$ 1,266,443</u>	<u>\$ 221,089</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2013 (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>410,500</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>4,391,536</u>
<u>Virginia Public School Authority (VPSA) Bonds:</u>	
\$410,000 Series A issued November 10, 2004 due in annual principal installments of varying amounts through July 15, 2024, and interest payments between 4.6% and 5.6% due July 15 and January 15 of each year through July 15, 2024	\$ 240,000
\$29,200,000 plus a premium of \$635,208 Series 2006B issued November 9, 2006 due in annual principal installments varying from \$800,000 to \$1,565,000 through January 26, 2026; interest payable at rates between 4.225% to 5.1% due January 15 and July 15 each year through January 26, 2026	22,445,000
\$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	2,445,000

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2013 (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%.	\$ 1,555,000
\$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>\$ 34,080,000</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%	\$ 822,219
\$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>444,224</u>
Total Capital Leases	<u>\$ 1,266,443</u>
Compensated absences	<u>\$ 632,373</u>
Premium on bonds issued	<u>\$ 431,150</u>
Discount on bonds issued	<u>\$ (28,713)</u>
Total Primary Government	<u><u>\$ 41,183,289</u></u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2013 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

The assets acquired through capital leases are as follows:

Asset:		
Machinery and equipment	\$	284,380
Building improvements		2,155,605
Less: Accumulated depreciation		<u>(1,000,063)</u>
Total	\$	<u><u>1,439,922</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013, were as follows:

<u>Year ending June 30</u>		<u>Component Unit - School Board</u>
2014	\$	192,073
2015		192,073
2016		192,073
2017		192,073
2018		192,073
2019-2023		<u>526,781</u>
Total minimum lease payments		1,487,146
Less: amount representing interest		<u>(220,703)</u>
Present value of minimum lease payments	\$	<u><u>1,266,443</u></u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2013 (Continued)

Note 8—Long-Term Obligations: (Continued)

Component Unit—School Board:

The following is a summary of long-term debt transactions of the Component Unit—School Board for the year ended June 30, 2013:

	<u>Amounts Payable at July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2013</u>	<u>Amounts Due Within One Year</u>
Compensated absences payable	\$ 535,176	\$ 14,294	\$ -	\$ 549,470	\$ 54,947

Details of Long-Term Indebtedness:

Compensated absences liability	\$ 549,470
--------------------------------	------------

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, 2013:

Changes in Long-Term Debt:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2013</u>
General Obligation Bond	\$ 662,798	\$ -	\$ 33,140	\$ 629,658
Notes payable	4,469,312	-	250,764	4,218,548
Totals	\$ 5,132,110	\$ -	\$ 283,904	\$ 4,848,206

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2013 (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>		
	\$ 629,658	\$ 33,140
<u>Notes Payable:</u>		
<p>Note payable to VRA for the grouting project. Due June 2032. Payable semiannually. No interest</p>		
	36,661	1,880
<p>Note payable to VRA for new Boyce to Millwood line. Due June 2032. Payable semiannually. No interest</p>		
	125,000	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>573,315</u>	<u>36,658</u>
Total Water Fund	<u>\$ 1,364,634</u>	<u>\$ 77,928</u>
Boyce Wastewater Facility		
<p>Note payable to VRA for the Millwood Sewer project. Due June 2032. Payable semiannually. No interest</p>		
	\$ 384,090	\$ 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>3,099,482</u>	<u>187,847</u>
Total Boyce Wastewater Facility	<u>\$ 3,483,572</u>	<u>\$ 207,052</u>
Total Clarke County Sanitary Authority	<u><u>\$ 4,848,206</u></u>	<u><u>\$ 284,980</u></u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2013 (Continued)

Note 8—Long-Term Obligations: (Continued)

Component Unit—Sanitary Authority: (Continued)

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

Year Ending June 30,	General Obligation Bond		Notes Payable	
	Principal	Interest	Principal	Interest
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	33,140	-	256,477	12,290
2019-2023	165,700	-	1,301,877	41,954
2024-2028	165,700	-	1,228,550	8,113
2029-2033	132,558	-	417,502	-
Total	\$ 629,658	\$ -	\$ 4,218,548	\$ 123,281

Note 9—Unearned/Unavailable Revenue:

The following is a summary of unearned/unavailable revenue for the year ended June 30, 2013:

	<u>Government- wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Primary Government:		
General Fund:		
Unavailable property tax revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 1,434,988
2nd half assessments due in December 2013	9,974,992	9,974,992
Prepaid property taxes due in December 2013, but paid in advance by the taxpayers	57,342	57,342
Total unavailable revenue	<u>\$ 10,032,334</u>	<u>\$ 11,467,322</u>
School Debt Service Fund:		
Build America Bond tax credit for FY 2014 bond interest	\$ 59,504	\$ 59,504
Total unavailable revenue	<u>\$ 59,504</u>	<u>\$ 59,504</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2013 (Continued)

Note 10—Commitments and Contingencies:

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

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

Note 11—Defined Benefit Pension Plan:

A. Plan Description

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of 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 service 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 were vested as of January 1, 2013 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 five 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 Plan 1 members who were not vested on January 1, 2013 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.

Note 11—Defined Benefit Pension Plan: (Continued)

A. Plan Description (Continued)

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. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. 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.

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 website at <http://www.varetire.org/Pdf/Publications/2012-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

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. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their 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 and School's non-professional employee contribution rates for the fiscal year ended 2013 were 12.14% and 9.62% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$1,314,874, \$1,180,616, and \$945,003 to the teacher cost-sharing pool for the fiscal years ended June 30, 2013, 2012 and 2011, respectively and these contributions represented 11.66%, 6.33%, and 3.93% in 2013, 2012, and 2011, respectively, of current covered payroll.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2013 (Continued)

Note 11—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost

For fiscal year 2013, the County’s annual pension cost of \$494,959 was equal to the County’s required and actual contributions.

Three-Year Trend Information for County - Primary Government

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
County:			
June 30, 2011	\$ 350,275	100%	\$ -
June 30, 2012	340,402	100%	-
June 30, 2013	494,959	100%	-

(1) Employer portion only

For fiscal year 2013, the County School Board’s annual pension cost for the Board’s non-professional employees was \$98,917 which was equal to the Board’s required and actual contributions.

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

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
School Board: Non-Professional:			
June 30, 2011	\$ 86,955	100%	\$ -
June 30, 2012	81,430	100%	-
June 30, 2013	98,917	100%	-

(1) Employer portion only

The FY 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, 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 for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the per year salary increases include an inflation component of 2.50%. The actuarial value of the County’s and 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 County and School Board’s unfunded actuarial accrued liabilities are being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2013 (Continued)

Note 11—Defined Benefit Pension Plan: (Continued)

D. Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the County's plan was 73.35% funded. The actuarial accrued liability for benefits was \$17,494,308, and the actuarial value of assets was \$12,832,086 resulting in an unfunded actuarial accrued liability (UAAL) of \$4,662,222. The covered payroll (annual payroll of active employees covered by the plan) was \$3,875,250 and ratio of the UAAL to the covered payroll was 120.31%.

As of June 30, 2012, the most recent actuarial valuation date, the County School Board's plan was 86.98% funded. The actuarial accrued liability for benefits was \$2,847,036, and the actuarial value of assets was \$2,476,295, resulting in an unfunded actuarial accrued liability (UAAL) of \$370,741. The covered payroll (annual payroll of active employees covered by the plan) was \$1,006,729, and ratio of the UAAL to the covered payroll was 36.83%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year 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.

Note 12—Litigation:

At June 30, 2013, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 13—Risk Management:

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2013 (Continued)

Note 14—Conduit Debt:

The County has issued economic development revenue bonds through the Clarke County Industrial Development Authority. All responsibility for the payment of this debt rests with the Borrower. The County and the Authority have no responsibility for the payment of this debt. Outstanding conduit debt obligations are as follows at June 30, 2013:

Description	Original Issue	Outstanding June 30, 2013
Heritage Child Development Center, Inc.	\$ 450,000	\$ 222,505
Grafton School, Inc.	9,925,000	7,750,000
R-1 Berryville Town bond	2,327,000	2,214,040
R-2 Clarke County bond	4,822,000	4,391,536
	<u>\$ 17,524,000</u>	<u>\$ 14,578,081</u>

Note 15—Assigned Fund Balances:

Fund balances have been assigned for the following purposes:

Liquidity Designation	\$ 3,049,533
Stabilization Designation	762,383
Continuing Appropriations for Capital Projects	5,497,143
Energy Efficiency	200,000
School Capital and Debt	1,124,016
Parks Master Plan Implementation	100,000
Government Construction and Debt	675,578
Property Acquisition	265,000
Conservation Easements	153,462
Community Facilities	325,000
Comprehensive Services Act Reserve	250,000
Carryover Requests from Savings	500,000
Recycling and Convenience Center	250,000
Regional Jail Capital Needs	100,000
Vehicle Replacements	100,000
Data and Communications Technology	350,000
Voting Equipment Upgrades	50,000
Real Property Reassessment	200,000
School Operating Carryover	174,421
General District Court Capital Repairs	80,000
Pay Classification Plan Implementation	100,000
Landfill Costs	50,000
Leave Liability	75,000
FY 2014 Original Budget Deficit	647,968
Total	<u>\$ 15,079,504</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2013 (Continued)

Note 16—Surety Bonds:

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

Note 17—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.

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, 2013, \$26,068 of this note was outstanding. Future payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 2,734	\$ 761
2015	2,816	678
2016	2,921	593
2017	2,989	506
2018	3,079	415
2019-2022	11,529	701
Total	\$ <u>26,068</u>	\$ <u>3,654</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2013 (Continued)

Note 19—Restatement of Fund Balance and Net Position:

The County restated beginning fund balance and net position as follows:

	Conservation Easement Fund Balance	Governmental Activities Net Position
	<u> </u>	<u> </u>
June 30, 2012, as previously reported	\$ 205,839	\$ 28,352,375
Cash not previously reported in the Conservation Easement Fund	<u>47,250</u>	<u>47,250</u>
June 30, 2012, as restated	<u><u>\$ 253,089</u></u>	<u><u>\$ 28,399,625</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
General property taxes	\$ 17,545,578	\$ 17,545,578	\$ 17,921,211	\$ 375,633
Other local taxes	1,772,529	1,772,529	1,855,520	82,991
Permits, privilege fees, and regulatory licenses	202,121	202,121	238,733	36,612
Fines and forfeitures	283,000	283,000	347,687	64,687
Revenue from the use of money and property	120,014	120,014	113,271	(6,743)
Charges for services	605,928	605,928	593,637	(12,291)
Miscellaneous	8,830	8,830	4,289	(4,541)
Recovered costs	116,304	121,338	140,210	18,872
Intergovernmental revenues:				
Commonwealth	4,114,665	4,251,585	4,206,796	(44,789)
Federal	159,680	159,680	159,862	182
Total revenues	\$ 24,928,649	\$ 25,070,603	\$ 25,581,216	\$ 510,613
EXPENDITURES				
Current:				
General government administration	\$ 1,790,759	\$ 1,790,369	\$ 1,723,450	\$ 66,919
Judicial administration	455,625	579,189	566,436	12,753
Public safety	3,556,242	3,563,009	3,486,827	76,182
Public works	1,008,253	1,013,666	949,685	63,981
Health and welfare	350,139	350,139	350,139	-
Education	11,184,221	11,810,082	11,328,557	481,525
Parks, recreation, and cultural	1,035,972	1,036,664	948,452	88,212
Community development	586,221	621,345	570,409	50,936
Nondepartmental	95,000	44,556	11,430	33,126
Total expenditures	\$ 20,062,432	\$ 20,809,019	\$ 19,935,385	\$ 873,634
Excess (deficiency) of revenues over (under) expenditures	\$ 4,866,217	\$ 4,261,584	\$ 5,645,831	\$ 1,384,247
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (5,573,680)	\$ (5,602,490)	\$ (6,085,966)	\$ (483,476)
Sale of capital assets	-	-	3,336	3,336
Total other financing sources (uses)	\$ (5,573,680)	\$ (5,602,490)	\$ (6,082,630)	\$ (480,140)
Net change in fund balances	\$ (707,463)	\$ (1,340,906)	\$ (436,799)	\$ 904,107
Fund balances - beginning	707,463	1,340,906	16,011,337	14,670,431
Fund balances - ending	\$ -	\$ -	\$ 15,574,538	\$ 15,574,538

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, 2013

	<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	\$ -	\$ -	\$ 53,586	\$ 53,586
Intergovernmental revenues:				
Commonwealth	353,447	353,447	291,566	(61,881)
Federal	601,814	601,814	514,792	(87,022)
Total revenues	<u>\$ 955,261</u>	<u>\$ 955,261</u>	<u>\$ 859,944</u>	<u>\$ (95,317)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 1,432,321	\$ 1,432,321	\$ 1,306,484	\$ 125,837
Total expenditures	<u>\$ 1,432,321</u>	<u>\$ 1,432,321</u>	<u>\$ 1,306,484</u>	<u>\$ 125,837</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (477,060)</u>	<u>\$ (477,060)</u>	<u>\$ (446,540)</u>	<u>\$ 30,520</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 477,060</u>	<u>\$ 477,060</u>	<u>\$ 446,540</u>	<u>\$ (30,520)</u>
Total other financing sources (uses)	<u>\$ 477,060</u>	<u>\$ 477,060</u>	<u>\$ 446,540</u>	<u>\$ (30,520)</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)
6/30/2012	\$ 12,832,086	\$ 17,494,308	4,662,222	73.35%	\$ 3,875,250	120.31%
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%

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)
6/30/2012	\$ 2,476,295	\$ 2,847,036	370,741	86.98%	\$ 1,006,729	36.83%
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%

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OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2013

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 433,343	\$ 339,300	\$ 772,643
Receivables:			
Accounts receivable	-	57,565	57,565
Due from other funds	10,284	10,463	20,747
Due from other governmental units	82,570	-	82,570
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	9,908	8,564	18,472
Total assets	<u>\$ 536,105</u>	<u>\$ 415,892</u>	<u>\$ 951,997</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	<u>\$ 48,527</u>	<u>\$ 68,027</u>	<u>\$ 116,554</u>
Total liabilities	<u>\$ 48,527</u>	<u>\$ 68,027</u>	<u>\$ 116,554</u>
Fund balances:			
Restricted for:			
Swim team	-	5,454	5,454
Pool	-	2,258	2,258
Committed for:			
Animal care expenditures	9,908	-	9,908
Community development	444,361	-	444,361
Public safety	33,309	-	33,309
Assigned for:			
Capital projects	<u>-</u>	<u>340,153</u>	<u>340,153</u>
Total fund balances	<u>\$ 487,578</u>	<u>\$ 347,865</u>	<u>\$ 835,443</u>
Total liabilities and fund balances	<u>\$ 536,105</u>	<u>\$ 415,892</u>	<u>\$ 951,997</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
General property taxes	\$ 19,430	\$ -	\$ -	\$ 19,430
Revenue from the use of money and property	342	-	183	525
Charges for services	-	4,955	-	4,955
Miscellaneous	110,884	-	10,944	121,828
Intergovernmental revenues:				
Commonwealth	291,747	-	257,565	549,312
Federal	324,250	-	-	324,250
Total revenues	<u>\$ 746,653</u>	<u>\$ 4,955</u>	<u>\$ 268,692</u>	<u>\$ 1,020,300</u>
EXPENDITURES				
Current:				
Public safety	\$ 25,244	\$ -	\$ -	\$ 25,244
Health and welfare	458,496	-	-	458,496
Community development	510,766	-	-	510,766
Capital projects	-	-	1,355,355	1,355,355
Debt service:				
Principal retirement	-	206,490	-	206,490
Interest and other fiscal charges	-	182,710	-	182,710
Total expenditures	<u>\$ 994,506</u>	<u>\$ 389,200</u>	<u>\$ 1,355,355</u>	<u>\$ 2,739,061</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (247,853)</u>	<u>\$ (384,245)</u>	<u>\$ (1,086,663)</u>	<u>\$ (1,718,761)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 421,862	\$ 384,245	\$ 934,062	\$ 1,740,169
Transfers out	-	-	(2,687)	(2,687)
Total other financing sources (uses)	<u>\$ 421,862</u>	<u>\$ 384,245</u>	<u>\$ 931,375</u>	<u>\$ 1,737,482</u>
Net change in fund balances	\$ 174,009	\$ -	\$ (155,288)	\$ 18,721
Fund balances - beginning, as adjusted	<u>313,569</u>	<u>-</u>	<u>503,153</u>	<u>816,722</u>
Fund balances - ending	<u>\$ 487,578</u>	<u>\$ -</u>	<u>\$ 347,865</u>	<u>\$ 835,443</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2013

	CSA Fund	Drug Enforcement Fund	Animal Care Fund	Conservation Easement Fund	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ 33,735	\$ -	\$ 399,608	\$ 433,343
Due from other governmental units	37,570	-	-	45,000	82,570
Due from other funds	10,284	-	-	-	10,284
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	9,908	-	9,908
Total assets	\$ 47,854	\$ 33,735	\$ 9,908	\$ 444,608	\$ 536,105
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 47,854	\$ 426	\$ -	\$ 247	\$ 48,527
Total liabilities	\$ 47,854	\$ 426	\$ -	\$ 247	\$ 48,527
Fund balances:					
Committed for:					
Animal care expenditures	\$ -	\$ -	\$ 9,908	\$ -	\$ 9,908
Community development	-	-	-	444,361	444,361
Public safety	-	33,309	-	-	33,309
Total fund balances	\$ -	\$ 33,309	\$ 9,908	\$ 444,361	\$ 487,578
Total liabilities and fund balances	\$ 47,854	\$ 33,735	\$ 9,908	\$ 444,608	\$ 536,105

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2013

	CSA Fund	Drug Enforcement Fund	Animal Care Fund	Conservation Easement Fund	Total
REVENUES					
General property taxes	\$ -	\$ -	\$ -	\$ 19,430	\$ 19,430
Revenue from the use of money and property	-	238	4	100	342
Miscellaneous	8,623	2,998	285	98,978	110,884
Intergovernmental revenues:					
Commonwealth	178,011	4,456	-	109,280	291,747
Federal	-	-	-	324,250	324,250
Total revenues	\$ 186,634	\$ 7,692	\$ 289	\$ 552,038	\$ 746,653
EXPENDITURES					
Current:					
Public safety	\$ -	\$ 25,244	\$ -	\$ -	\$ 25,244
Health and welfare	458,496	-	-	-	458,496
Community development	-	-	-	510,766	510,766
Total expenditures	\$ 458,496	\$ 25,244	\$ -	\$ 510,766	\$ 994,506
Excess (deficiency) of revenues over (under) expenditures	\$ (271,862)	\$ (17,552)	\$ 289	\$ 41,272	\$ (247,853)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 271,862	\$ -	\$ -	\$ 150,000	\$ 421,862
Total other financing sources (uses)	\$ 271,862	\$ -	\$ -	\$ 150,000	\$ 421,862
Net change in fund balances	\$ -	\$ (17,552)	\$ 289	\$ 191,272	\$ 174,009
Fund balances - beginning, as adjusted	-	50,861	9,619	253,089	313,569
Fund balances - ending	<u>\$ -</u>	<u>\$ 33,309</u>	<u>\$ 9,908</u>	<u>\$ 444,361</u>	<u>\$ 487,578</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, 2013

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-	-	-	238	238
Miscellaneous	-	-	8,623	8,623	-	-	2,998	2,998
Intergovernmental revenues:								
Commonwealth	351,000	351,000	178,011	(172,989)	-	-	4,456	4,456
Federal	-	-	-	-	-	-	-	-
Total revenues	\$ 351,000	\$ 351,000	\$ 186,634	\$ (164,366)	\$ -	\$ -	\$ 7,692	\$ 7,692
EXPENDITURES								
Current:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,244	\$ (25,244)
Health and welfare	761,000	761,000	458,496	302,504	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Total expenditures	\$ 761,000	\$ 761,000	\$ 458,496	\$ 302,504	\$ -	\$ -	\$ 25,244	\$ (25,244)
Excess (deficiency) of revenues over (under) expenditures	\$ (410,000)	\$ (410,000)	\$ (271,862)	\$ 138,138	\$ -	\$ -	\$ (17,552)	\$ (17,552)
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ 410,000	\$ 410,000	\$ 271,862	\$ (138,138)	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ 410,000	\$ 410,000	\$ 271,862	\$ (138,138)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (17,552)	\$ (17,552)
Fund balances - beginning, as adjusted	-	-	-	-	-	-	50,861	50,861
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,309	\$ 33,309

Animal Care Fund				Conservation Easement Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,430	\$ 19,430
-	-	4	4	-	-	100	100
-	-	285	285	-	113,650	98,978	(14,672)
-	-	-	-	-	251,266	109,280	(141,986)
-	-	-	-	-	707,250	324,250	(383,000)
\$ -	\$ -	\$ 289	\$ 289	\$ -	\$ 1,072,166	\$ 552,038	\$ (520,128)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	150,000	1,385,025	510,766	874,259
\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ 1,385,025	\$ 510,766	\$ 874,259
\$ -	\$ -	\$ 289	\$ 289	\$ (150,000)	\$ (312,859)	\$ 41,272	\$ 354,131
\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
\$ -	\$ -	\$ 289	\$ 289	\$ -	\$ (162,859)	\$ 191,272	\$ 354,131
-	-	9,619	9,619	-	162,859	253,089	90,230
\$ -	\$ -	\$ 9,908	\$ 9,908	\$ -	\$ -	\$ 444,361	\$ 444,361

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Debt Service Funds
 For the Year Ended June 30, 2013

	<u>Primary Government Debt Service Fund</u>
REVENUES	
Charges for services	\$ <u>4,955</u>
Total revenues	\$ <u>4,955</u>
EXPENDITURES	
Debt service:	
Principal retirement	\$ 206,490
Interest and other fiscal charges	<u>182,710</u>
Total expenditures	\$ <u>389,200</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(384,245)</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	\$ <u>384,245</u>
Total other financing sources (uses)	\$ <u>384,245</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, 2013

	Primary Government Debt Service Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 4,955	\$ 4,955
Total revenues	\$ -	\$ -	\$ 4,955	\$ 4,955
EXPENDITURES				
Debt service:				
Principal retirement	\$ 226,601	\$ 226,601	\$ 206,490	\$ 20,111
Interest and other fiscal charges	162,599	162,599	182,710	(20,111)
Total expenditures	\$ 389,200	\$ 389,200	\$ 389,200	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ (389,200)	\$ (389,200)	\$ (384,245)	\$ 4,955
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 389,200	\$ 389,200	\$ 384,245	\$ (4,955)
Total other financing sources (uses)	\$ 389,200	\$ 389,200	\$ 384,245	\$ (4,955)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2013

	Parks Construction Fund	General Government Capital Projects Fund	Total
ASSETS			
Cash and cash equivalents	\$ 22,604	\$ 316,696	\$ 339,300
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	8,564	-	8,564
Receivables:			
Accounts receivable	-	57,565	57,565
Due from other funds	-	10,463	10,463
	<u>31,168</u>	<u>384,724</u>	<u>415,892</u>
Total assets	\$ <u>31,168</u>	\$ <u>384,724</u>	\$ <u>415,892</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 68,027	\$ 68,027
Total liabilities	\$ -	\$ 68,027	\$ 68,027
Fund balances:			
Restricted for:			
Swim team	\$ 5,454	\$ -	\$ 5,454
Pool	2,258	-	2,258
Assigned for:			
Capital projects	<u>23,456</u>	<u>316,697</u>	<u>340,153</u>
Total fund balances	\$ <u>31,168</u>	\$ <u>316,697</u>	\$ <u>347,865</u>
Total liabilities and fund balances	\$ <u>31,168</u>	\$ <u>384,724</u>	\$ <u>415,892</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2013

	Parks Construction Fund	General Government Capital Projects Fund	Total
REVENUES			
Revenue from the use of money and property	\$ 183	\$ -	\$ 183
Miscellaneous	2,505	8,439	10,944
Intergovernmental revenues:			
Commonwealth	-	257,565	257,565
Total revenues	<u>\$ 2,688</u>	<u>\$ 266,004</u>	<u>\$ 268,692</u>
EXPENDITURES			
Capital projects	<u>\$ -</u>	<u>\$ 1,355,355</u>	<u>\$ 1,355,355</u>
Total expenditures	<u>\$ -</u>	<u>\$ 1,355,355</u>	<u>\$ 1,355,355</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,688</u>	<u>\$ (1,089,351)</u>	<u>\$ (1,086,663)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 934,062	\$ 934,062
Transfers out	<u>(2,687)</u>	<u>-</u>	<u>(2,687)</u>
Total other financing sources (uses)	<u>\$ (2,687)</u>	<u>\$ 934,062</u>	<u>\$ 931,375</u>
Net change in fund balances	\$ 1	\$ (155,289)	\$ (155,288)
Fund balances - beginning	<u>31,167</u>	<u>471,986</u>	<u>503,153</u>
Fund balances - ending	<u><u>\$ 31,168</u></u>	<u><u>\$ 316,697</u></u>	<u><u>\$ 347,865</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, 2013

	Parks Construction Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 183	\$ 183
Miscellaneous	-	-	2,505	2,505
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,688</u>	<u>\$ 2,688</u>
EXPENDITURES				
Capital projects	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,688</u>	<u>\$ 2,688</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	-
Transfers out	-	-	(2,687)	(2,687)
Issuance of debt	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,687)</u>	<u>\$ (2,687)</u>
Net change in fund balances	\$ -	\$ -	\$ 1	1
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>31,167</u>	<u>31,167</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 31,168</u></u>	<u><u>\$ 31,168</u></u>

General Government Capital Projects Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
117,024	38,419	8,439	(29,980)
-	372,374	257,565	(114,809)
\$ 117,024	\$ 410,793	\$ 266,004	\$ (144,789)
\$ 366,310	\$ 2,640,669	\$ 1,355,355	\$ 1,285,314
\$ 366,310	\$ 2,640,669	\$ 1,355,355	\$ 1,285,314
\$ (249,286)	\$ (2,229,876)	\$ (1,089,351)	\$ 1,140,525
\$ 249,286	\$ 251,972	\$ 934,062	\$ 682,090
-	-	-	-
-	75,758	-	(75,758)
\$ 249,286	\$ 327,730	\$ 934,062	\$ 606,332
\$ -	\$ (1,902,146)	\$ (155,289)	\$ 1,746,857
-	1,902,146	471,986	(1,430,160)
\$ -	\$ -	\$ 316,697	\$ 316,697

Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2013

	<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	\$ 17,625	\$ -	\$ -	\$ 47,403	\$ -	\$ -	\$ 65,028
Prepaid expenses	-	740	-	-	-	-	740
Accounts receivable	-	-	-	-	-	895	895
Due from other governments	-	59,372	170,782	-	177,316	-	407,470
Total assets	<u>\$ 17,625</u>	<u>\$ 60,112</u>	<u>\$ 170,782</u>	<u>\$ 47,403</u>	<u>\$ 177,316</u>	<u>\$ 895</u>	<u>\$ 474,133</u>
LIABILITIES							
Reconciled overdraft	\$ -	\$ 10,755	\$ -	\$ -	\$ 68,341	\$ -	\$ 79,096
Accounts payable	-	35,421	-	-	108,975	29	144,425
Sales tax payable to other towns	-	-	30,271	-	-	-	30,271
Amounts held for Town	-	13,936	-	-	-	-	13,936
Due to other funds	-	-	140,511	-	-	866	141,377
Accrued liabilities	-	-	-	47,403	-	-	47,403
Amounts held for social services clients	17,625	-	-	-	-	-	17,625
Total liabilities	<u>\$ 17,625</u>	<u>\$ 60,112</u>	<u>\$ 170,782</u>	<u>\$ 47,403</u>	<u>\$ 177,316</u>	<u>\$ 895</u>	<u>\$ 474,133</u>

Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special welfare:				
Assets:				
Cash and cash equivalents	\$ 18,641	\$ 27,911	\$ 28,927	\$ 17,625
Liabilities:				
Amounts held for social service clients	\$ 18,641	\$ 27,911	\$ 28,927	\$ 17,625
Town of Berryville:				
Assets:				
Prepaid expenses	\$ 1,480	\$ 740	\$ 1,480	\$ 740
Due from other governments	57,734	59,372	57,734	59,372
Total assets	\$ 59,214	\$ 60,112	\$ 59,214	\$ 60,112
Liabilities:				
Reconciled overdraft	\$ 45,133	\$ 184,092	\$ 218,470	\$ 10,755
Amount held for Town	9,088	4,848	-	13,936
Accounts payable	4,993	35,421	4,993	35,421
Total liabilities	\$ 59,214	\$ 224,361	\$ 223,463	\$ 60,112
Undistributed local sales tax:				
Assets:				
Cash and cash equivalents	\$ -	\$ 924,449	\$ 924,449	\$ -
Due from other governments	175,895	170,782	175,895	170,782
Total assets	\$ 175,895	\$ 1,095,231	\$ 1,100,344	\$ 170,782
Liabilities:				
Sales tax payable to other towns	\$ 31,178	\$ 30,271	\$ 31,178	\$ 30,271
Due to other funds	144,717	140,511	144,717	140,511
Total liabilities	\$ 175,895	\$ 170,782	\$ 175,895	\$ 170,782
Cafeteria plan withholdings:				
Assets:				
Cash and cash equivalents	\$ 59,835	\$ 124,983	\$ 137,415	\$ 47,403
Liabilities:				
Accounts payable	\$ 1,288	\$ -	\$ 1,288	\$ -
Accrued liabilities	58,547	126,271	137,415	47,403
Total liabilities	\$ 59,835	\$ 126,271	\$ 138,703	\$ 47,403
Gang Task Force:				
Assets:				
Due from other governments	\$ 83,658	\$ 177,316	\$ 83,658	\$ 177,316
Liabilities:				
Reconciled overdraft	\$ 3,405	\$ 425,336	\$ 360,400	\$ 68,341
Accounts payable	80,253	108,975	80,253	108,975
Total liabilities	\$ 83,658	\$ 534,311	\$ 440,653	\$ 177,316

Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013 (continued)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Unemployment compensation benefits:				
Assets:				
Accounts receivable	\$ -	\$ 895	\$ -	\$ 895
Due from other funds	6,398	11,182	17,580	-
Total assets	<u>\$ 6,398</u>	<u>\$ 12,077</u>	<u>\$ 17,580</u>	<u>\$ 895</u>
Liabilities:				
Accounts payable	\$ 6,398	\$ 12,077	\$ 18,446	\$ 29
Due to other funds	-	866	-	866
Total liabilities	<u>\$ 6,398</u>	<u>\$ 12,943</u>	<u>\$ 18,446</u>	<u>\$ 895</u>
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 78,476	\$ 1,077,343	\$ 1,090,791	\$ 65,028
Prepaid expenses	1,480	740	1,480	740
Accounts receivable	-	895	-	895
Due from other governments	317,287	407,470	317,287	407,470
Due from other funds	6,398	11,182	17,580	-
Total assets	<u>\$ 403,641</u>	<u>\$ 1,497,630</u>	<u>\$ 1,427,138</u>	<u>\$ 474,133</u>
Liabilities:				
Reconciled overdraft	\$ 48,538	\$ 609,428	\$ 578,870	\$ 79,096
Amounts held for social service clients	18,641	27,911	28,927	17,625
Sales tax payable to other towns	31,178	30,271	31,178	30,271
Amounts held for Town	9,088	4,848	-	13,936
Accrued liabilities	58,547	126,271	137,415	47,403
Due to other funds	144,717	141,377	144,717	141,377
Accounts payable	92,932	156,473	104,980	144,425
Total liabilities	<u>\$ 403,641</u>	<u>\$ 1,096,579</u>	<u>\$ 1,026,087</u>	<u>\$ 474,133</u>

Discretely Presented Component Unit-School Board

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2013

	School Operating Fund	School Food Service Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,126,442	\$ 39,618	\$ -	\$ 4,486	\$ 2,170,546
Receivables:					
Accounts receivable	34,237	43,588	-	-	77,825
Due from other governmental units	654,581	-	57,377	-	711,958
Prepaid items	24,489	-	27,617	-	52,106
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	3,580,279	-	3,580,279
Total assets	<u>\$ 2,839,749</u>	<u>\$ 83,206</u>	<u>\$ 3,665,273</u>	<u>\$ 4,486</u>	<u>\$ 6,592,714</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Reconciled overdraft	\$ -	\$ -	\$ 36,111	\$ -	\$ 36,111
Accounts payable	323,419	73,455	254,124	-	650,998
Accrued liabilities	2,125,942	9,751	-	-	2,135,693
Due to primary government	389,888	-	42,644	-	432,532
Total liabilities	<u>\$ 2,839,249</u>	<u>\$ 83,206</u>	<u>\$ 332,879</u>	<u>\$ -</u>	<u>\$ 3,255,334</u>
Fund balances:					
Nonspendable items:					
Prepaid items	\$ 24,489	\$ -	\$ 27,617	\$ -	\$ 52,106
Restricted for:					
Construction	-	-	3,304,777	-	3,304,777
Assigned for:					
School operating	500	-	-	-	500
Capital projects	-	-	-	4,486	4,486
Unassigned	<u>(24,489)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,489)</u>
Total fund balances	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 3,332,394</u>	<u>\$ 4,486</u>	<u>\$ 3,337,380</u>
Total liabilities and fund balances	<u>\$ 2,839,749</u>	<u>\$ 83,206</u>	<u>\$ 3,665,273</u>	<u>\$ 4,486</u>	<u>\$ 6,592,714</u>

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

Total fund balances per above	\$ 3,337,380
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,026,575
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 position (Note 6).	(3,580,279)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(549,470)
Net position of governmental activities	<u>\$ 10,234,206</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, 2013

	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	\$ 35,647	\$ 78	\$ -	\$ 444	\$ 36,169
Charges for services	151,228	527,489	-	-	678,717
Miscellaneous	67,904	-	-	-	67,904
Recovered costs	157,141	-	960	-	158,101
Intergovernmental revenues:					
Local government	10,981,641	-	332,561	-	11,314,202
Commonwealth	8,608,874	8,572	47,795	-	8,665,241
Federal	692,686	253,302	22,494	-	968,482
Total revenues	<u>\$ 20,695,121</u>	<u>\$ 789,441</u>	<u>\$ 403,810</u>	<u>\$ 444</u>	<u>\$ 21,888,816</u>
EXPENDITURES					
Current:					
Education	\$ 20,662,173	\$ 822,389	\$ -	\$ -	\$ 21,484,562
Capital projects	-	-	2,026,125	-	2,026,125
Total expenditures	<u>\$ 20,662,173</u>	<u>\$ 822,389</u>	<u>\$ 2,026,125</u>	<u>\$ -</u>	<u>\$ 23,510,687</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 32,948</u>	<u>\$ (32,948)</u>	<u>\$ (1,622,315)</u>	<u>\$ 444</u>	<u>\$ (1,621,871)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 32,948	\$ -	\$ -	\$ 32,948
Transfers out	<u>(32,948)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,948)</u>
Total other financing sources (uses)	<u>\$ (32,948)</u>	<u>\$ 32,948</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ (1,622,315)	\$ 444	\$ (1,621,871)
Fund balances - beginning	<u>500</u>	<u>-</u>	<u>4,954,709</u>	<u>4,042</u>	<u>4,959,251</u>
Fund balances - ending	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 3,332,394</u>	<u>\$ 4,486</u>	<u>\$ 3,337,380</u>

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

Net change in fund balances - total governmental funds - per above	\$ (1,621,871)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	2,259,699
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>(14,294)</u>
Change in net position of governmental activities	<u>\$ 623,534</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, 2013

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 37,751	\$ 37,751	\$ 35,647	\$ (2,104)
Charges for services	151,217	151,217	151,228	11
Miscellaneous	46,835	46,835	67,904	21,069
Recovered costs	57,095	118,095	157,141	39,046
Intergovernmental revenues:				
Local government	10,872,176	11,102,919	10,981,641	(121,278)
Commonwealth	8,695,554	8,695,554	8,608,874	(86,680)
Federal	681,758	681,758	692,686	10,928
Total revenues	<u>\$ 20,542,386</u>	<u>\$ 20,834,129</u>	<u>\$ 20,695,121</u>	<u>\$ (139,008)</u>
EXPENDITURES				
Current:				
Education	\$ 20,542,386	\$ 20,834,129	\$ 20,662,173	\$ 171,956
Total expenditures	<u>\$ 20,542,386</u>	<u>\$ 20,834,129</u>	<u>\$ 20,662,173</u>	<u>\$ 171,956</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,948</u>	<u>\$ 32,948</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	(32,948)	(32,948)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32,948)</u>	<u>\$ (32,948)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	500	500
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 500</u>

School Food Service Fund				
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
Original	Final			
\$ -	\$ -	\$ 78	\$	78
555,648	555,648	527,489		(28,159)
-	-	-		-
-	-	-		-
-	-	-		-
8,787	8,787	8,572		(215)
189,817	189,817	253,302		63,485
<u>\$ 754,252</u>	<u>\$ 754,252</u>	<u>\$ 789,441</u>	<u>\$</u>	<u>35,189</u>
<u>\$ 754,252</u>	<u>\$ 754,252</u>	<u>\$ 822,389</u>	<u>\$</u>	<u>(68,137)</u>
<u>\$ 754,252</u>	<u>\$ 754,252</u>	<u>\$ 822,389</u>	<u>\$</u>	<u>(68,137)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32,948)</u>	<u>\$</u>	<u>(32,948)</u>
\$ -	\$ -	\$ 32,948	\$	32,948
-	-	-		-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,948</u>	<u>\$</u>	<u>32,948</u>
\$ -	\$ -	\$ -	\$	-
-	-	-		-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>-</u>

Balance Sheet

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

June 30, 2013

	<u>School Capital Project Proffers Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>4,486</u>
Total assets	\$ <u><u>4,486</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Total liabilities	\$ <u>-</u>
Fund balances:	
Assigned for:	
Capital projects	\$ <u>4,486</u>
Total fund balances	\$ <u>4,486</u>
Total liabilities and fund balances	\$ <u><u>4,486</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, 2013

	<u>School Capital Project Proffers Fund</u>
REVENUES	
Revenue from the use of money and property	\$ <u>444</u>
Total revenues	\$ <u>444</u>
EXPENDITURES	
Current:	
Capital projects	\$ <u>-</u>
Total expenditures	\$ <u>-</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>444</u>
Net change in fund balances	\$ 444
Fund balances - beginning	<u>4,042</u>
Fund balances - ending	<u><u>4,486</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, 2013

	Capital Projects Proffers Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 444	\$ 444
Recovered costs	-	-	-	-
Intergovernmental revenues:				
Local government	-	-	-	-
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	\$ -	\$ -	\$ 444	\$ 444
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 444	\$ 444
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 444	\$ 444
Fund balances - beginning	-	-	4,042	4,042
Fund balances - ending	\$ -	\$ -	\$ 4,486	\$ 4,486

School Capital Projects Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	960	960
297,690	631,808	332,561	(299,247)
154,000	212,764	47,795	(164,969)
52,510	12,430	22,494	10,064
<u>\$ 504,200</u>	<u>\$ 857,002</u>	<u>\$ 403,810</u>	<u>\$ (453,192)</u>
<u>\$ 504,200</u>	<u>\$ 10,151,209</u>	<u>\$ 2,026,125</u>	<u>\$ 8,125,084</u>
<u>\$ 504,200</u>	<u>\$ 10,151,209</u>	<u>\$ 2,026,125</u>	<u>\$ 8,125,084</u>
<u>\$ -</u>	<u>\$ (9,294,207)</u>	<u>\$ (1,622,315)</u>	<u>\$ 7,671,892</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ (9,294,207)</u>	<u>\$ (1,622,315)</u>	<u>\$ 7,671,892</u>
<u>-</u>	<u>9,294,207</u>	<u>4,954,709</u>	<u>(4,339,498)</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,332,394</u></u>	<u><u>\$ 3,332,394</u></u>

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Discretely Presented Component Unit – Sanitary Authority

Statement of Net Position
 Discretely Presented Component Unit - Sanitary Authority
 As of June 30, 2013

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 899,552	\$ 354,340	\$ 1,253,892
Accounts receivable	44,863	54,400	99,263
Prepaid expenses	5,498	5,498	10,996
Total current assets	\$ 949,913	\$ 414,238	\$ 1,364,151
Noncurrent assets:			
Capital assets:			
Land	\$ 13,200	\$ -	\$ 13,200
Utility plant in service	5,217,056	6,816,738	12,033,794
Less accumulated depreciation	(2,145,171)	(699,314)	(2,844,485)
Sub-total	\$ 3,085,085	\$ 6,117,424	\$ 9,202,509
Construction work in progress	96,299	-	96,299
Total capital assets	\$ 3,181,384	\$ 6,117,424	\$ 9,298,808
Total noncurrent assets	\$ 3,181,384	\$ 6,117,424	\$ 9,298,808
Total assets	\$ 4,131,297	\$ 6,531,662	\$ 10,662,959
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 29,267	\$ 44,143	\$ 73,410
Unearned revenue	11,894	-	11,894
Bonds payable - current portion	77,928	207,052	284,980
Total current liabilities	\$ 119,089	\$ 251,195	\$ 370,284
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 1,286,706	\$ 3,276,520	\$ 4,563,226
Total noncurrent liabilities	\$ 1,286,706	\$ 3,276,520	\$ 4,563,226
Total liabilities	\$ 1,405,795	\$ 3,527,715	\$ 4,933,510
NET POSITION			
Net investment in capital assets	\$ 1,816,750	\$ 2,633,852	\$ 4,450,602
Unrestricted	908,752	370,095	1,278,847
Total net position	\$ 2,725,502	\$ 3,003,947	\$ 5,729,449
Total liabilities and net position	\$ 4,131,297	\$ 6,531,662	\$ 10,662,959

Statement of Revenues, Expenses, and Changes in Net Position
 Discretely Presented Component Unit - Sanitary Authority
 For the Year Ended June 30, 2013

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services:			
Customer service charges	\$ 216,064	\$ 240,610	\$ 456,674
Connection fees	2,758	1,667	4,425
Miscellaneous	5,140	1,665	6,805
Total operating revenues	\$ 223,962	\$ 243,942	\$ 467,904
OPERATING EXPENSES			
Insurance	\$ 6,152	\$ 6,152	\$ 12,304
Miscellaneous	-	24	24
Office supplies and expenses	1,971	450	2,421
Plant maintenance	7,677	18,989	26,666
Pipeline repairs	48,458	-	48,458
Pump station maintenance	973	8,967	9,940
Grinder pump maintenance	-	17,958	17,958
Operating supplies / small equipment	27,764	90,246	118,010
Professional services	96,610	151,569	248,179
Salaries and wages	18,175	18,175	36,350
Benefits	5,090	5,090	10,180
Testing services	2,571	7,534	10,105
Utilities	23,655	54,471	78,126
Depreciation	138,275	171,256	309,531
Total operating expenses	\$ 377,371	\$ 550,881	\$ 928,252
Operating income (loss)	\$ (153,409)	\$ (306,939)	\$ (460,348)
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	\$ 3,963	\$ 2,215	\$ 6,178
Tower rental	132,843	-	132,843
County operating subsidy	-	37,000	37,000
Interest expense	(18,002)	-	(18,002)
Total nonoperating revenues (expenses)	\$ 118,804	\$ 39,215	\$ 158,019
Income before contributions	\$ (34,605)	\$ (267,724)	\$ (302,329)
Contributed capital - availability fees	\$ 800	\$ -	\$ 800
Change in net position	\$ (33,805)	\$ (267,724)	\$ (301,529)
Total net position - beginning	2,759,307	3,271,671	6,030,978
Total net position - ending	\$ 2,725,502	\$ 3,003,947	\$ 5,729,449

Statement of Cash Flows
 Discretely Presented Component Unit - Sanitary Authority
 For the Year Ended June 30, 2013

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 219,343	\$ 240,885	\$ 460,228
Payments to suppliers	(206,860)	(337,047)	(543,907)
Payments to and on behalf of employees	(23,265)	(23,265)	(46,530)
Net cash provided by (used for) operating activities	\$ (10,782)	\$ (119,427)	\$ (130,209)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Tower rental	\$ 132,843	\$ -	\$ 132,843
Operating subsidy from Clarke County	-	37,000	37,000
Net cash provided by (used for) noncapital financing activities	\$ 132,843	\$ 37,000	\$ 169,843
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of property, plant and equipment	\$ (27,870)	\$ -	\$ (27,870)
Capital contributions	800	-	800
Retirements of long-term indebtedness	(76,853)	(207,052)	(283,905)
Interest payments	(18,002)	-	(18,002)
Net cash provided by (used for) capital and related financing activities	\$ (121,925)	\$ (207,052)	\$ (328,977)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	\$ 3,963	\$ 2,215	\$ 6,178
Net cash provided by (used for) investing activities	\$ 3,963	\$ 2,215	\$ 6,178
Net increase (decrease) in cash and cash equivalents	\$ 4,099	\$ (287,264)	\$ (283,165)
Cash and cash equivalents - beginning	895,453	641,604	1,537,057
Cash and cash equivalents - ending	\$ 899,552	\$ 354,340	\$ 1,253,892
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (153,409)	\$ (306,939)	\$ (460,348)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	138,275	171,256	309,531
(Increase) decrease in accounts receivable	(3,537)	(3,057)	(6,594)
(Increase) decrease in prepaid expenses	604	604	1,208
Increase (decrease) in accounts payable	8,367	18,709	27,076
Increase (decrease) unearned revenue	(1,082)	-	(1,082)
Total adjustments	\$ 142,627	\$ 187,512	\$ 330,139
Net cash provided by (used for) operating activities	\$ (10,782)	\$ (119,427)	\$ (130,209)

Discretely Presented Component Unit-Industrial Development Authority

Statement of Net Position
 Discretely Presented Component Unit - Industrial Development Authority
 As of June 30, 2013

	<u>Industrial Development Authority</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ <u>39,527</u>
Total assets	\$ <u><u>39,527</u></u>
NET POSITION	
Unrestricted	<u>39,527</u>
Total net position	\$ <u><u>39,527</u></u>

Statement of Revenues, Expenses, and Changes in Net Position
 Discretely Presented Component Unit - Industrial Development Authority
 For the Year Ended June 30, 2013

	Industrial Development Authority
OPERATING REVENUES	
Charges for services:	
Bond repayment fee	\$ <u>15,000</u>
Total operating revenues	\$ <u>15,000</u>
OPERATING EXPENSES	
Contribution to Lord Fairfax Small Business Park	\$ 5,000
Professional services	11,594
Board members' fee	1,450
Insurance	1,272
Miscellaneous	<u>57</u>
Total operating expenses	\$ <u>19,373</u>
Operating income (loss)	\$ <u>(4,373)</u>
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental revenue	\$ 306,000
Unrealized gain (loss) on investments	1,038
Pass-through grant to industry	<u>(400,000)</u>
Total nonoperating revenues (expenses)	\$ <u>(92,962)</u>
Change in net position	\$ (97,335)
Total net position - beginning	<u>136,862</u>
Total net position - ending	<u><u>39,527</u></u>

Statement of Cash Flows
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2013

	Industrial Development Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 15,000
Payments to board	(1,450)
Payments to suppliers	<u>(19,483)</u>
Net cash provided (used) by operating activities	<u>\$ (5,933)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payment of grant from County of Clarke	\$ 306,000
Pass through of grant to industry	<u>(400,000)</u>
Net cash provided (used) by noncapital financing activities	<u>\$ (94,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	
Sale (purchase) of investments	
Unrealized gain (loss) on investments	\$ <u>1,038</u>
Other	
Net cash provided (used) by investing activities	<u>\$ 1,038</u>
Net increase (decrease) in cash and cash equivalents	\$ (98,895)
Cash and cash equivalents - beginning	<u>138,422</u>
Cash and cash equivalents - ending	<u>\$ 39,527</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (4,373)
Adjustments to reconcile operating income (loss) to net cash	
Increase (decrease) in accounts payable	<u>(1,560)</u>
Total adjustments	<u>\$ (1,560)</u>
Net cash provided by (used for) operating activities	<u>\$ (5,933)</u>

Supporting Schedules

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Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2013

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	\$ 13,631,477	\$ 13,631,477	\$ 13,588,232	\$ (43,245)
Real and personal public service corporation taxes	392,096	392,096	401,682	9,586
Personal property taxes	3,124,723	3,124,723	3,460,726	336,003
Mobile home taxes	1,258	1,258	978	(280)
Machinery and tools taxes	172,173	172,173	193,239	21,066
Penalties	134,390	134,390	144,245	9,855
Interest	89,461	89,461	132,109	42,648
Total general property taxes	\$ 17,545,578	\$ 17,545,578	\$ 17,921,211	\$ 375,633
Other local taxes:				
Local sales and use taxes	\$ 810,000	\$ 810,000	\$ 760,491	\$ (49,509)
Consumers' utility taxes	376,348	376,348	376,302	(46)
Consumption taxes	36,991	36,991	35,113	(1,878)
Motor vehicle licenses	303,336	303,336	305,225	1,889
Taxes on recordation and wills	190,000	190,000	301,902	111,902
Franchise license taxes	13,854	13,854	19,759	5,905
Transient occupancy taxes	18,000	18,000	33,938	15,938
Business license taxes	24,000	24,000	22,790	(1,210)
Total other local taxes	\$ 1,772,529	\$ 1,772,529	\$ 1,855,520	\$ 82,991
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,328	\$ 10,328	\$ 9,612	\$ (716)
Land use application fees	3,400	3,400	3,600	200
Animal shelter fees	6,909	6,909	9,108	2,199
Building and related permits	92,000	92,000	91,583	(417)
Zoning and subdivision	77,666	77,666	113,226	35,560
Transfer fees	476	476	463	(13)
Signs permits and inspection fees	1,493	1,493	81	(1,412)
Weapons permits	4,500	4,500	7,567	3,067
Other permits and fees	5,349	5,349	3,493	(1,856)
Total permits, privilege fees, and regulatory licenses	\$ 202,121	\$ 202,121	\$ 238,733	\$ 36,612
Fines and forfeitures:				
Court fines and forfeitures	\$ 283,000	\$ 283,000	\$ 347,687	\$ 64,687
Total fines and forfeitures	\$ 283,000	\$ 283,000	\$ 347,687	\$ 64,687
Revenue from use of money and property:				
Revenue from use of money	\$ 68,242	\$ 68,242	\$ 58,515	\$ (9,727)
Revenue from use of property	51,772	51,772	54,756	2,984
Total revenue from use of money and property	\$ 120,014	\$ 120,014	\$ 113,271	\$ (6,743)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (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	\$ 797	\$ 797	\$ 796	\$ (1)
Charges for emergency medical services	39,285	39,285	35,716	(3,569)
Charges for courthouse security	55,000	55,000	52,467	(2,533)
Charges for jail processing	1,500	1,500	2,404	904
Court appointed attorney	657	657	1,801	1,144
Charges for other localities	62,739	62,739	57,738	(5,001)
Charges for Commonwealth's Attorney	1,000	1,000	1,714	714
Charges for planning and community development	90	90	-	(90)
Charges for parks and recreation	391,600	391,600	395,386	3,786
Charges for engineer's fees/biosolids applications	27,450	27,450	20,328	(7,122)
Other charges for services	25,810	25,810	25,287	(523)
Total charges for services	\$ 605,928	\$ 605,928	\$ 593,637	\$ (12,291)
Miscellaneous revenue:				
Miscellaneous	\$ 8,830	\$ 8,830	\$ 4,289	\$ (4,541)
Total miscellaneous revenue	\$ 8,830	\$ 8,830	\$ 4,289	\$ (4,541)
Recovered costs:				
Gas tax refund	\$ 8,318	\$ 13,352	\$ 17,959	\$ 4,607
Insurance recovery	21,630	21,630	16,327	(5,303)
Gifts & donations in lieu of taxes	3,000	3,000	2,500	(500)
Sale of salvage	3,327	3,327	7,212	3,885
Loan repayment	3,495	3,495	3,495	-
Recycling and other rebates and refunds	76,534	76,534	92,717	16,183
Total recovered costs	\$ 116,304	\$ 121,338	\$ 140,210	\$ 18,872
Total revenue from local sources	\$ 20,654,304	\$ 20,659,338	\$ 21,214,558	\$ 555,220
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 19,426	\$ 19,426	\$ 24,493	\$ 5,067
Mobile home titling tax	-	-	40	40
Taxes on deeds	66,421	66,421	30,960	(35,461)
Quarterly rental tax	2,305	2,305	3,810	1,505
Communications tax	416,632	416,632	439,446	22,814
Personal property tax relief funds	2,483,842	2,483,842	2,483,842	-
Total noncategorical aid	\$ 2,988,626	\$ 2,988,626	\$ 2,982,591	\$ (6,035)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (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	\$ 175,766	\$ 175,766	\$ 174,882	\$ (884)
Sheriff	698,760	698,760	692,082	(6,678)
Commissioner of revenue	71,339	71,339	71,352	13
Treasurer	79,211	79,211	79,324	113
Registrar/electoral board	36,362	36,362	38,549	2,187
Clerk of the Circuit Court	9,411	119,706	104,235	(15,471)
Total shared expenses	<u>\$ 1,070,849</u>	<u>\$ 1,181,144</u>	<u>\$ 1,160,424</u>	<u>\$ (20,720)</u>
Other categorical aid:				
Fire programs fund	\$ 36,901	\$ 36,901	\$ 20,066	\$ (16,835)
Litter control grant	5,399	5,399	7,216	1,817
Virginia Commission for the Arts	5,000	1,000	-	(1,000)
Divison of historic landmarks	-	23,000	24,996	1,996
Other categorical aid	7,890	15,515	11,503	(4,012)
Total other categorical aid	<u>\$ 55,190</u>	<u>\$ 81,815</u>	<u>\$ 63,781</u>	<u>\$ (18,034)</u>
Total categorical aid	<u>\$ 1,126,039</u>	<u>\$ 1,262,959</u>	<u>\$ 1,224,205</u>	<u>\$ (38,754)</u>
Total revenue from the Commonwealth	<u>\$ 4,114,665</u>	<u>\$ 4,251,585</u>	<u>\$ 4,206,796</u>	<u>\$ (44,789)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 5,554</u>	<u>\$ 5,554</u>	<u>\$ 5,578</u>	<u>\$ 24</u>
Categorical aid:				
Crime victim assistance	\$ 39,024	\$ 39,024	\$ 39,024	\$ -
ARRA - Byrne justice memorial assistance grant	5,423	5,423	5,423	-
Gang free schools and communities	65,000	65,000	60,576	(4,424)
DMV 402 grant	11,675	11,675	10,334	(1,341)
Bulletproof vest grant	-	-	403	403
Local law enforcement block grant	-	-	2,226	2,226
Disaster relief	-	-	1,296	1,296
Violence against women formula grants	33,004	33,004	35,002	1,998
Total categorical aid	<u>\$ 154,126</u>	<u>\$ 154,126</u>	<u>\$ 154,284</u>	<u>\$ 158</u>
Total revenue from the federal government	<u>\$ 159,680</u>	<u>\$ 159,680</u>	<u>\$ 159,862</u>	<u>\$ 182</u>
Total General Fund	<u><u>\$ 24,928,649</u></u>	<u><u>\$ 25,070,603</u></u>	<u><u>\$ 25,581,216</u></u>	<u><u>\$ 510,613</u></u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (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	\$ -	\$ -	\$ 49,645	\$ 49,645
Expenditure refunds	-	-	3,941	3,941
Total recovered costs	\$ -	\$ -	\$ 53,586	\$ 53,586
Total revenue from local sources	\$ -	\$ -	\$ 53,586	\$ 53,586
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 353,447	\$ 353,447	\$ 291,566	\$ (61,881)
Total categorical aid	\$ 353,447	\$ 353,447	\$ 291,566	\$ (61,881)
Total revenue from the Commonwealth	\$ 353,447	\$ 353,447	\$ 291,566	\$ (61,881)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 601,814	\$ 601,814	\$ 514,792	\$ (87,022)
Total categorical aid	\$ 601,814	\$ 601,814	\$ 514,792	\$ (87,022)
Total revenue from the federal government	\$ 601,814	\$ 601,814	\$ 514,792	\$ (87,022)
Total Virginia Public Assistance Fund	\$ 955,261	\$ 955,261	\$ 859,944	\$ (95,317)
Comprehensive services act fund:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 8,623	\$ 8,623
Total miscellaneous revenue	\$ -	\$ -	\$ 8,623	\$ 8,623
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive services	\$ 351,000	\$ 351,000	\$ 178,011	\$ (172,989)
Total categorical aid	\$ 351,000	\$ 351,000	\$ 178,011	\$ (172,989)
Total revenue from the Commonwealth	\$ 351,000	\$ 351,000	\$ 178,011	\$ (172,989)
Total comprehensive services fund	\$ 351,000	\$ 351,000	\$ 186,634	\$ (164,366)
Drug Enforcement Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 238	\$ 238
Total revenue from use of money and property	\$ -	\$ -	\$ 238	\$ 238
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ -	\$ 2,998	\$ 2,998
Total miscellaneous revenue	\$ -	\$ -	\$ 2,998	\$ 2,998
Total revenue from local sources	\$ -	\$ -	\$ 3,236	\$ 3,236

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (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	\$ -	\$ -	\$ 4,456	\$ 4,456
Total revenue from the Commonwealth	\$ -	\$ -	\$ 4,456	\$ 4,456
Total drug enforcement fund	\$ -	\$ -	\$ 7,692	\$ 7,692
Animal Care Fund:				
Revenue from local sources:				
Revenue from use of money:				
Revenue from the use of money	\$ -	\$ -	\$ 4	\$ 4
Total revenue from use of money	\$ -	\$ -	\$ 4	\$ 4
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ -	\$ 285	\$ 285
Total miscellaneous revenue	\$ -	\$ -	\$ 285	\$ 285
Total Animal Care Fund	\$ -	\$ -	\$ 289	\$ 289
Conservation Easement Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ -	\$ -	\$ 19,430	\$ 19,430
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 100	\$ 100
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ 113,650	\$ 98,978	\$ (14,672)
Total revenue from local sources	\$ -	\$ 113,650	\$ 118,508	\$ 4,858
Revenue from the Commonwealth:				
Other categorical aid:				
Conservation easement grants	\$ -	\$ 251,266	\$ 109,280	\$ (141,986)
Revenue from the federal government:				
Categorical aid:				
Farm and ranch lands protection program	\$ -	\$ 707,250	\$ 324,250	\$ (383,000)
Total Conservation Easement Fund	\$ -	\$ 1,072,166	\$ 552,038	\$ (520,128)
Debt Service Funds:				
School Debt Service Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 6,397	\$ 6,397	\$ 11,174	\$ 4,777
Total revenue from use of money and property	\$ 6,397	\$ 6,397	\$ 11,174	\$ 4,777
Total revenue from local sources	\$ 6,397	\$ 6,397	\$ 11,174	\$ 4,777
Revenue from the federal government:				
Categorical aid:				
BAB interest subsidy	\$ -	\$ 130,348	\$ 118,604	\$ (11,744)
Total School Debt Service Fund	\$ 6,397	\$ 136,745	\$ 129,778	\$ (6,967)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (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	\$ -	\$ -	\$ 4,955	\$ 4,955
Total charges for services	\$ -	\$ -	\$ 4,955	\$ 4,955
Total revenue from local sources	\$ -	\$ -	\$ 4,955	\$ 4,955
Total General Debt Service Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,955</u>	<u>\$ 4,955</u>
Capital Projects Fund:				
General Government Capital Projects Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Gifts and donations	\$ 117,024	\$ 38,419	\$ 8,439	\$ (29,980)
Total revenue from local sources	<u>\$ 117,024</u>	<u>\$ 38,419</u>	<u>\$ 8,439</u>	<u>\$ (29,980)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	\$ -	\$ 372,374	\$ 257,565	\$ (114,809)
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 372,374</u>	<u>\$ 257,565</u>	<u>\$ (114,809)</u>
Total General Government Capital Projects Fund	<u>\$ 117,024</u>	<u>\$ 410,793</u>	<u>\$ 266,004</u>	<u>\$ (144,789)</u>
Parks Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 183	\$ 183
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183</u>	<u>\$ 183</u>
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ -	\$ 2,505	\$ 2,505
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,505</u>	<u>\$ 2,505</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,688</u>	<u>\$ 2,688</u>
Total Parks Construction Fund:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,688</u>	<u>\$ 2,688</u>
Total Primary Government	<u>\$ 26,358,331</u>	<u>\$ 27,996,568</u>	<u>\$ 27,591,238</u>	<u>\$ (405,330)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (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	\$ 37,751	\$ 37,751	\$ 35,647	\$ (2,104)
Charges for services:				
Tuition	\$ 104,117	\$ 104,117	\$ 104,873	\$ 756
Town of Berryville Crossing	5,000	5,000	2,500	(2,500)
Facility use fees	42,100	42,100	43,855	1,755
Total charges for services	\$ 151,217	\$ 151,217	\$ 151,228	\$ 11
Miscellaneous revenue:				
Other miscellaneous	\$ 28,363	\$ 28,363	\$ 32,239	\$ 3,876
Private gifts and donations	18,472	18,472	35,665	17,193
Total miscellaneous revenue	\$ 46,835	\$ 46,835	\$ 67,904	\$ 21,069
Recovered costs:				
Rebates and refunds	\$ 48,394	\$ 48,394	\$ 77,610	\$ 29,216
Insurance recoveries	5,000	66,000	77,314	11,314
Sale of equipment	3,701	3,701	2,217	(1,484)
Total recovered costs	\$ 57,095	\$ 118,095	\$ 157,141	\$ 39,046
Total revenue from local sources	\$ 292,898	\$ 353,898	\$ 411,920	\$ 58,022
Revenues from local governments:				
Contribution from County of Clarke, Virginia	\$ 10,872,176	\$ 11,102,919	\$ 10,981,641	\$ (121,278)
Total revenues from local governments	\$ 10,872,176	\$ 11,102,919	\$ 10,981,641	\$ (121,278)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,230,807	\$ 2,230,807	\$ 2,229,058	\$ (1,749)
At risk payments	23,658	23,658	23,631	(27)
Basic school aid	4,470,804	4,470,804	4,454,060	(16,744)
Foster home children	31,044	31,044	12,138	(18,906)
Gifted and talented children	48,976	48,976	48,991	15
Homebound education	1,065	1,065	4,062	2,997
Preschool At-Risk	39,842	39,842	39,842	-
Special education - soq	513,722	513,722	513,883	161
Special education - foster children	18,005	18,005	1,951	(16,054)
Vocational education - soq	90,657	90,657	90,685	28
Vocational equipment	4,328	4,328	3,931	(397)
Vocational - occupational	18,511	18,511	2,228	(16,283)
Textbook payments	93,502	93,502	93,531	29
Remedial education	57,312	57,312	57,330	18

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (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	746,095	746,095	746,329	234
Remedial summer school	11,114	11,114	11,356	242
Regional program tuition	61,530	61,530	17,604	(43,926)
Industry certification program	808	808	846	38
Mentor teacher program	2,963	2,963	1,717	(1,246)
SOL algebra readiness	10,039	10,039	8,405	(1,634)
Early intervention	13,074	13,074	16,343	3,269
ISAEF	7,859	7,859	7,859	-
English as a second language	12,775	12,775	6,855	(5,920)
Supplemental support	68,477	68,477	68,477	-
Project graduation	-	-	5,156	5,156
Regional tuition	117,954	117,954	116,672	(1,282)
Other categorical aid	633	633	25,934	25,301
Total categorical aid	\$ 8,695,554	\$ 8,695,554	\$ 8,608,874	\$ (86,680)
Total revenue from the Commonwealth	\$ 8,695,554	\$ 8,695,554	\$ 8,608,874	\$ (86,680)
Revenue from the federal government:				
Categorical aid:				
Title I part A: Grants to local educational agencies	\$ 192,144	\$ 192,144	\$ 164,293	\$ (27,851)
Title II part A: Improving teacher quality	58,089	58,089	66,690	8,601
Title II part D: Education technology state grants	1,428	1,428	-	(1,428)
Title III, Part A: English language acquisition grants	3,274	3,274	1,004	(2,270)
Title III, Immigrant and youth subgrant	-	-	98	98
Medicaid	7,353	7,353	6,959	(394)
Vocational education basic grants to states	23,178	23,178	25,452	2,274
Title VI-B: Special education grants to states	383,025	383,025	410,444	27,419
Special education preschool handicapped grant	13,267	13,267	17,746	4,479
Total categorical aid	\$ 681,758	\$ 681,758	\$ 692,686	\$ 10,928
Total revenue from the federal government	\$ 681,758	\$ 681,758	\$ 692,686	\$ 10,928
Total School Operating Fund	\$ 20,542,386	\$ 20,834,129	\$ 20,695,121	\$ (139,008)
School Food Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 78	\$ 78
Total revenue from use of money and property	\$ -	\$ -	\$ 78	\$ 78
Charges for services:				
Cafeteria sales	\$ 555,648	\$ 555,648	\$ 527,489	\$ (28,159)
Total charges for services	\$ 555,648	\$ 555,648	\$ 527,489	\$ (28,159)
Total revenue from local sources	\$ 555,648	\$ 555,648	\$ 527,567	\$ (28,081)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (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	\$ 8,787	\$ 8,787	\$ 8,572	\$ (215)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 189,817	\$ 189,817	\$ 253,302	\$ 63,485
Total categorical aid	<u>189,817</u>	<u>189,817</u>	<u>253,302</u>	<u>63,485</u>
Total revenue from the federal government	<u>189,817</u>	<u>189,817</u>	<u>253,302</u>	<u>63,485</u>
Total School Food Service Fund	<u>\$ 754,252</u>	<u>\$ 754,252</u>	<u>\$ 789,441</u>	<u>\$ 35,189</u>
Capital Projects Funds:				
School Capital Projects Fund:				
Recovered costs:				
Other recovered costs	\$ -	\$ -	\$ 960	\$ 960
Total recovered costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 960</u>	<u>\$ 960</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 960</u>	<u>\$ 960</u>
Revenues from local governments:				
Contribution from County of Clarke , Virginia	<u>\$ 297,690</u>	<u>\$ 631,808</u>	<u>\$ 332,561</u>	<u>\$ (299,247)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Instructional technology grant	\$ 154,000	\$ 212,764	\$ 47,795	\$ (164,969)
Total revenue from the Commonwealth	<u>\$ 154,000</u>	<u>\$ 212,764</u>	<u>\$ 47,795</u>	<u>\$ (164,969)</u>
Revenue from the federal government:				
Categorical aid:				
ARRA - Longitudinal data system	\$ 52,510	\$ 12,430	\$ 22,494	\$ 10,064
Total categorical aid	<u>\$ 52,510</u>	<u>\$ 12,430</u>	<u>\$ 22,494</u>	<u>\$ 10,064</u>
Total revenue from the federal government	<u>\$ 52,510</u>	<u>\$ 12,430</u>	<u>\$ 22,494</u>	<u>\$ 10,064</u>
Total School Capital Projects Fund	<u>\$ 504,200</u>	<u>\$ 857,002</u>	<u>\$ 403,810</u>	<u>\$ (453,192)</u>
School Capital Projects Proffers Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 444	\$ 444
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444</u>	<u>\$ 444</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444</u>	<u>\$ 444</u>
Total School Capital Projects Proffers Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444</u>	<u>\$ 444</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 21,800,838</u>	<u>\$ 22,445,383</u>	<u>\$ 21,888,816</u>	<u>\$ (556,567)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

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	\$ 57,676	\$ 57,676	\$ 49,041	\$ 8,635
General and financial administration:				
County administrator	\$ 293,006	\$ 293,008	\$ 289,104	\$ 3,904
Independent auditor	33,500	33,500	31,100	2,400
Legal services	73,804	70,253	52,335	17,918
Commissioner of revenue	202,730	202,673	193,888	8,785
Assessor	3,500	3,500	3,500	-
Data processing	295,722	295,683	286,326	9,357
Finance and purchasing	484,520	484,520	475,567	8,953
Treasurer	244,369	244,303	241,869	2,434
Total general and financial administration	\$ 1,631,151	\$ 1,627,440	\$ 1,573,689	\$ 53,751
Board of elections:				
Registrar	\$ 67,755	\$ 67,691	\$ 67,033	\$ 658
Electoral board and officials	34,177	37,562	33,687	3,875
Total board of elections	\$ 101,932	\$ 105,253	\$ 100,720	\$ 4,533
Total general government administration	\$ 1,790,759	\$ 1,790,369	\$ 1,723,450	\$ 66,919
Judicial administration:				
Courts:				
Circuit court	\$ 12,180	\$ 13,379	\$ 13,379	\$ -
General district court	5,064	5,954	5,953	1
Magistrate	1,000	1,000	176	824
Juvenile and domestic relations court	4,771	4,771	2,664	2,107
Clerk of the circuit court	88,472	206,398	206,398	-
Victim Witness Program	39,741	41,014	40,304	710
Division of court services	1,000	1,000	-	1,000
Regional court services	3,759	3,759	3,759	-
Blue Ridge legal services	2,000	2,000	2,000	-
Total courts	\$ 157,987	\$ 279,275	\$ 274,633	\$ 4,642
Commonwealth's attorney:				
Commonwealth's attorney	\$ 297,638	\$ 299,914	\$ 291,803	\$ 8,111
Total commonwealth's attorney	\$ 297,638	\$ 299,914	\$ 291,803	\$ 8,111
Total judicial administration	\$ 455,625	\$ 579,189	\$ 566,436	\$ 12,753

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (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	\$ 1,693,854	\$ 1,682,037	\$ 1,691,666	\$ (9,629)
Criminal justice training	16,000	16,300	16,300	-
Drug task force	9,500	9,500	9,314	186
Total law enforcement and traffic control	<u>\$ 1,719,354</u>	<u>\$ 1,707,837</u>	<u>\$ 1,717,280</u>	<u>\$ (9,443)</u>
Fire and rescue services:				
Emergency services board	\$ 372,624	\$ 375,490	\$ 375,490	-
Communications	442,935	445,068	396,693	48,375
Fire and rescue departments	274,705	275,985	251,648	24,337
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>\$ 1,097,424</u>	<u>\$ 1,103,703</u>	<u>\$ 1,030,991</u>	<u>\$ 72,712</u>
Correction and detention:				
Regional jail	\$ 453,049	\$ 465,137	\$ 465,137	-
Juvenile detention home	50,818	50,818	50,817	1
Probation office	925	925	661	264
Total correction and detention	<u>\$ 504,792</u>	<u>\$ 516,880</u>	<u>\$ 516,615</u>	<u>\$ 265</u>
Inspections:				
Building	\$ 141,492	\$ 141,617	\$ 141,166	\$ 451
Total inspections	<u>\$ 141,492</u>	<u>\$ 141,617</u>	<u>\$ 141,166</u>	<u>\$ 451</u>
Other protection:				
Animal control	\$ 91,180	\$ 90,972	\$ 80,695	\$ 10,277
Medical examiner	2,000	2,000	80	1,920
Total other protection	<u>\$ 93,180</u>	<u>\$ 92,972</u>	<u>\$ 80,775</u>	<u>\$ 12,197</u>
Total public safety	<u>\$ 3,556,242</u>	<u>\$ 3,563,009</u>	<u>\$ 3,486,827</u>	<u>\$ 76,182</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 168,000	\$ 168,000	\$ 131,598	\$ 36,402
Sanitation	61,000	65,477	65,476	1
Litter control program	5,399	5,399	3,408	1,991
Total sanitation and waste removal	<u>\$ 234,399</u>	<u>\$ 238,876</u>	<u>\$ 200,482</u>	<u>\$ 38,394</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (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	\$ 773,854	\$ 774,790	\$ 749,203	\$ 25,587
Total maintenance of general buildings and grounds	\$ 773,854	\$ 774,790	\$ 749,203	\$ 25,587
Total public works	\$ 1,008,253	\$ 1,013,666	\$ 949,685	\$ 63,981
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	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
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	\$ 60,639	\$ 60,639	\$ 60,639	\$ -
Total health and welfare	\$ 350,139	\$ 350,139	\$ 350,139	\$ -
Education:				
Other instructional costs:				
Contribution to Clarke County Public Schools	\$ 11,169,866	\$ 11,795,727	\$ 11,314,202	\$ 481,525
Lord Fairfax Community College	14,355	14,355	14,355	-
Total education	\$ 11,184,221	\$ 11,810,082	\$ 11,328,557	\$ 481,525
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 362,307	\$ 363,437	\$ 353,228	\$ 10,209
Recreation center	105,791	105,740	98,503	7,237
Swimming pool	89,899	89,479	57,995	31,484
Concession stand	21,237	21,237	16,934	4,303
Programs	257,329	257,362	223,383	33,979
Total parks and recreation	\$ 836,563	\$ 837,255	\$ 750,043	\$ 87,212

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (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:				
Josephine School	\$ 7,290	\$ 7,290	\$ 7,290	\$ -
Virginia commission for the arts	10,000	10,000	9,000	1,000
Total cultural enrichment	\$ 17,290	\$ 17,290	\$ 16,290	\$ 1,000
Library:				
Contribution to Handley library	\$ 182,119	\$ 182,119	\$ 182,119	\$ -
Total library	\$ 182,119	\$ 182,119	\$ 182,119	\$ -
Total parks, recreation, and cultural	\$ 1,035,972	\$ 1,036,664	\$ 948,452	\$ 88,212
Community development:				
Planning and community development:				
Planning administration	\$ 344,577	\$ 344,577	\$ 334,334	\$ 10,243
Help with housing	7,200	7,200	7,200	-
Board of zoning appeals	3,620	5,805	5,805	-
Office of Economic Development	46,319	48,252	48,252	-
Berryville Development Authority	11,800	11,800	466	11,334
Small business development center	2,000	2,000	2,000	-
Blandy Experimental Farm	4,000	4,000	4,000	-
Planning commission	23,388	23,388	12,174	11,214
Board of septic appeals	2,739	2,739	471	2,268
Historic preservation	12,000	35,000	29,526	5,474
Northern Shenandoah Valley Regional Commission	14,217	14,217	14,217	-
Regional airport	5,000	5,000	5,000	-
Total planning and community development	\$ 476,860	\$ 503,978	\$ 463,445	\$ 40,533
Environmental management:				
Friends of the Shenandoah	\$ 4,000	\$ 4,000	\$ 4,000	\$ -
Water quality monitoring	37,544	45,544	45,422	122
Lord Fairfax Soil and Water Conservation	9,500	9,500	9,500	-
Biosolids Application	19,116	19,122	9,668	9,454
Total environmental management	\$ 70,160	\$ 78,166	\$ 68,590	\$ 9,576
Cooperative extension program:				
Cooperative extension service	\$ 36,201	\$ 36,201	\$ 35,374	\$ 827
Northern Virginia 4-H Center	3,000	3,000	3,000	-
Total cooperative extension program	\$ 39,201	\$ 39,201	\$ 38,374	\$ 827
Total community development	\$ 586,221	\$ 621,345	\$ 570,409	\$ 50,936

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Nondepartmental:				
Miscellaneous	\$ -	\$ -	\$ 248	\$ (248)
Unemployment compensation	25,000	-	11,182	(11,182)
Legal/professional services contingency	70,000	44,556	-	44,556
Total nondepartmental	<u>\$ 95,000</u>	<u>\$ 44,556</u>	<u>\$ 11,430</u>	<u>\$ 33,126</u>
Total General Fund	<u>\$ 20,062,432</u>	<u>\$ 20,809,019</u>	<u>\$ 19,935,385</u>	<u>\$ 873,634</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Public assistance and welfare administration	\$ 1,432,321	\$ 1,432,321	\$ 1,306,484	\$ 125,837
Total health and welfare	<u>\$ 1,432,321</u>	<u>\$ 1,432,321</u>	<u>\$ 1,306,484</u>	<u>\$ 125,837</u>
Total Virginia Public Assistance Fund	<u>\$ 1,432,321</u>	<u>\$ 1,432,321</u>	<u>\$ 1,306,484</u>	<u>\$ 125,837</u>
Comprehensive Services Act Fund:				
Health and welfare:				
Welfare and social services:				
Program expenditures	\$ 761,000	\$ 761,000	\$ 458,496	\$ 302,504
Total health and welfare	<u>\$ 761,000</u>	<u>\$ 761,000</u>	<u>\$ 458,496</u>	<u>\$ 302,504</u>
Total CSA Fund	<u>\$ 761,000</u>	<u>\$ 761,000</u>	<u>\$ 458,496</u>	<u>\$ 302,504</u>
Drug Enforcement Fund:				
Public Safety:				
Public Safety				
Operations	\$ -	\$ -	\$ 25,244	\$ (25,244)
Total public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,244</u>	<u>\$ (25,244)</u>
Total Drug Enforcement Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,244</u>	<u>\$ (25,244)</u>
Conservation Easement Fund:				
Community development:				
Development rights				
Development rights	\$ 150,000	\$ 1,385,025	\$ 510,766	\$ 874,259
Total Conservation Easement Fund	<u>\$ 150,000</u>	<u>\$ 1,385,025</u>	<u>\$ 510,766</u>	<u>\$ 874,259</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (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	\$ 2,309,445	\$ 2,309,445	\$ 2,390,436	\$ (80,991)
Interest and other fiscal charges	1,725,434	1,725,434	1,641,286	84,148
Total School Debt Service Fund	<u>\$ 4,034,879</u>	<u>\$ 4,034,879</u>	<u>\$ 4,031,722</u>	<u>\$ 3,157</u>
Primary Government Debt Service Fund:				
Debt service:				
Principal retirement	\$ 226,601	\$ 226,601	\$ 206,490	\$ 20,111
Interest and other fiscal charges	162,599	162,599	182,710	(20,111)
Total Primary Government Debt Service	<u>\$ 389,200</u>	<u>\$ 389,200</u>	<u>\$ 389,200</u>	<u>\$ -</u>
Capital Projects Fund:				
General Government Capital Projects Fund:				
Capital projects expenditures:				
Communications equipment	\$ 167,024	\$ 222,696	\$ 57,565	\$ 165,131
Sheriff's equipment	8,925	45,010	8,925	36,085
Vehicles	109,998	231,738	100,545	131,193
Park expansion	-	10,000	-	10,000
Technology and equipment improvements	55,363	58,883	38,011	20,872
Roofing	-	112,333	25,700	86,633
Tennis courts	-	90,000	36,599	53,401
Economic development	-	483,694	306,180	177,514
Pool repair	-	22,685	2,083	20,602
Parking	-	10,000	-	10,000
HVAC	15,000	243,384	193,937	49,447
Sheriff's building renovation	-	176,538	12,581	163,957
Plan updates	-	58,770	11,030	47,740
Carpeting	-	39,080	8,252	30,828
Landscaping	10,000	25,375	-	25,375
Parks - Westside/Parking/Pool roof	-	87,024	-	87,024
Recreation center additions	-	647,559	553,947	93,612
Systems integration	-	75,900	-	75,900
Total General Government Capital Projects Fund	<u>\$ 366,310</u>	<u>\$ 2,640,669</u>	<u>\$ 1,355,355</u>	<u>\$ 1,285,314</u>
Total Primary Government	<u>\$ 27,196,142</u>	<u>\$ 31,452,113</u>	<u>\$ 28,012,652</u>	<u>\$ 3,439,461</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Instruction	\$ 15,512,687	\$ 15,928,905	\$ 16,190,654	\$ (261,749)
Administration, attendance and health	1,449,062	1,498,231	1,256,181	242,050
Pupil transportation services	1,224,555	1,231,921	1,234,724	(2,803)
Operation and maintenance services	2,356,082	2,175,072	1,980,614	194,458
Total School Operating Fund	<u>\$ 20,542,386</u>	<u>\$ 20,834,129</u>	<u>\$ 20,662,173</u>	<u>\$ 171,956</u>
School Food Service Fund:				
Education:				
School food services:				
Administration of school food program	\$ 754,252	\$ 754,252	\$ 822,389	\$ (68,137)
Total School Food Service Fund	<u>\$ 754,252</u>	<u>\$ 754,252</u>	<u>\$ 822,389</u>	<u>\$ (68,137)</u>
School Capital Projects Fund:				
Capital projects expenditures:				
School furniture replacement	\$ 21,200	\$ 36,532	\$ 24,984	\$ 11,548
Uniform replacements and band instruments	30,000	33,700	30,890	2,810
Athletic equipment and uniforms	10,400	10,400	7,340	3,060
Software/online content - attendance and health	-	29,110	11,700	17,410
Bus purchases	85,800	105,905	74,200	31,705
School passenger vehicle	-	18,163	14,547	3,616
Technology improvements	146,000	335,556	44,130	291,426
Elementary electrical upgrades	-	33,539	-	33,539
Fencing	-	35,000	-	35,000
School food - service equipment	20,800	74,141	44,655	29,486
School painting	-	51,300	268	51,032
HVAC	26,000	52,007	27,620	24,387
Strategic space planning	-	40,466	-	40,466
Roof replacements	-	33,200	-	33,200
Flooring replacements	-	26,440	1,425	25,015
Modular classroom removal	-	34,640	26,960	7,680
Security	-	107,532	13,778	93,754
IEP management system	-	23,080	22,494	586
Practice field/football field renovation	-	6,904	1,533	5,371
Sidewalk and paving	10,000	41,500	172	41,328
Technology - facilities	154,000	212,764	47,795	164,969
Fleet radio	-	52,118	52,118	-
ERP system	-	100,000	-	100,000
Berryville Primary renovation	-	32,169	6,599	25,570
DG Cooley renovation	-	42,681	42,681	-
Playgrounds	-	30,000	920	29,080
Signage	-	10,000	71	9,929
Former high school renovation	-	7,184,551	399,407	6,785,144
New high school	-	1,357,811	1,129,838	227,973
Total capital projects	<u>\$ 504,200</u>	<u>\$ 10,151,209</u>	<u>\$ 2,026,125</u>	<u>\$ 8,125,084</u>
Total School Capital Projects Fund	<u>\$ 504,200</u>	<u>\$ 10,151,209</u>	<u>\$ 2,026,125</u>	<u>\$ 8,125,084</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 21,800,838</u>	<u>\$ 31,739,590</u>	<u>\$ 23,510,687</u>	<u>\$ 8,228,903</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>
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
2012-13	2,039,336	566,006	3,462,973	1,001,606	2,101,344

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>
\$	17,835,673	\$ 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
	22,974,665	1,018,007	1,098,325	1,777,739	946,254	419,373	37,405,628

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
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
2012-13	2,346,633	12,006,615	810,499

(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
\$ 10,963,220	\$ 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
18,046,810	1,855,520	168,355	324,211	2,982,591	3,336	38,544,570

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>
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
2012-13	1,723,450	566,436	3,512,071	949,685	2,115,119	21,498,917

(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>
\$	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
	948,452	1,081,175	11,430	4,420,922	3,381,480	40,209,137

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
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
2012-13	17,940,641	1,855,520	238,733	347,687	161,139	1,277,309

(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>
\$ 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
194,021	351,897	15,798,905	38,165,852	-	38,165,852

Property Tax Levies and Collections
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy (1), (2)</u>	<u>Current Tax Collections (1), (4)</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections (1), (3)</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes (1)</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
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%
2012-13	19,976,661	20,033,782	100.29%	94,917	20,128,699	100.76%	1,991,275	9.97%

(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	
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
2012-13	2,195,199,863	133,156,000	15,478,677	63,758,974	-	2,407,593,514

(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
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
2012-13	.63/.63	.63/.63	4.496/4.496	1.25	0.63	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
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
2012-13	14,458	2,407,594	34,490,500	1.43%	2,386

(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 12 Carryover	FY 13 Original Budget	FY13 Supplemental Budget	Final Budget
Revenue from local sources:				
Miscellaneous Revenue:				
Gifts and donations	\$ 38,419	\$ -	\$ -	\$ 38,419
Total revenue from local sources	<u>\$ 38,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,419</u>
Revenue from the Commonwealth:				
Categorical aid:				
Other Categorical aid	\$ -	\$ 117,024	\$ 255,350	\$ 372,374
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 117,024</u>	<u>\$ 255,350</u>	<u>\$ 372,374</u>
Other Financing sources:				
Debt Proceeds:				
Transfers in	\$ 75,758	\$ -	\$ -	\$ 75,758
	-	-	2,686	2,686
Total other financing sources	<u>\$ 75,758</u>	<u>\$ -</u>	<u>\$ 2,686</u>	<u>\$ 78,444</u>
Total revenue	<u>\$ 114,177</u>	<u>\$ 117,024</u>	<u>\$ 258,036</u>	<u>\$ 489,237</u>
Expenditures:				
Sheriff's Equipment (fingerprinting, etc.)	\$ 20,827	\$ 8,925	\$ -	\$ 29,752
HVAC	-	15,000	228,384	243,384
Resurface Tennis Courts	90,000	-	-	90,000
Pool Repair	19,999	-	2,686	22,685
Additional Parking	10,000	-	-	10,000
Auto Replacement	33,929	26,456	-	60,385
Sheriff's Vehicles	87,811	83,542	-	171,353
Sheriff's Mobile Radios	15,580	-	(322)	15,258
Park Expansion	30,000	-	(20,000)	10,000
Fencing - Ballfield and Pool	-	10,000	-	10,000
Phone System (E-911)	-	117,024	55,672	172,696
Technology and equipment improvements	3,520	55,363	-	58,883
Park Signs and Pool Roof	20,000	-	(20,000)	-
Communications Study	-	50,000	-	50,000
Economic Development	332,803	-	150,891	483,694
Sheriff's Building Renovation	404,922	-	(228,384)	176,538
Roofing	112,333	-	-	112,333
Plan Updates	9,661	-	49,109	58,770
Carpeting (Includes GD Courthouse Seating)	39,080	-	-	39,080
Landscaping	15,375	-	-	15,375
Parks Westside Sitework	47,024	-	40,000	87,024
Systems Integration	75,900	-	-	75,900
Recreation Center Additions/Wall Crack	647,559	-	-	647,559
Total expenditures	<u>\$ 2,016,323</u>	<u>\$ 366,310</u>	<u>\$ 258,036</u>	<u>\$ 2,640,669</u>

School Board Capital Projects Carryover Budget Allocations

	FY 12 Carryover	FY 13 Original Budget	FY13 Supplemental Budget	Final Budget
Categorical aid:				
Instructional technology grant	\$ 58,764	\$ 154,000	\$ -	\$ 212,764
School software grant	11,920	52,510	(40,840)	23,590
Total revenue from the Commonwealth	\$ 70,684	\$ 206,510	\$ (40,840)	\$ 236,354
Total revenue	\$ 70,684	\$ 206,510	\$ (40,840)	\$ 236,354
Expenditures:				
School Furniture Replacement	\$ 15,332	\$ 21,200	\$ -	\$ 36,532
Uniform Replacements and Band Instruments	-	30,000	3,700	33,700
Athletic Equipment and Uniforms	-	10,400	-	10,400
Strategic Space Planning	40,466	-	-	40,466
Buses	20,105	85,800	-	105,905
Passenger Vehicle	18,163	-	-	18,163
Modular Classroom Removal	34,640	-	-	34,640
Facilities - Technology	58,764	154,000	-	212,764
Technology	103,256	146,000	86,300	335,556
Elementary Electrical Upgrades	33,539	-	-	33,539
School Food	53,341	20,800	(3,360)	70,781
School Food Technology	-	-	3,360	3,360
School Painting	51,300	-	-	51,300
HVAC	26,007	26,000	-	52,007
Playground Match PTO - Cooley	-	-	15,000	15,000
Playground Match PTO - Boyce	-	-	15,000	15,000
Signage	-	-	10,000	10,000
School Roof Replacements	33,200	-	-	33,200
Fleet Radio System	-	-	52,118	52,118
Fencing Replacements	35,000	-	-	35,000
Flooring	26,440	-	-	26,440
Security Improvements	107,532	-	-	107,532
CCHS Practice/Football Field Renovation	6,904	-	-	6,904
Paving/Sidewalk Repairs and Improvements	31,500	10,000	-	41,500
Student Records/Technology	29,110	-	-	29,110
IEP Management System	11,920	-	11,160	23,080
ERP System	-	-	100,000	100,000
Former High Renovation	3,688,954	-	3,495,597	7,184,551
DG Cooley Renovation	1,863,990	-	(1,821,309)	42,681
Berryville Primary Renovation	1,706,457	-	(1,674,288)	32,169
New High School	1,357,811	-	-	1,357,811
Total expenditures	\$ 9,353,731	\$ 504,200	\$ 293,278	\$ 10,151,209

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Compliance

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Clarke, Virginia as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County of Clarke, Virginia's basic financial statements, and have issued our report thereon dated November 30, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer Cox Associates
(Charlottesville, Virginia
November 30, 2013

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited County of Clarke, Virginia's compliance with the types of compliance requirements described in the *OMB 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, 2013. County of Clarke, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Clarke, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of County of Clarke, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Clarke, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of County of Clarke, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Clarke, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer Cox Associates
(Charlottesville, Virginia
November 30, 2013

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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	0950112/0950113	\$ 16,063
Temporary assistance for needy families (TANF)	93.558	0400112/0400113	92,582
Refugee and entrant assistance - state administered programs	93.566	0500112/0500113	512
Low-income home energy assistance	93.568	0600412/0600413	4,929
Child care mandatory and matching funds of the child care and development fund	93.596	0760112/0760113	13,501
Stephanie Tubbs Jones child welfare services program	93.645	0900112/0900113	324
Foster care - Title IV-E	93.658	1100112/1100113	69,249
Adoption assistance - Title IV-E	93.659	1120112/1120113	23,602
Social services block grant	93.667	1000112/1000113	68,914
Chafee foster care independence program	93.674	9150112/9150113	441
Children's health insurance program (CHIP)	93.767	0540112/0540113	3,234
Medical assistance program (Medicaid, Title XIX)	93.778	1200112/1200113	<u>83,606</u>
Total Department of Health and Human Services			<u>\$ 376,957</u>
Department of Agriculture:			
Direct Payments:			
Farm and Ranch Lands Protection Program	10.913	n/a	<u>\$ 324,250</u>
Child Nutrition Cluster			
Pass Through Payments:			
Department of Agriculture:			
Food distribution	10.555	10.555/2013	\$ 48,598
Department of Education:			
National school lunch program (NSLP)	10.555	10.555/2013	<u>180,806</u> \$ 229,404
Department of Education:			
School breakfast program (SBP)	10.553	10.553/2013	\$ 23,898
Department of Social Services:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	00101121/00101113 0040112/0040113	<u>137,835</u>
Total Department of Agriculture - pass-through payments			<u>\$ 391,137</u>
Total Department of Agriculture			<u>\$ 715,387</u>

Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2013

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:			
Department of Homeland Security:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	n/a	\$ 1,296
Total Department of Homeland Security			\$ 1,296
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
JAG Program Cluster:			
Edward Byrne memorial justice assistance grant program	16.738	n/a	\$ 5,423
ARRA - Edward Byrne memorial justice assistance grant (JAG) Program/ Grants to States and Territories	16.803	11SUB9033	2,226
Youth gang prevention	16.544	n/a	420,976
Bulletproof vest partnership program	16.607	n/a	403
Violence against women formula grants	16.588	10WFAX0050	35,002
Crime victim assistance	16.575	12VAGX0095	39,024
Total Department of Justice			\$ 503,054
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol open container requirements	20.607	n/a	\$ 10,334
Total Department of Transportation			\$ 10,334
Department of Education:			
Direct Payments:			
Department of Education:			
Medicaid	84.000	n/a	\$ 6,959
Title III Immigrant	84.000	n/a	98
Pass Through Payments:			
Department of Education:			
Title I: Grants to local educational agencies (Title I, Part A of the ESEA)	84.010	S010A110046	164,293
Special education cluster:			
Special education grants to states (IDEA, Part B)	84.027	H027A100107	410,444
Special education - preschool grants (IDEA Preschool)	84.173	H173A100112	17,746
ARRA - Statewide data systems	84.384	R384A110037	22,494
English language acquisition grants	84.365	T365A090046	1,004
Career and technical education - basic grants to states (Perkins IV)	84.048	V048A100046	25,452
Improving teacher quality state grants	84.367	S367A090044	66,690
Total Department of Education			\$ 715,180
Total Expenditures of Federal Awards			\$ 2,322,208

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, 2013

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, 2013. 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 position, or cash flows of the County of Clarke, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 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	\$ 159,862
Special Revenue Funds:	
Virginia Public Assistance Fund	514,792
Debt Service Funds:	
School Debt Service Fund	118,604
Agency Funds:	
Gang Task Force	360,400
Special Revenue Funds:	
Conservation Easement Fund	324,250
Total primary government	<u>\$ 1,477,908</u>
Component Unit Public Schools:	
School Operating Fund	\$ 692,686
School Capital Improvement Fund	22,494
School Food Service Fund	253,302
Total component unit public schools	<u>\$ 968,482</u>
Total federal expenditures per basic financial statements	<u>\$ 2,446,390</u>
Less amounts not reported on the Schedule of Expenditures of Federal Awards:	
Payment in lieu of taxes	\$ 5,578
Build America Bond interest rate subsidy	118,604
Total federal expenditures	<u>\$ 2,322,208</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 2,322,208</u></u>

COUNTY OF CLARKE, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:
Material weakness(es) identified? No
Significant deficiency(ies) identified? None Reported
Type of auditor's report issued on compliance for major programs: Unmodified
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
84.173	Special education - preschool grants
16.544	Youth gang prevention
10.913	Farm and Ranch Lands Protection Program

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