

COUNTY OF CLARKE, VIRGINIA



FINANCIAL REPORT YEAR ENDED JUNE 30, 2014

COUNTY OF CLARKE, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2014

COUNTY OF CLARKE, VIRGINIA

Board of Supervisors

J. Michael Hobert, Chairman
David Weiss, Vice Chairman

Barbara J. Byrd

John R. Staelin

Bev McKay

County School Board

Janet K. Creager Alger, Chairman
Barbara P. Lee, Vice-Chairman
Renée F. Weir, Clerk

Chuyen Kochinsky

Charles "Chip" Schutte

Dr. Elizabeth Leffel

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 Dr. Chuck Bishop
County Administrator David L. Ash
Director of Joint Administrative Services Thomas J. Judge
Director of Department of Social Services Angie W. Jones

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

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, 2014, 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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of pension funding progress on pages 4-11, 59-60, and 61 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 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.

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 December 11, 2014, 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, Farney Cox Associates
Charlottesville, Virginia
December 11, 2014

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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, 2014.

Financial Highlights

- The assets of the County (excluding component units) exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$32.2 million (*net position*). Of this amount, \$14.8 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 \$2.5 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 \$1,541,783. 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 \$11,780,880 and are comprised of the numerous designations. Liquidity and stabilization funds comprise \$3,985,719. Saving for pay-as-you-go capital expenditures comprises \$3,808,123. Multi-year capital appropriations, net of estimated revenue, encumber an additional \$3,043,265. Finally, a total of \$943,773 is assigned for carryover requests from unexpended FY 14 funds.
- The County's total long-term obligations decreased by \$2,547,381 (6%) during the current fiscal year.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

Overview of the Financial Statements (Continued)

Government-wide financial statements: (Continued)

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

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate school board, a legally separate industrial development authority and a legally separate sanitary authority for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 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, the Virginia Public Assistance Fund and the School Debt Service Fund, all of which are considered to be major funds. Data from the other County funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Overview of the Financial Statements (Continued)

Fund financial statements: (Continued)

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 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 58 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 59 through 61 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found starting on page 62 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 \$32.2 million at the close of the most recent fiscal year. A large portion of the County's net position (\$17.4 million, 54% 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, 2014 and 2013		
	Governmental Activities	
	2014	2013
Current and other assets	\$ 29,335,767	\$ 32,099,379
Capital assets	55,367,949	50,134,932
Total assets	\$ 84,703,716	\$ 82,234,311
Long-term liabilities outstanding	\$ 38,635,908	\$ 41,183,289
Other liabilities	3,620,263	1,361,791
Total liabilities	\$ 42,256,171	\$ 42,545,080
Deferred inflows of resources	\$ 10,262,330	\$ 10,032,334
Net position:		
Net investment in capital assets	\$ 17,382,511	\$ 13,353,341
Restricted	7,061	7,712
Unrestricted	14,793,033	16,295,844
Total net position	\$ 32,182,605	\$ 29,656,897

An additional portion of the County's net position (\$7,061) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$14.8 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 \$2.5 million during the current fiscal year. This is largely attributable to an increase in capital assets due to the continued improvements in administrative building renovations, circuit courthouse renovations, and the renovation of the old high school into the new Cooley Campus, 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 \$2.5 million. The following table summarizes the County's Statement of Activities:

County of Clarke, Virginia
Changes in Net Position
Years Ended June 30, 2014 and 2013

	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 1,135,282	\$ 1,185,012
Operating grants and contributions	2,621,875	2,367,314
Capital grants and contributions	1,005,621	227,884
General revenues:		
Property taxes	18,649,133	18,046,810
Other taxes	1,849,613	1,855,520
Unrestricted revenues from the use of money and property	100,194	124,970
Miscellaneous	226,515	123,464
Grants and contributions not restricted to specific programs	3,260,368	3,569,984
Gain (loss) on disposal of capital assets	-	3,336
Total revenues	<u>\$ 28,848,601</u>	<u>\$ 27,504,294</u>
Expenses:		
General governmental administration	\$ 2,085,415	\$ 2,039,336
Judicial administration	595,926	566,006
Public safety	3,515,863	3,462,973
Public works	913,176	1,001,606
Health and welfare	2,258,462	2,101,344
Parks, recreation, and cultural	999,980	1,018,007
Community development	1,656,333	1,098,325
Interest on long-term debt	1,671,404	1,777,739
Education	12,626,334	13,181,686
Total expenses	<u>\$ 26,322,893</u>	<u>\$ 26,247,022</u>
Increase (decrease) in net position	\$ 2,525,708	\$ 1,257,272
Net position - beginning of year	29,656,897	28,399,625
Net position - end of year	<u>\$ 32,182,605</u>	<u>\$ 29,656,897</u>

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

- Overall decrease 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
- Increase in capital grants and contributions

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 \$14.5 million, a decrease of 1.9 million in comparison with the prior year. Of this total amount, \$13.6 million or 93% 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 \$13.3 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 58% 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 \$7,061 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 \$301,908 between the original budget and the final amended budgeted expenditures. The significant differences can be summarized as follows:

- \$227,564 increase in final budget appropriations for education is primarily due to reappropriation of capital expenditures originally budgeted in prior years.
- 74,344 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, 2014, amounts to \$55.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment and construction in progress. Major capital asset events during the current fiscal year included the following:

- Purchase of several Sheriff and administrative vehicles and equipment.
- Investment in E-911 phone system.
- 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	
	2014	2013
Land	\$ 745,500	\$ 745,500
Buildings	44,378,246	9,533,565
Improvements	780,759	830,868
Machinery & Equipment	556,038	587,446
Construction in progress	8,907,406	38,437,553
Total	\$ 55,367,949	\$ 50,134,932

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 \$38.6 million and details are summarized in the following table:

	Governmental Activities	
	2014	2013
Bonds payable:		
General obligation bonds	\$ 31,945,000	\$ 34,080,000
Premiums and discounts	334,180	402,437
Lease revenue bond	4,319,646	4,391,536
Note payable	263,000	410,500
Capital leases	1,123,612	1,266,443
Compensated absences	650,470	632,373
Total	\$ 38,635,908	\$ 41,183,289

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 costs will continue to rise.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Joint Administrative Services, County of Clarke, 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, 2014

	Primary Government Governmental Activities	Component Units		
		School Board	Clarke County Sanitary Authority	Industrial Development Authority
ASSETS				
Cash and cash equivalents	\$ 14,687,607	\$ 5,214	\$ 989,952	\$ 40,140
Receivables (net of allowance for uncollectibles):				
Taxes receivable	12,168,623	-	-	-
Accounts receivable	79,144	40,139	103,315	-
Notes receivable	2,816	-	-	-
Due from other funds	400,255	-	-	-
Due from primary government	-	2,308,230	-	-
Due from other governmental units	1,638,469	717,157	-	-
Prepaid expenses	203,798	203,637	11,270	1,340
Restricted assets:				
Cash and cash equivalents	134,537	-	-	-
Notes receivable - net of current portion	20,518	-	-	-
Capital assets (net of accumulated depreciation):				
Land	745,500	647,266	13,200	-
Buildings	44,378,246	8,009,506	-	-
Improvements other than buildings	780,759	272,075	-	-
Equipment	556,038	888,968	-	-
Utility plant in service	-	-	8,904,840	-
Construction in progress	8,907,406	-	148,132	-
Total assets	\$ 84,703,716	\$ 13,092,192	\$ 10,170,709	\$ 41,480
LIABILITIES				
Reconciled overdraft	\$ -	\$ 25,905	\$ -	\$ -
Accounts payable	289,665	1,043,057	78,286	-
Accrued liabilities	3,401	2,200,201	-	-
Customers' deposits	-	-	3,900	-
Accrued interest payable	702,072	-	-	-
Due to other funds	2,567,253	-	-	-
Due to primary government	-	-	-	-
Unearned revenue	60,482	-	9,794	-
Long-term liabilities:				
Due within one year	2,737,965	47,708	286,088	-
Due in more than one year	35,897,943	429,375	4,277,138	-
Total liabilities	\$ 42,258,781	\$ 3,746,246	\$ 4,655,206	\$ -
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	\$ 10,262,330	\$ -	\$ -	\$ -
NET POSITION				
Net investment in capital assets	\$ 17,382,511	\$ 9,817,815	\$ 4,502,946	\$ -
Restricted				
Swim team	5,402	-	-	-
Pool	1,659	-	-	-
Unrestricted (deficit)	14,793,033	(471,869)	1,012,557	41,480
Total net position	\$ 32,182,605	\$ 9,345,946	\$ 5,515,503	\$ 41,480
Total liabilities, deferred inflows of resources and net position	\$ 84,703,716	\$ 13,092,192	\$ 10,170,709	\$ 41,480

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, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,085,415	\$ 109,068	\$ 205,594	\$ -
Judicial administration	595,926	3,254	343,752	-
Public safety	3,515,863	352,053	923,180	369,504
Public works	913,176	272,529	-	-
Health and welfare	2,258,462	-	1,136,693	-
Education	12,626,334	-	-	119,986
Parks, recreation, and cultural	999,980	398,378	-	-
Community development	1,656,333	-	6,685	777,894
Interest on long-term debt	1,671,404	-	-	-
Total governmental activities	\$ 26,322,893	\$ 1,135,282	\$ 2,615,904	\$ 1,267,384
Total primary government	\$ 26,322,893	\$ 1,135,282	\$ 2,615,904	\$ 1,267,384
COMPONENT UNITS:				
School Board	\$ 23,361,737	\$ 669,479	\$ 9,460,385	\$ -
Clarke County Sanitary Authority	895,992	497,947	-	30,000
Clarke County Industrial Development Authority	8,714	10,000	-	-
Total component units	\$ 24,266,443	\$ 1,177,426	\$ 9,460,385	\$ 30,000
General revenues:				
General property taxes				
Other local taxes:				
Local sales and use tax				
Consumer utility tax				
Taxes on recordation and wills				
Motor vehicle licenses				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Contribution from County of Clarke				
Total general revenues				
Change in net position				
Net position - beginning				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government	Component Units			
Governmental Activities	School Board	Clarke County Sanitary Authority	Industrial Development Authority	
\$ (1,770,753)	\$ -	\$ -	\$ -	-
(248,920)	-	-	-	-
(1,871,126)	-	-	-	-
(640,647)	-	-	-	-
(1,121,769)	-	-	-	-
(12,506,348)	-	-	-	-
(601,602)	-	-	-	-
(871,754)	-	-	-	-
(1,671,404)	-	-	-	-
<u>\$ (21,304,323)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
<u>\$ (21,304,323)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
\$ -	\$ (13,231,873)	\$ -	\$ -	-
-	-	(368,045)	-	-
-	-	-	1,286	-
<u>\$ -</u>	<u>\$ (13,231,873)</u>	<u>\$ (368,045)</u>	<u>\$ 1,286</u>	<u>-</u>
\$ 18,649,133	\$ -	\$ -	\$ -	-
794,175	-	-	-	-
385,640	-	-	-	-
265,931	-	-	-	-
295,170	-	-	-	-
108,697	-	-	-	-
100,194	35,510	4,235	667	-
226,515	105,693	119,864	-	-
3,004,576	-	-	-	-
-	12,202,410	30,000	-	-
<u>\$ 23,830,031</u>	<u>\$ 12,343,613</u>	<u>\$ 154,099</u>	<u>\$ 667</u>	<u>-</u>
2,525,708	(888,260)	(213,946)	1,953	-
29,656,897	10,234,206	5,729,449	39,527	-
<u>\$ 32,182,605</u>	<u>\$ 9,345,946</u>	<u>\$ 5,515,503</u>	<u>\$ 41,480</u>	<u>-</u>

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Fund Financial Statements

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Balance Sheet
Governmental Funds
June 30, 2014

	General	Virginia Public Assistance	School Debt Service	Other Govern- mental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 13,598,983	\$ -	\$ 46,218	\$ 1,036,375	\$ 14,681,576
Receivables (net of allowance for uncollectibles):					
Taxes receivable	12,168,623	-	-	-	12,168,623
Accounts receivable	79,144	-	-	-	79,144
Due from other funds	371,846	-	45	28,364	400,255
Due from other governmental units	1,428,715	92,245	-	117,509	1,638,469
Prepaid items	187,527	1,625	14,264	382	203,798
Restricted assets:					
Cash and cash equivalents	125,850	-	-	8,687	134,537
Total assets	<u>\$ 27,960,688</u>	<u>\$ 93,870</u>	<u>\$ 60,527</u>	<u>\$ 1,191,317</u>	<u>\$ 29,306,402</u>
LIABILITIES					
Accounts payable	\$ 101,791	\$ 81	\$ 45	\$ 187,748	\$ 289,665
Accrued liabilities	3,401	-	-	-	3,401
Due to other funds	2,339,357	93,789	-	134,107	2,567,253
Unearned revenue	-	-	60,482	-	60,482
Total liabilities	<u>\$ 2,444,549</u>	<u>\$ 93,870</u>	<u>\$ 60,527</u>	<u>\$ 321,855</u>	<u>\$ 2,920,801</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable property tax revenue	<u>\$ 11,880,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,880,099</u>
Fund balances:					
Nonspendable:					
Prepaid items	\$ 187,527	\$ 1,625	\$ 14,264	\$ 382	\$ 203,798
Restricted:					
Swim team	-	-	-	5,402	5,402
Pool	-	-	-	1,659	1,659
Debt service	125,850	-	-	-	125,850
Committed:					
Animal care expenditures	-	-	-	8,687	8,687
Community development	-	-	-	323,561	323,561
Public safety expenditures	-	-	-	276,663	276,663
Assigned:					
Capital projects	-	-	-	253,108	253,108
Other (Note 15)	11,780,880	-	-	-	11,780,880
Unassigned	1,541,783	(1,625)	(14,264)	-	1,525,894
Total fund balances	<u>\$ 13,636,040</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 869,462</u>	<u>\$ 14,505,502</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 27,960,688</u>	<u>\$ 93,870</u>	<u>\$ 60,527</u>	<u>\$ 1,191,317</u>	<u>\$ 29,306,402</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, 2014

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 14,505,502
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	55,367,949
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,617,769
Long-term note receivable is not available to pay for current period expenditures and, therefore, is not reported in the funds.	23,334
Interest on long-term debt is not accrued in governmental funds, but rather is recognized when paid.	(702,072)
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.	6,031
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(38,635,908)</u>
Net position of governmental activities	<u><u>\$ 32,182,605</u></u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2014

	General	Virginia Public Assistance	School Debt Service	Total Nonmajor Governmental Funds	Total
REVENUES					
General property taxes	\$ 18,448,115	\$ -	\$ -	\$ 18,237	\$ 18,466,352
Other local taxes	1,849,613	-	-	-	1,849,613
Permits, privilege fees, and regulatory licenses	286,818	-	-	-	286,818
Fines and forfeitures	237,835	-	-	-	237,835
Revenue from the use of money and property	96,091	-	3,484	619	100,194
Charges for services	600,719	-	-	9,910	610,629
Miscellaneous	7,322	-	-	221,927	229,249
Recovered costs	155,399	40,483	-	-	195,882
Intergovernmental:					
Commonwealth	4,391,356	262,669	-	789,250	5,443,275
Federal	85,275	578,815	119,986	660,513	1,444,589
Total revenues	<u>\$ 26,158,543</u>	<u>\$ 881,967</u>	<u>\$ 123,470</u>	<u>\$ 1,700,456</u>	<u>\$ 28,864,436</u>
EXPENDITURES					
Current:					
General government administration	\$ 1,742,173	\$ -	\$ -	\$ -	\$ 1,742,173
Judicial administration	595,936	-	-	-	595,936
Public safety	3,512,257	-	-	24,373	3,536,630
Public works	898,325	-	-	-	898,325
Health and welfare	347,764	1,305,046	-	598,649	2,251,459
Education	14,243,108	-	-	-	14,243,108
Parks, recreation, and cultural	929,900	-	-	-	929,900
Community development	534,661	-	-	1,113,546	1,648,207
Nondepartmental	(336)	-	-	-	(336)
Capital projects	-	-	-	636,800	636,800
Debt service:					
Principal retirement	-	-	2,277,831	287,647	2,565,478
Interest and other fiscal charges	-	-	1,609,682	111,553	1,721,235
Total expenditures	<u>\$ 22,803,788</u>	<u>\$ 1,305,046</u>	<u>\$ 3,887,513</u>	<u>\$ 2,772,568</u>	<u>\$ 30,768,915</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,354,755</u>	<u>\$ (423,079)</u>	<u>\$ (3,764,043)</u>	<u>\$ (1,072,112)</u>	<u>\$ (1,904,479)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 3,395	\$ 423,079	\$ 3,764,043	\$ 1,109,526	\$ 5,300,043
Transfers out	<u>(5,296,648)</u>	<u>-</u>	<u>-</u>	<u>(3,395)</u>	<u>(5,300,043)</u>
Total other financing sources (uses)	<u>\$ (5,293,253)</u>	<u>\$ 423,079</u>	<u>\$ 3,764,043</u>	<u>\$ 1,106,131</u>	<u>\$ -</u>
Net change in fund balances	\$ (1,938,498)	\$ -	\$ -	\$ 34,019	\$ (1,904,479)
Fund balances - beginning	15,574,538	-	-	835,443	16,409,981
Fund balances - ending	<u>\$ 13,636,040</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 869,462</u>	<u>\$ 14,505,502</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, 2014

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

Net change in fund balances - total governmental funds \$ (1,904,479)

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

Capital outlay	\$	6,379,013	
Depreciation expense		(786,871)	
Joint tenancy asset transfer		<u>(359,125)</u>	5,233,017

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 182,781

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 (2,734)

Changes in long-term assets and liabilities transferred from component unit School Board. (3,580,279)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal retired	\$	2,497,221	
Bond discount amortization		(2,404)	
Bond premium amortization		<u>70,661</u>	2,565,478

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	\$	(18,097)	
(Increase)/decrease in accrued interest payable		<u>49,831</u>	31,734

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. 190

Change in net position of governmental activities \$ 2,525,708

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

Statement of Net Position
Internal Service Fund
June 30, 2014

	<u>Health Insurance Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ <u>6,031</u>
Total assets	\$ <u><u>6,031</u></u>
NET POSITION	
Unrestricted	\$ <u>6,031</u>
Total net position	\$ <u><u>6,031</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, 2014

	<u>Health Insurance Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ <u>190</u>
Total operating revenues	\$ <u>190</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ <u>-</u>
Total operating expenses	\$ <u>-</u>
Operating income (loss)	\$ <u>190</u>
Total net position - beginning	<u>5,841</u>
Total net position - ending	<u><u>\$ 6,031</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, 2014

	Health Insurance Fund
	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ <u> 190</u>
Net cash provided by (used for) operating activities	\$ <u> 190</u>
Net increase (decrease) in cash and cash equivalents	\$ 190
Cash and cash equivalents - beginning	<u> 5,841</u>
Cash and cash equivalents - ending	\$ <u><u> 6,031</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ <u> 190</u>
Net cash provided by (used for) operating activities	\$ <u><u> 190</u></u>

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 73,368
Accounts receivable	109
Due from other governments	<u>175,350</u>
Total assets	<u>\$ 248,827</u>
LIABILITIES	
Accounts payable	\$ 4,597
Amounts held for Town	17,644
Sales tax payable to other towns	34,009
Due to other funds	141,341
Amounts held for social services clients	19,839
Accrued liabilities	<u>31,397</u>
Total liabilities	<u>\$ 248,827</u>

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2014

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2014 (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, 2014.

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, 2014. The Sanitary Authority does not issue a separate financial report.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2014 (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, 2014. 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 unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

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

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following governmental funds.

a. General Fund

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

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

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 General Government Capital Projects Fund and Parks Construction Fund are considered nonmajor funds.

d. Debt Service Funds

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

2. 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, 2014 (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 \$333,706 at June 30, 2014 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.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

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, 2014 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>
Buildings and improvements	20-40
Plant, equipment and system	20-45
Motor vehicles	5-10
Equipment	5-15
Infrastructure	25-50

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. 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. 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.

N. Long-term Obligations

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

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

O. 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.

P. 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;

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

P. Fund Equity: (Continued)

- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

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, 2014.

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.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 2—Stewardship, Compliance, and Accounting:

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

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

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, 2014 the County does not have a formal investment policy addressing the various types of risks related to investments.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 3—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2014 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>AAAm</u>
Local Government Investment Pool	\$ <u>2,137,012</u>
Total	\$ <u><u>2,137,012</u></u>

External Investment Pools:

The fair value of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

Note 4—Due from Other Governments:

At June 30, 2014, the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
		<u>School Board</u>
Commonwealth of Virginia:		
Virginia Public Assistance funds	\$ 33,592	\$ -
State sales tax	-	394,482
Constitutional officer reimbursements	106,752	-
PPTRA	1,212,896	-
Communication taxes	72,789	-
Recordation tax	4,879	-
Comprehensive Services Act	82,087	-
School fund grants	-	12,381
Other general grants	1,744	-
Federal Government:		
Virginia Public Assistance funds	58,653	-
Conservation easement funds	35,422	-
Other general grants	29,655	-
School fund grants	-	310,294
Total due from other governments	\$ <u><u>1,638,469</u></u>	\$ <u><u>717,157</u></u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 5—Interfund Obligations:

Details of the Primary Government's interfund receivables and payables as of June 30, 2014, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Primary Government:		
General	\$ 371,846	\$ 2,339,357
Comprehensive Services Act	28,364	-
County Capital Projects Fund	-	134,107
Virginia Public Assistance	-	93,789
School Debt Service Fund	45	-
Total Primary Government	<u>\$ 400,255</u>	<u>\$ 2,567,253</u>
Component Unit:		
School Fund	\$ 1,493,301	\$ -
School Capital Projects Fund	814,929	-
Total Component Unit	<u>\$ 2,308,230</u>	<u>\$ -</u>
Agency Funds:		
Unemployment Compensation Fund	\$ 109	\$ -
Undistributed Local Sales Tax Fund	-	141,341
Total Agency Funds	<u>\$ 109</u>	<u>\$ 141,341</u>
Grand Total	<u>2,708,594</u>	<u>2,708,594</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, 2014 (Continued)

Note 6—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Joint Tenancy Transfer (Net)	Balance June 30, 2014
Primary Government:					
Capital assets not being depreciated:					
Land	\$ 745,500	\$ -	\$ -	\$ -	\$ 745,500
Construction in Progress	38,437,553	6,198,006	35,728,153	-	8,907,406
Total capital assets not being depreciated	<u>\$ 39,183,053</u>	<u>\$ 6,198,006</u>	<u>\$ 35,728,153</u>	<u>\$ -</u>	<u>\$ 9,652,906</u>
Capital assets being depreciated:					
Buildings	\$ 15,622,943	\$ 35,523,288	\$ -	\$ (410,000)	\$ 50,736,231
Improvements other than buildings	1,787,420	15,130	-	-	1,802,550
Equipment	3,526,240	370,742	160,071	-	3,736,911
Total capital assets being depreciated	<u>\$ 20,936,603</u>	<u>\$ 35,909,160</u>	<u>\$ 160,071</u>	<u>\$ (410,000)</u>	<u>\$ 56,275,692</u>
Accumulated depreciation:					
Buildings	\$ 6,089,378	\$ 319,482	\$ -	\$ (50,875)	\$ 6,357,985
Improvements other than buildings	956,552	65,239	-	-	1,021,791
Equipment	2,938,794	402,150	(160,071)	-	3,180,873
Total accumulated depreciation	<u>\$ 9,984,724</u>	<u>\$ 786,871</u>	<u>\$ (160,071)</u>	<u>\$ (50,875)</u>	<u>\$ 10,560,649</u>
Total capital assets being depreciated, net	<u>\$ 10,951,879</u>	<u>\$ 35,122,289</u>	<u>\$ -</u>	<u>\$ (359,125)</u>	<u>\$ 45,715,043</u>
Net capital assets governmental activities	<u>\$ 50,134,932</u>	<u>\$ 41,320,295</u>	<u>\$ 35,728,153</u>	<u>\$ (359,125)</u>	<u>\$ 55,367,949</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	\$ 17,463,589	40,599	-	410,000	\$ 17,914,188
Improvements other than buildings	326,176	10,368	-	-	336,544
Equipment	4,671,865	224,936	105,056	-	4,791,745
Total capital assets being depreciated	<u>\$ 22,461,630</u>	<u>\$ 275,903</u>	<u>\$ 105,056</u>	<u>\$ 410,000</u>	<u>\$ 23,042,477</u>
Accumulated depreciation:					
Buildings	\$ 8,355,993	\$ 1,443,979	\$ -	\$ 50,875	\$ 9,850,847
Improvements other than buildings	53,251	11,218	-	-	64,469
Equipment	3,673,077	388,591	(105,056)	-	3,956,612
Total accumulated depreciation	<u>\$ 12,082,321</u>	<u>\$ 1,843,788</u>	<u>\$ (105,056)</u>	<u>\$ 50,875</u>	<u>\$ 13,871,928</u>
Total capital assets being depreciated, net	<u>\$ 10,379,309</u>	<u>\$ (1,567,885)</u>	<u>\$ -</u>	<u>\$ 359,125</u>	<u>\$ 9,170,549</u>
Net capital assets component unit school board	<u>\$ 11,026,575</u>	<u>\$ (1,567,885)</u>	<u>\$ -</u>	<u>\$ 359,125</u>	<u>\$ 9,817,815</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 6—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 537,669
Public safety	164,291
Public works	13,813
Health and welfare	255
Parks, recreation and cultural	64,547
Community development	6,296
	<u>786,871</u>
Total Governmental activities	\$ <u>786,871</u>
Component Unit School Board	\$ <u>1,843,788</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, 2014 is that school financed assets in the amount of \$37,558,288 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, 2014 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	96,299	51,833	-	148,132
Total capital assets not being depreciated	<u>\$ 109,499</u>	<u>\$ 51,833</u>	<u>\$ -</u>	<u>\$ 161,332</u>
Capital Assets being depreciated:				
Utility plant and equipment	\$ 12,033,794	\$ 28,553	\$ -	\$ 12,062,347
Accumulated depreciation	(2,844,485)	(313,022)	-	(3,157,507)
Total capital assets being depreciated, net	<u>\$ 9,189,309</u>	<u>\$ (284,469)</u>	<u>\$ -</u>	<u>\$ 8,904,840</u>
Capital assets, net	<u>\$ 9,298,808</u>	<u>\$ (232,636)</u>	<u>\$ -</u>	<u>\$ 9,066,172</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 7—Interfund Transfers:

Interfund transfers for the year ended June 30, 2014, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 3,395	\$ 5,296,648
School Debt Service	3,764,043	-
Parks Construction Fund	-	1,895
County Capital Improvements	419,157	-
Virginia Public Assistance	423,079	-
Comprehensive Services Act	301,079	-
Animal Care Fund	-	1,500
General Debt Service	<u>389,290</u>	<u>-</u>
Total	<u>\$ 5,300,043</u>	<u>\$ 5,300,043</u>
Component Unit:		
School Operating Fund	\$ -	\$ 23,945
School Food Service Fund	<u>23,945</u>	<u>-</u>
Total	<u>\$ 23,945</u>	<u>\$ 23,945</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, 2014 (Continued)

Note 8—Long-Term Obligations:

Primary Government:

A summary of long-term obligations is as follows:

	<u>Balance July 1, 2013</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2014</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County:					
Compensated absences	\$ 632,373	\$ 18,097	\$ -	\$ 650,470	\$ 65,047
Lease revenue bond	4,391,536	-	71,890	4,319,646	74,921
Boyce wastewater VRA Bonds	410,500	-	147,500	263,000	169,000
Total incurred by County	<u>\$ 5,434,409</u>	<u>\$ 18,097</u>	<u>\$ 219,390</u>	<u>\$ 5,233,116</u>	<u>\$ 308,968</u>
Incurred by School Board:					
General obligation bonds	\$ 34,080,000	\$ -	\$ 2,135,000	\$ 31,945,000	\$ 2,225,000
Capital leases	1,266,443	-	142,831	1,123,612	148,681
Total Incurred by School Board	<u>\$ 35,346,443</u>	<u>\$ -</u>	<u>\$ 2,277,831</u>	<u>\$ 33,068,612</u>	<u>\$ 2,373,681</u>
Premiums on bonds issued	\$ 431,150	\$ -	\$ 70,661	\$ 360,489	\$ 57,720
Discount on bonds issued	<u>(28,713)</u>	<u>-</u>	<u>(2,404)</u>	<u>(26,309)</u>	<u>(2,404)</u>
Total Governmental Obligations	<u>\$ 41,183,289</u>	<u>\$ 18,097</u>	<u>\$ 2,565,478</u>	<u>\$ 38,635,908</u>	<u>\$ 2,737,965</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
2015	\$ 169,000	\$ 74,921	\$ 176,779	\$ 2,225,000	\$ 1,447,525	\$ 148,681	\$ 43,392
2016	94,000	78,070	173,629	2,320,000	1,331,823	154,771	37,303
2017	-	81,352	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	-	88,336	163,364	1,700,000	1,048,292	174,579	17,493
2020-2024	-	500,607	757,893	7,270,000	4,262,638	316,762	18,333
2025-2029	-	615,058	643,442	8,820,000	2,388,327	-	-
2030-2034	-	755,676	502,824	5,550,000	363,200	-	-
2035-2039	-	928,444	330,056	-	-	-	-
2040-2044	-	1,112,410	117,808	-	-	-	-
Total	<u>\$ 263,000</u>	<u>\$ 4,319,646</u>	<u>\$ 3,203,070</u>	<u>\$ 31,945,000</u>	<u>\$ 13,180,086</u>	<u>\$ 1,123,612</u>	<u>\$ 171,847</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2014 (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>263,000</u>
<u>Lease Revenue Bond:</u>	
\$4,822,000 lease revenue bond for capital projects issued May 16, 2007 due in monthly installments of \$20,975 commencing May 16, 2009 payable through May 16, 2044 including interest at 4.125%.	\$ <u>4,319,646</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	\$ 220,000
\$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	21,100,000
\$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	2,035,000

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2014 (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%.	\$ 1,195,000
\$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>31,945,000</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%	\$ 718,148
\$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>405,464</u>
Total Capital Leases	\$ <u>1,123,612</u>
Compensated absences	\$ <u>650,470</u>
Premium on bonds issued	\$ <u>360,489</u>
Discount on bonds issued	\$ <u>(26,309)</u>
Total Primary Government	\$ <u><u>38,635,908</u></u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2014 (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>(1,139,388)</u>
Total	\$	<u><u>1,300,597</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

<u>Year ending June 30</u>		<u>Component Unit - School Board</u>
2015	\$	192,073
2016		192,073
2017		192,073
2018		192,073
2019		192,073
2020-2023		<u>335,094</u>
Total minimum lease payments		1,295,459
Less: amount representing interest		<u>(171,847)</u>
Present value of minimum lease payments	\$	<u><u>1,123,612</u></u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2014 (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, 2014:

	<u>Balance July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>	<u>Amounts Due Within One Year</u>
Compensated absences payable	\$ 549,470	\$ -	\$ 72,387	\$ 477,083	\$ 47,708

Details of Long-Term Indebtedness:

Compensated absences liability	\$ 477,083
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Component Unit—Sanitary Authority:

The following is a summary of long-term debt transactions of the Component Unit—Sanitary Authority for the year ended June 30, 2014:

Changes in Long-Term Debt:

	<u>Balance July 1, 2013</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance June 30, 2014</u>
General Obligation Bond	\$ 629,658	\$ -	\$ 33,140	\$ 596,518
Notes payable	4,218,548	-	251,840	3,966,708
Totals	\$ 4,848,206	\$ -	\$ 284,980	\$ 4,563,226

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 8—Long-Term Obligations: (Continued)

Component Unit—Sanitary Authority: (Continued)

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Water Operating Fund:		
<u>General Obligation Bond:</u>		
\$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	\$ 596,518	\$ 33,140
<u>Notes Payable:</u>		
Note payable to VRA for the grouting project. Due June 2032. Payable semiannually. No interest	34,781	1,880
Note payable to VRA for new Boyce to Millwood line. Due June 2032. Payable semiannually. No interest	118,750	6,250
\$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	<u>536,657</u>	<u>37,766</u>
Total Water Fund	\$ <u>1,286,706</u>	\$ <u>79,036</u>
Boyce Wastewater Facility		
Note payable to VRA for the Millwood Sewer project. Due June 2032. Payable semiannually. No interest	\$ 364,885	\$ 19,205
\$3,761,429 note payable to VRA issued October 1, 2008 due in semi-annual installments of \$93,924 payable through November 1, 2029.	<u>2,911,635</u>	<u>187,847</u>
Total Boyce Wastewater Facility	\$ <u>3,276,520</u>	\$ <u>207,052</u>
Total Clarke County Sanitary Authority	<u>\$ 4,563,226</u>	<u>\$ 286,088</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2014 (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
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	33,140	-	257,725	11,042
2020-2024	165,700	-	1,308,706	35,125
2025-2029	165,700	-	1,179,177	3,900
2030-2033	99,418	-	202,321	-
Total	\$ 596,518	\$ -	\$ 3,966,708	\$ 106,354

Note 9—Unearned/Deferred/Unavailable Revenue:

The following is a summary of unearned/deferred/unavailable revenue for the year ended June 30, 2014:

	Government- wide Statements Governmental Activities	Balance Sheet Governmental Funds
Primary Government:		
General Fund:		
Deferred/unavailable property tax revenue:		
Deferred/unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 1,617,769
2nd half assessments due in December 2013	10,240,346	10,240,346
Prepaid property taxes due in December 2013, but paid in advance by the taxpayers	21,984	21,984
Total deferred/unavailable revenue	<u>\$ 10,262,330</u>	<u>\$ 11,880,099</u>
School Debt Service Fund:		
Build America Bond tax credit for FY 2015 bond interest	\$ 60,482	\$ 60,482
Total unearned revenue	<u>\$ 60,482</u>	<u>\$ 60,482</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2014 (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—Pension Plan:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent and Cost-Sharing Multiple-Employer 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. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to 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.

Within the VRS Plan, the System administers three different benefit plans for local government employees - Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

VRS – PLAN 1

1. **Plan Overview** - VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
2. **Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
3. **Hybrid Opt-In Election** - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

Note 11—Pension Plan: (Continued)

A. Plan Description: (Continued)

VRS – PLAN 1 (CONTINUED)

4. **Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; however, all employees are paying the full 5%. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
5. **Creditable Service** - Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
6. **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

7. **Calculating the Benefit** - The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.

10. **Normal Retirement Age** - Age 65.

11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Note 11—Pension Plan: (Continued)

A. Plan Description: (Continued)

VRS – PLAN 1 (CONTINUED)

11. Earliest Unreduced Retirement Eligibility (Continued)

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

12. Earliest Reduced Retirement Eligibility - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

13. Cost-of-Living Adjustment (COLA) in Retirement - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

14. Eligibility - For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

15. Exceptions to COLA Effective Dates - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

Note 11—Pension Plan: (Continued)

A. Plan Description: (Continued)

VRS – PLAN 1 (CONTINUED)

- 16. Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

- 17. Purchase of Prior Service** - Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

VRS – PLAN 2

- 1. Plan Overview** - VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- 2. Eligible Members** - Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- 3. Hybrid Opt-In Election** - VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

- 4. Retirement Contributions** - Same as VRS Plan 1—Refer to Section 4.

Note 11—Pension Plan: (Continued)

A. Plan Description: (Continued)

VRS – PLAN 2 (CONTINUED)

5. **Creditable Service** - Same as VRS Plan 1– Refer to Section 5.
6. **Vesting** - Same as VRS Plan 1–Refer to Section 6.
7. **Calculating the Benefit** - Same as VRS Plan 1–Refer to Section 7.
8. **Average Final Compensation** - A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - Same as Plan1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.
10. **Normal Retirement Age** - Normal Social Security retirement age.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
13. **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.
14. **Eligibility** - Same as VRS Plan 1–Refer to Section 14.
15. **Exceptions to COLA Effective Dates** - Same as VRS Plan 1–Refer to Section 15.
16. **Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
17. **Purchase of Prior Service** - Same as VRS Plan 1–Refer to Section 17.

Note 11—Pension Plan: (Continued)

A. Plan Description: (Continued)

HYBRID RETIREMENT PLAN

1. **Plan Overview** - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)
 - The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
 - The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
 - In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
2. **Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
 - State employees*
 - School division employees
 - Political subdivision employees*
 - Judges appointed or elected to an original term on or after January 1, 2014
 - Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014
3. ***Non-Eligible Members** - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
 - Members of the State Police Officers’ Retirement System (SPORS)
 - Members of the Virginia Law Officers’ Retirement System (VaLORS)
 - Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

Note 11—Pension Plan: (Continued)

A. Plan Description: (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

4. Retirement Contributions - A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

5. Creditable Service

Defined Benefit Component - Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

6. Vesting

Defined Benefit Component - Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contribution Component - Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

Note 11—Pension Plan: (Continued)

A. Plan Description: (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

7. Calculating the Benefit

Defined Benefit Component - Same as VRS Plan 1—Refer to Section 7.

Defined Contribution Component - The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

8. Average Final Compensation - Same as VRS Plan 2—Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

9. Service Retirement Multiplier - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

10. Normal Retirement Age

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. Earliest Unreduced Retirement Eligibility

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

12. Earliest Reduced Retirement Eligibility

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 13.

Defined Contribution Component - Not Applicable.

Note 11—Pension Plan: (Continued)

A. Plan Description: (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

14. Eligibility - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 14.
15. Exceptions to COLA Effective Dates - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 15.
16. Disability Coverage - Eligible political subdivision and school division members (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 17.

Defined Contribution Component - Not Applicable.

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/2013-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. There was no phase-in period for Clarke County or the School Board. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School Board's contribution rates for the fiscal year ended 2014 were 12.14% and 9.62% (nonprofessional employees) of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$1,312,552, \$1,314,874 and \$1,180,616, to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013, and 2012, respectively and these contributions represented 11.66%, 11.66%, and 6.33% for 2014, 2013, and 2012, respectively, of current covered payroll.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 11—Pension Plan: (Continued)

C. Annual Pension Cost

For fiscal year 2014, County’s annual pension cost of \$489,338 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, 2012	\$ 340,402	100%	\$ -
June 30, 2013	494,959	100%	-
June 30, 2014	489,338	100%	-

(1) Employer portion only

For fiscal year 2014, School Board’s annual pension cost for nonprofessional employees of \$95,966 was equal to the School 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, 2012	\$ 81,430	100%	\$ -
June 30, 2013	98,917	100%	-
June 30, 2014	95,966	100%	-

(1) Employer portion only

The FY 2014 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 projected salary increases include an inflation component of 2.50%. The actuarial value of the County and 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’s and School Board’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 11—Pension Plan: (Continued)

D. Funding Status and Progress

As of June 30, 2013, the most recent actuarial valuation date, the County's plan was 77.74% funded. The actuarial accrued liability for benefits was \$17,262,425, and the actuarial value of assets was \$13,419,476, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,842,949. The covered payroll (annual payroll of active employees covered by the plan) was \$4,021,929 and ratio of the UAAL to the covered payroll was 95.55%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board's plan (nonprofessional employees) was 89.57% funded. The actuarial accrued liability for benefits was \$2,937,698, and the actuarial value of assets was \$2,631,208, resulting in an unfunded actuarial accrued liability (UAAL) of \$306,490. The covered payroll (annual payroll of active employees covered by the plan) was \$1,074,700 and ratio of the UAAL to the covered payroll was 28.52%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

Note 12—Litigation:

At June 30, 2014, 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, 2014 (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, 2014:

<u>Description</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2014</u>
Heritage Child Development Center, Inc.	\$ 450,000	\$ -
Grafton School, Inc.	9,925,000	6,970,000
R-1 Berryville Town bond	2,327,000	2,183,316
R-2 Clarke County bond	4,822,000	4,319,646
	<u>\$ 17,524,000</u>	<u>\$ 13,472,962</u>

Note 15—Assigned Fund Balances:

Fund balances have been assigned for the following purposes:

Liquidity Designation	\$ 3,188,575
Stabilization Designation	797,144
Continuing Appropriations for Capital Projects	3,043,265
Government Carryover	586,487
Energy Efficiency	50,000
School Capital and Debt	1,250,000
Parks Master Plan Implementation	100,000
Government Construction and Debt	600,478
Property Acquisition	265,000
Conservation Easements	153,462
Community Facilities	156,000
Comprehensive Services Act Reserve	250,000
Recycling and Convenience Center	443,183
Regional Jail Capital Needs	100,000
Vehicle Replacements	100,000
Data and Communications Technology	200,000
Voting Equipment Upgrades	50,000
School Operating Carryover	357,286
Pay Classification Plan Implementation	40,000
Landfill Costs	50,000
Total	<u>\$ 11,780,880</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2014 (Continued)

Note 16—Surety Bonds:

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

Note 17—Postemployment Benefits Other Than Pensions:

The County offers postemployment 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, 2014, \$23,334 of this note was outstanding. Future payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 2,816	\$ 678
2016	2,921	593
2017	2,989	506
2018	3,079	415
2019	3,172	322
2020-2022	<u>8,357</u>	<u>379</u>
Total	<u>\$ 23,334</u>	<u>\$ 2,893</u>

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
General property taxes	\$ 17,588,962	\$ 17,591,029	\$ 18,448,115	\$ 857,086
Other local taxes	1,870,515	1,875,549	1,849,613	(25,936)
Permits, privilege fees, and regulatory licenses	205,401	205,401	286,818	81,417
Fines and forfeitures	362,725	362,725	237,835	(124,890)
Revenue from the use of money and property	99,340	99,340	96,091	(3,249)
Charges for services	652,440	652,440	600,719	(51,721)
Miscellaneous	5,597	5,597	7,322	1,725
Recovered costs	153,741	153,741	155,399	1,658
Intergovernmental:				
Commonwealth	4,350,764	4,378,430	4,391,356	12,926
Federal	124,807	139,807	85,275	(54,532)
Total revenues	\$ 25,414,292	\$ 25,464,059	\$ 26,158,543	\$ 694,484
EXPENDITURES				
Current:				
General government administration	\$ 1,795,700	\$ 1,825,380	\$ 1,742,173	\$ 83,207
Judicial administration	598,628	613,327	595,936	17,391
Public safety	3,646,290	3,671,729	3,512,257	159,472
Public works	941,833	978,878	898,325	80,553
Health and welfare	347,764	347,764	347,764	-
Education	11,512,440	11,740,004	14,243,108	(2,503,104)
Parks, recreation, and cultural	1,007,075	1,018,120	929,900	88,220
Community development	537,691	572,667	534,661	38,006
Nondepartmental	95,000	16,460	(336)	16,796
Total expenditures	\$ 20,482,421	\$ 20,784,329	\$ 22,803,788	\$ (2,019,459)
Excess (deficiency) of revenues over (under) expenditures	\$ 4,931,871	\$ 4,679,730	\$ 3,354,755	\$ (1,324,975)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,500	\$ 3,395	\$ 3,395	\$ -
Transfers out	(5,569,666)	(5,607,666)	(5,296,648)	311,018
Total other financing sources (uses)	\$ (5,568,166)	\$ (5,604,271)	\$ (5,293,253)	\$ 311,018
Net change in fund balances	\$ (636,295)	\$ (924,541)	\$ (1,938,498)	\$ (1,013,957)
Fund balances - beginning	636,295	924,541	15,574,538	14,649,997
Fund balances - ending	\$ -	\$ -	\$ 13,636,040	\$ 13,636,040

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Recovered costs	\$ -	\$ -	\$ 40,483	\$ 40,483
Intergovernmental:				
Commonwealth	276,597	276,597	262,669	(13,928)
Federal	615,650	615,650	578,815	(36,835)
Total revenues	\$ 892,247	\$ 892,247	\$ 881,967	\$ (10,280)
EXPENDITURES				
Current:				
Health and welfare	\$ 1,363,059	\$ 1,376,059	\$ 1,305,046	\$ 71,013
Total expenditures	\$ 1,363,059	\$ 1,376,059	\$ 1,305,046	\$ 71,013
Excess (deficiency) of revenues over (under) expenditures	\$ (470,812)	\$ (483,812)	\$ (423,079)	\$ 60,733
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 470,812	\$ 483,812	\$ 423,079	\$ (60,733)
Total other financing sources (uses)	\$ 470,812	\$ 483,812	\$ 423,079	\$ (60,733)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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

County:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued (UAAL) (c)	Funded Ratio (d)	Covered Payroll (e)	UAAL as % of Payroll (f)
			(b) - (a)	(a) / (b)		(c) / (e)
6/30/2013	\$ 13,419,476	\$ 17,262,425	3,842,949	77.74%	\$ 4,021,929	95.55%
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%

School Board Non-Professionals:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued (UAAL) (c)	Funded Ratio (d)	Covered Payroll (e)	UAAL as % of Payroll (f)
			(b) - (a)	(a) / (b)		(c) / (e)
6/30/2013	\$ 2,631,208	\$ 2,937,698	306,490	89.57%	\$ 1,074,700	28.52%
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%

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OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 568,651	\$ 467,724	\$ 1,036,375
Prepaid items	382	-	382
Due from other funds	28,364	-	28,364
Due from other governmental units	117,509	-	117,509
Restricted assets:			
Cash and cash equivalents	<u>8,687</u>	<u>-</u>	<u>8,687</u>
Total assets	<u>\$ 723,593</u>	<u>\$ 467,724</u>	<u>\$ 1,191,317</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 114,300	\$ 73,448	\$ 187,748
Due to other funds	<u>-</u>	<u>134,107</u>	<u>134,107</u>
Total liabilities	<u>\$ 114,300</u>	<u>\$ 207,555</u>	<u>\$ 321,855</u>
Fund balances:			
Nonspendable:			
Prepaid items	\$ 382	\$ -	\$ 382
Restricted:			
Swim team	-	5,402	5,402
Pool	-	1,659	1,659
Committed:			
Animal care expenditures	8,687	-	8,687
Community development	323,561	-	323,561
Public safety	276,663	-	276,663
Assigned:			
Capital projects	<u>-</u>	<u>253,108</u>	<u>253,108</u>
Total fund balances	<u>\$ 609,293</u>	<u>\$ 260,169</u>	<u>\$ 869,462</u>
Total liabilities and fund balances	<u>\$ 723,593</u>	<u>\$ 467,724</u>	<u>\$ 1,191,317</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2014

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
General property taxes	\$ 18,237	\$ -	\$ -	\$ 18,237
Revenue from the use of money and property	454	-	165	619
Charges for services	-	9,910	-	9,910
Miscellaneous	212,127	-	9,800	221,927
Intergovernmental:				
Commonwealth	674,441	-	114,809	789,250
Federal	653,445	-	7,068	660,513
Total revenues	<u>\$ 1,558,704</u>	<u>\$ 9,910</u>	<u>\$ 131,842</u>	<u>\$ 1,700,456</u>
EXPENDITURES				
Current:				
Public safety	\$ 24,373	\$ -	\$ -	\$ 24,373
Health and welfare	598,649	-	-	598,649
Community development	1,113,546	-	-	1,113,546
Capital projects	-	-	636,800	636,800
Debt service:				
Principal retirement	-	287,647	-	287,647
Interest and other fiscal charges	-	111,553	-	111,553
Total expenditures	<u>\$ 1,736,568</u>	<u>\$ 399,200</u>	<u>\$ 636,800</u>	<u>\$ 2,772,568</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (177,864)</u>	<u>\$ (389,290)</u>	<u>\$ (504,958)</u>	<u>\$ (1,072,112)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 301,079	\$ 389,290	\$ 419,157	\$ 1,109,526
Transfers out	(1,500)	-	(1,895)	(3,395)
Total other financing sources (uses)	<u>\$ 299,579</u>	<u>\$ 389,290</u>	<u>\$ 417,262</u>	<u>\$ 1,106,131</u>
Net change in fund balances	\$ 121,715	\$ -	\$ (87,696)	\$ 34,019
Fund balances - beginning	487,578	-	347,865	835,443
Fund balances - ending	<u>\$ 609,293</u>	<u>\$ -</u>	<u>\$ 260,169</u>	<u>\$ 869,462</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2014

	CSA Fund	Drug Enforcement Fund	Animal Care Fund	Conservation Easement Fund	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ 278,968	\$ -	\$ 289,683	\$ 568,651
Prepaid items	-	-	-	382	382
Due from other governmental units	82,087	-	-	35,422	117,509
Due from other funds	28,364	-	-	-	28,364
Restricted assets:					
Cash and cash equivalents	-	-	8,687	-	8,687
Total assets	\$ 110,451	\$ 278,968	\$ 8,687	\$ 325,487	\$ 723,593
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 110,451	\$ 2,305	\$ -	\$ 1,544	\$ 114,300
Total liabilities	\$ 110,451	\$ 2,305	\$ -	\$ 1,544	\$ 114,300
Fund balances:					
Nonspendable:					
Prepaid items	\$ -	\$ -	\$ -	\$ 382	\$ 382
Committed:					
Animal care expenditures	-	-	8,687	-	8,687
Community development	-	-	-	323,561	323,561
Public safety	-	276,663	-	-	276,663
Total fund balances	\$ -	\$ 276,663	\$ 8,687	\$ 323,943	\$ 609,293
Total liabilities and fund balances	\$ 110,451	\$ 278,968	\$ 8,687	\$ 325,487	\$ 723,593

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2014

	CSA Fund	Drug Enforcement Fund	Animal Care Fund	Conservation Easement Fund	Total
REVENUES					
General property taxes	\$ -	\$ -	\$ -	\$ 18,237	\$ 18,237
Revenue from the use of money and property	-	343	4	107	454
Miscellaneous	2,361	5,533	275	203,958	212,127
Intergovernmental:					
Commonwealth	295,209	7,156	-	372,076	674,441
Federal	-	254,695	-	398,750	653,445
Total revenues	\$ 297,570	\$ 267,727	\$ 279	\$ 993,128	\$ 1,558,704
EXPENDITURES					
Current:					
Public safety	\$ -	\$ 24,373	\$ -	\$ -	24,373
Health and welfare	598,649	-	-	-	598,649
Community development	-	-	-	1,113,546	1,113,546
Total expenditures	\$ 598,649	\$ 24,373	\$ -	\$ 1,113,546	\$ 1,736,568
Excess (deficiency) of revenues over (under) expenditures	\$ (301,079)	\$ 243,354	\$ 279	\$ (120,418)	\$ (177,864)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 301,079	\$ -	\$ -	\$ -	\$ 301,079
Transfers out	-	-	(1,500)	-	(1,500)
Total other financing sources (uses)	\$ 301,079	\$ -	\$ (1,500)	\$ -	\$ 299,579
Net change in fund balances	\$ -	\$ 243,354	\$ (1,221)	\$ (120,418)	\$ 121,715
Fund balances - beginning	-	33,309	9,908	444,361	487,578
Fund balances - ending	<u>\$ -</u>	<u>\$ 276,663</u>	<u>\$ 8,687</u>	<u>\$ 323,943</u>	<u>\$ 609,293</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, 2014

	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	-	-	-	-	-	-	343	343
Miscellaneous	-	-	2,361	2,361	-	-	5,533	5,533
Intergovernmental:								
Commonwealth	306,457	306,457	295,209	(11,248)	-	-	7,156	7,156
Federal	-	-	-	-	-	-	254,695	254,695
Total revenues	\$ 306,457	\$ 306,457	\$ 297,570	\$ (8,887)	\$ -	\$ -	\$ 267,727	\$ 267,727
EXPENDITURES								
Current:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	24,373	(24,373)
Health and welfare	661,500	661,500	598,649	62,851	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Total expenditures	\$ 661,500	\$ 661,500	\$ 598,649	\$ 62,851	\$ -	\$ -	\$ 24,373	\$ (24,373)
Excess (deficiency) of revenues over (under) expenditures	\$ (355,043)	\$ (355,043)	\$ (301,079)	\$ 53,964	\$ -	\$ -	\$ 243,354	\$ 243,354
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ 355,043	\$ 355,043	\$ 301,079	\$ (53,964)	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ 355,043	\$ 355,043	\$ 301,079	\$ (53,964)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 243,354	\$ 243,354
Fund balances - beginning	-	-	-	-	-	-	33,309	33,309
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 276,663	\$ 276,663

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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,237	\$ 18,237
-	-	4	4	-	-	107	107
-	-	275	275	-	126,396	203,958	77,562
-	-	-	-	-	230,904	372,076	141,172
-	-	-	-	-	21,250	398,750	377,500
\$ -	\$ -	\$ 279	\$ 279	\$ -	\$ 378,550	\$ 993,128	\$ 614,578
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	1,305,114	1,113,546	191,568
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,305,114	\$ 1,113,546	\$ 191,568
\$ -	\$ -	\$ 279	\$ 279	\$ -	\$ (926,564)	\$ (120,418)	\$ 806,146
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	(1,500)	(1,500)	-	-	-	-
\$ -	\$ -	\$ (1,500)	\$ (1,500)	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ (1,221)	\$ (1,221)	\$ -	\$ (926,564)	\$ (120,418)	\$ 806,146
-	-	9,908	9,908	-	926,564	444,361	(482,203)
\$ -	\$ -	\$ 8,687	\$ 8,687	\$ -	\$ -	\$ 323,943	\$ 323,943

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Debt Service Funds
 For the Year Ended June 30, 2014

	Primary Government Debt Service Fund
	<u> </u>
REVENUES	
Charges for services	\$ <u> 9,910</u>
Total revenues	\$ <u> 9,910</u>
EXPENDITURES	
Debt service:	
Principal retirement	\$ 287,647
Interest and other fiscal charges	<u> 111,553</u>
Total expenditures	\$ <u> 399,200</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u> (389,290)</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	\$ <u> 389,290</u>
Total other financing sources (uses)	\$ <u> 389,290</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, 2014

	Primary Government Debt Service Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 9,910	\$ 9,910
Total revenues	\$ -	\$ -	\$ 9,910	\$ 9,910
EXPENDITURES				
Debt service:				
Principal retirement	\$ 287,647	\$ 287,647	\$ 287,647	\$ -
Interest and other fiscal charges	111,553	111,553	111,553	-
Total expenditures	\$ 399,200	\$ 399,200	\$ 399,200	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ (399,200)	\$ (399,200)	\$ (389,290)	\$ 9,910
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 399,200	\$ 399,200	\$ 389,290	\$ (9,910)
Total other financing sources (uses)	\$ 399,200	\$ 399,200	\$ 389,290	\$ (9,910)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2014

	Parks Construction Fund	General Government Capital Projects Fund	Total
ASSETS			
Cash and cash equivalents	\$ 34,238	\$ 433,486	\$ 467,724
Total assets	<u>\$ 34,238</u>	<u>\$ 433,486</u>	<u>\$ 467,724</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 73,448	\$ 73,448
Due to other funds	<u>-</u>	<u>134,107</u>	<u>134,107</u>
Total liabilities	<u>\$ -</u>	<u>\$ 207,555</u>	<u>\$ 207,555</u>
Fund balances:			
Restricted:			
Swim team	\$ 5,402	\$ -	\$ 5,402
Pool	1,659	-	1,659
Assigned:			
Capital projects	<u>27,177</u>	<u>225,931</u>	<u>253,108</u>
Total fund balances	<u>\$ 34,238</u>	<u>\$ 225,931</u>	<u>\$ 260,169</u>
Total liabilities and fund balances	<u>\$ 34,238</u>	<u>\$ 433,486</u>	<u>\$ 467,724</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2014

	Parks Construction Fund	General Government Capital Projects Fund	Total
REVENUES			
Revenue from the use of money and property	\$ 165	\$ -	\$ 165
Miscellaneous	4,800	5,000	9,800
Intergovernmental:			
Commonwealth	-	114,809	114,809
Federal	-	7,068	7,068
Total revenues	<u>\$ 4,965</u>	<u>\$ 126,877</u>	<u>\$ 131,842</u>
EXPENDITURES			
Capital projects	<u>\$ -</u>	<u>\$ 636,800</u>	<u>\$ 636,800</u>
Total expenditures	<u>\$ -</u>	<u>\$ 636,800</u>	<u>\$ 636,800</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,965</u>	<u>\$ (509,923)</u>	<u>\$ (504,958)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 419,157	\$ 419,157
Transfers out	<u>(1,895)</u>	<u>-</u>	<u>(1,895)</u>
Total other financing sources (uses)	<u>\$ (1,895)</u>	<u>\$ 419,157</u>	<u>\$ 417,262</u>
Net change in fund balances	\$ 3,070	\$ (90,766)	\$ (87,696)
Fund balances - beginning	<u>31,168</u>	<u>316,697</u>	<u>347,865</u>
Fund balances - ending	<u><u>\$ 34,238</u></u>	<u><u>\$ 225,931</u></u>	<u><u>\$ 260,169</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, 2014

	Parks Construction Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 165	\$ 165
Miscellaneous	-	-	4,800	4,800
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	\$ -	\$ -	\$ 4,965	\$ 4,965
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 4,965	\$ 4,965
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	(1,895)	(1,895)
Total other financing sources (uses)	\$ -	\$ -	\$ (1,895)	\$ (1,895)
Net change in fund balances	\$ -	\$ -	\$ 3,070	\$ 3,070
Fund balances - beginning	-	-	31,168	31,168
Fund balances - ending	\$ -	\$ -	\$ 34,238	\$ 34,238

General Government Capital Projects Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	5,000	5,000	-
-	561,523	114,809	(446,714)
-	141,603	7,068	(134,535)
\$ -	\$ 708,126	\$ 126,877	\$ (581,249)
\$ 575,000	\$ 2,449,698	\$ 636,800	\$ 1,812,898
\$ 575,000	\$ 2,449,698	\$ 636,800	\$ 1,812,898
\$ (575,000)	\$ (1,741,572)	\$ (509,923)	\$ 1,231,649
\$ 575,000	\$ 575,000	\$ 419,157	\$ (155,843)
-	-	-	-
\$ 575,000	\$ 575,000	\$ 419,157	\$ (155,843)
\$ -	\$ (1,166,572)	\$ (90,766)	\$ 1,075,806
-	1,166,572	316,697	(849,875)
\$ -	\$ -	\$ 225,931	\$ 225,931

Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2014

	Agency Funds						Total
	Special Welfare Fund	Town of Berryville	Undistributed Local Sales Tax Fund	Cafeteria Plan Withholding Fund	Gang Task Force Fund	Unemployment Compensation Benefits Fund	
ASSETS							
Cash and cash equivalents	\$ 19,839	\$ 21,510	\$ -	\$ 32,019	\$ -	\$ -	\$ 73,368
Accounts receivable	-	-	-	-	-	109	109
Due from other governments	-	-	175,350	-	-	-	175,350
Total assets	<u>\$ 19,839</u>	<u>\$ 21,510</u>	<u>\$ 175,350</u>	<u>\$ 32,019</u>	<u>\$ -</u>	<u>\$ 109</u>	<u>\$ 248,827</u>
LIABILITIES							
Accounts payable	\$ -	\$ 3,866	\$ -	\$ 622	\$ -	\$ 109	\$ 4,597
Sales tax payable to other towns	-	-	34,009	-	-	-	34,009
Amounts held for Town	-	17,644	-	-	-	-	17,644
Due to other funds	-	-	141,341	-	-	-	141,341
Accrued liabilities	-	-	-	31,397	-	-	31,397
Amounts held for social services clients	19,839	-	-	-	-	-	19,839
Total liabilities	<u>\$ 19,839</u>	<u>\$ 21,510</u>	<u>\$ 175,350</u>	<u>\$ 32,019</u>	<u>\$ -</u>	<u>\$ 109</u>	<u>\$ 248,827</u>

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special welfare:				
Assets:				
Cash and cash equivalents	\$ 17,625	\$ 32,493	\$ 30,279	\$ 19,839
Liabilities:				
Amounts held for social service clients	\$ 17,625	\$ 32,493	\$ 30,279	\$ 19,839
Town of Berryville:				
Assets:				
Cash and cash equivalents	\$ -	\$ 146,144	\$ 124,634	\$ 21,510
Prepaid expenses	740	-	740	-
Due from other governments	59,372	-	59,372	-
Total assets	\$ 60,112	\$ 146,144	\$ 184,746	\$ 21,510
Liabilities:				
Reconciled overdraft	\$ 10,755	\$ -	\$ 10,755	\$ -
Amounts held for Town	13,936	17,644	13,936	17,644
Accounts payable	35,421	3,866	35,421	3,866
Total liabilities	\$ 60,112	\$ 21,510	\$ 60,112	\$ 21,510
Undistributed local sales tax:				
Assets:				
Cash and cash equivalents	\$ -	\$ 980,695	\$ 980,695	\$ -
Due from other governments	170,782	175,350	170,782	175,350
Total assets	\$ 170,782	\$ 1,156,045	\$ 1,151,477	\$ 175,350
Liabilities:				
Sales tax payable to other towns	\$ 30,271	\$ 34,009	\$ 30,271	\$ 34,009
Due to other funds	140,511	141,341	140,511	141,341
Total liabilities	\$ 170,782	\$ 175,350	\$ 170,782	\$ 175,350
Cafeteria plan withholding:				
Assets:				
Cash and cash equivalents	\$ 47,403	\$ 121,172	\$ 136,556	\$ 32,019
Liabilities:				
Accounts payable	\$ -	\$ 622	\$ -	\$ 622
Accrued liabilities	47,403	120,550	136,556	31,397
Total liabilities	\$ 47,403	\$ 121,172	\$ 136,556	\$ 32,019
Gang Task Force:				
Assets:				
Due from other governments	\$ 177,316	\$ -	\$ 177,316	\$ -
Liabilities:				
Reconciled overdraft	\$ 68,341	\$ 156,254	\$ 224,595	\$ -
Accounts payable	108,975	-	108,975	-
Total liabilities	\$ 177,316	\$ 156,254	\$ 333,570	\$ -

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014 (continued)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Unemployment compensation benefits:				
Assets:				
Accounts receivable	\$ 895	\$ 109	\$ 895	\$ 109
Liabilities:				
Accounts payable	\$ 29	\$ 109	\$ 29	\$ 109
Due to other funds	866	-	866	-
Total liabilities	<u>\$ 895</u>	<u>\$ 109</u>	<u>\$ 895</u>	<u>\$ 109</u>
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 65,028	\$ 1,280,504	\$ 1,272,164	\$ 73,368
Prepaid expenses	740	-	740	-
Accounts receivable	895	109	895	109
Due from other governments	407,470	175,350	407,470	175,350
Total assets	<u>\$ 474,133</u>	<u>\$ 1,455,963</u>	<u>\$ 1,681,269</u>	<u>\$ 248,827</u>
Liabilities:				
Reconciled overdraft	\$ 79,096	\$ 156,254	\$ 235,350	\$ -
Amounts held for social service clients	17,625	32,493	30,279	19,839
Sales tax payable to other towns	30,271	34,009	30,271	34,009
Amounts held for Town	13,936	17,644	13,936	17,644
Accrued liabilities	47,403	120,550	136,556	31,397
Due to other funds	141,377	141,341	141,377	141,341
Accounts payable	144,425	4,597	144,425	4,597
Total liabilities	<u>\$ 474,133</u>	<u>\$ 506,888</u>	<u>\$ 732,194</u>	<u>\$ 248,827</u>

Discretely Presented Component Unit-School Board

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2014

	School Operating Fund	School Food Service Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 500	\$ -	\$ -	\$ 4,714	\$ 5,214
Receivables:					
Accounts receivable	19,162	20,977	-	-	40,139
Due from primary government	1,493,301	-	814,929	-	2,308,230
Due from other governmental units	672,101	32,675	12,381	-	717,157
Prepaid items	188,912	3,259	11,466	-	203,637
Total assets	<u>\$ 2,373,976</u>	<u>\$ 56,911</u>	<u>\$ 838,776</u>	<u>\$ 4,714</u>	<u>\$ 3,274,377</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Reconciled overdraft	\$ -	\$ 25,905	\$ -	\$ -	\$ 25,905
Accounts payable	181,017	23,264	838,776	-	1,043,057
Accrued liabilities	2,192,459	7,742	-	-	2,200,201
Total liabilities	<u>\$ 2,373,476</u>	<u>\$ 56,911</u>	<u>\$ 838,776</u>	<u>\$ -</u>	<u>\$ 3,269,163</u>
Fund balances:					
Nonspendable:					
Prepaid items	\$ 188,912	\$ -	\$ 11,466	\$ -	\$ 200,378
Restricted:					
Construction	-	-	(11,466)	-	(11,466)
Assigned:					
School operating	500	-	-	-	500
Capital projects	-	-	-	4,714	4,714
Unassigned	(188,912)	-	-	-	(188,912)
Total fund balances	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,714</u>	<u>\$ 5,214</u>
Total liabilities and fund balances	<u>\$ 2,373,976</u>	<u>\$ 56,911</u>	<u>\$ 838,776</u>	<u>\$ 4,714</u>	<u>\$ 3,274,377</u>

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

Total fund balances per above	\$ 5,214
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,817,815
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(477,083)
Net position of governmental activities	<u>\$ 9,345,946</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, 2014

	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	\$ 35,214	\$ 68	\$ -	\$ 228	\$ 35,510
Charges for services	198,509	470,970	-	-	669,479
Miscellaneous	105,693	-	-	-	105,693
Recovered costs	62,524	-	-	-	62,524
Intergovernmental:					
Local government	10,567,067	-	3,662,117	-	14,229,184
Commonwealth	8,545,278	7,707	23,350	-	8,576,335
Federal	637,048	247,002	-	-	884,050
Total revenues	<u>\$ 20,151,333</u>	<u>\$ 725,747</u>	<u>\$ 3,685,467</u>	<u>\$ 228</u>	<u>\$ 24,562,775</u>
EXPENDITURES					
Current:					
Education	\$ 20,127,388	\$ 749,692	\$ -	\$ -	\$ 20,877,080
Capital projects	-	-	7,017,861	-	7,017,861
Total expenditures	<u>\$ 20,127,388</u>	<u>\$ 749,692</u>	<u>\$ 7,017,861</u>	<u>\$ -</u>	<u>\$ 27,894,941</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 23,945</u>	<u>\$ (23,945)</u>	<u>\$ (3,332,394)</u>	<u>\$ 228</u>	<u>\$ (3,332,166)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 23,945	\$ -	\$ -	\$ 23,945
Transfers out	<u>(23,945)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,945)</u>
Total other financing sources (uses)	<u>\$ (23,945)</u>	<u>\$ 23,945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ (3,332,394)	\$ 228	\$ (3,332,166)
Fund balances - beginning	<u>500</u>	<u>-</u>	<u>3,332,394</u>	<u>4,486</u>	<u>3,337,380</u>
Fund balances - ending	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,714</u>	<u>\$ 5,214</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	\$ (3,332,166)
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.	2,371,519
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>72,387</u>
Change in net position of governmental activities	<u>\$ (888,260)</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, 2014

	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	\$ 35,214	\$ (2,537)
Charges for services	176,914	176,914	198,509	21,595
Miscellaneous	115,257	115,257	105,693	(9,564)
Recovered costs	55,402	55,402	62,524	7,122
Intergovernmental:				
Local government	10,924,353	10,924,353	10,567,067	(357,286)
Commonwealth	8,616,665	8,616,665	8,545,278	(71,387)
Federal	711,256	711,256	637,048	(74,208)
Total revenues	<u>\$ 20,637,598</u>	<u>\$ 20,637,598</u>	<u>\$ 20,151,333</u>	<u>\$ (486,265)</u>
EXPENDITURES				
Current:				
Education	\$ 20,603,858	\$ 20,584,013	\$ 20,127,388	\$ 456,625
Total expenditures	<u>\$ 20,603,858</u>	<u>\$ 20,584,013</u>	<u>\$ 20,127,388</u>	<u>\$ 456,625</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 33,740</u>	<u>\$ 53,585</u>	<u>\$ 23,945</u>	<u>\$ (29,640)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(33,740)	(53,585)	(23,945)	29,640
Total other financing sources (uses)	<u>\$ (33,740)</u>	<u>\$ (53,585)</u>	<u>\$ (23,945)</u>	<u>\$ 29,640</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			
\$ 180	\$ 180	\$ 68	\$	(112)
518,260	518,260	470,970		(47,290)
-	-	-		-
-	-	-		-
-	-	-		-
8,572	8,572	7,707		(865)
234,000	234,000	247,002		13,002
<u>\$ 761,012</u>	<u>\$ 761,012</u>	<u>\$ 725,747</u>	<u>\$</u>	<u>(35,265)</u>
<u>\$ 761,012</u>	<u>\$ 761,012</u>	<u>\$ 749,692</u>	<u>\$</u>	<u>11,320</u>
<u>\$ 761,012</u>	<u>\$ 761,012</u>	<u>\$ 749,692</u>	<u>\$</u>	<u>11,320</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,945)</u>	<u>\$</u>	<u>(23,945)</u>
\$ -	\$ -	\$ 23,945	\$	23,945
-	-	-		-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,945</u>	<u>\$</u>	<u>23,945</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, 2014

	School Capital Project Proffers Fund
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ <u> 4,714</u>
Total assets	\$ <u><u> 4,714</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Total liabilities	\$ <u> -</u>
Fund balances:	
Assigned:	
Capital projects	\$ <u> 4,714</u>
Total fund balances	\$ <u> 4,714</u>
Total liabilities and fund balances	\$ <u><u> 4,714</u></u>

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Capital Project Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2014

	School Capital Project Proffers Fund
REVENUES	
Revenue from the use of money and property	\$ <u>228</u>
Total revenues	\$ <u>228</u>
EXPENDITURES	
Current:	
Capital projects	\$ <u>-</u>
Total expenditures	\$ <u>-</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>228</u>
Net change in fund balances	\$ 228
Fund balances - beginning	<u>4,486</u>
Fund balances - ending	<u><u>4,714</u></u>

COUNTY OF CLARKE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor and Major Capital Projects Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2014

	Capital Projects Proffers Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 228	\$ 228
Intergovernmental:				
Local government	-	-	-	-
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	\$ -	\$ -	\$ 228	\$ 228
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 228	\$ 228
Net change in fund balances	\$ -	\$ -	\$ 228	\$ 228
Fund balances - beginning	-	-	4,486	4,486
Fund balances - ending	\$ -	\$ -	\$ 4,714	\$ 4,714

School Capital Projects Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
574,163	748,584	3,662,117	2,913,533
154,000	318,969	23,350	(295,619)
-	1,096	-	(1,096)
<u>\$ 728,163</u>	<u>\$ 1,068,649</u>	<u>\$ 3,685,467</u>	<u>\$ 2,616,818</u>
<u>\$ 728,163</u>	<u>\$ 9,028,628</u>	<u>\$ 7,017,861</u>	<u>\$ 2,010,767</u>
<u>\$ 728,163</u>	<u>\$ 9,028,628</u>	<u>\$ 7,017,861</u>	<u>\$ 2,010,767</u>
<u>\$ -</u>	<u>\$ (7,959,979)</u>	<u>\$ (3,332,394)</u>	<u>\$ 4,627,585</u>
-	(7,959,979)	(3,332,394)	4,627,585
-	7,959,979	3,332,394	(4,627,585)
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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Discretely Presented Component Unit – Sanitary Authority

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Combining Statement of Net Position
Discretely Presented Component Unit - Sanitary Authority
As of June 30, 2014

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 913,524	\$ 76,428	\$ 989,952
Accounts receivable	45,855	57,460	103,315
Prepaid items	5,635	5,635	11,270
Total current assets	\$ 965,014	\$ 139,523	\$ 1,104,537
Noncurrent assets:			
Capital assets:			
Land	\$ 13,200	\$ -	\$ 13,200
Utility plant in service	5,232,159	6,830,188	12,062,347
Accumulated depreciation	(2,285,604)	(871,903)	(3,157,507)
Sub-total	\$ 2,959,755	\$ 5,958,285	\$ 8,918,040
Construction work in progress	148,132	-	148,132
Total capital assets	\$ 3,107,887	\$ 5,958,285	\$ 9,066,172
Total noncurrent assets	\$ 3,107,887	\$ 5,958,285	\$ 9,066,172
Total assets	\$ 4,072,901	\$ 6,097,808	\$ 10,170,709
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 57,088	\$ 21,198	\$ 78,286
Customers' deposits	3,900	-	3,900
Unearned revenue	9,794	-	9,794
Bonds payable - current portion	79,036	207,052	286,088
Total current liabilities	\$ 149,818	\$ 228,250	\$ 378,068
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 1,207,670	\$ 3,069,468	\$ 4,277,138
Total noncurrent liabilities	\$ 1,207,670	\$ 3,069,468	\$ 4,277,138
Total liabilities	\$ 1,357,488	\$ 3,297,718	\$ 4,655,206
NET POSITION			
Net investment in capital assets	\$ 1,821,181	\$ 2,681,765	\$ 4,502,946
Unrestricted	894,232	118,325	1,012,557
Total net position	\$ 2,715,413	\$ 2,800,090	\$ 5,515,503
Total liabilities and net position	\$ 4,072,901	\$ 6,097,808	\$ 10,170,709

Combining Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Sanitary Authority
For the Year Ended June 30, 2014

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services:			
Customer service charges	\$ 225,513	\$ 257,001	\$ 482,514
Connection fees	2,964	1,871	4,835
Miscellaneous	6,184	4,414	10,598
Total operating revenues	\$ 234,661	\$ 263,286	\$ 497,947
OPERATING EXPENSES			
Insurance	\$ 5,548	\$ 5,548	\$ 11,096
Office supplies and expenses	1,592	382	1,974
Plant maintenance	6,601	16,891	23,492
Pipeline repairs	7,718	-	7,718
Pump station maintenance	-	5,278	5,278
Grinder pump maintenance	-	1,801	1,801
Operating supplies / small equipment	18,606	76,219	94,825
Professional services	128,219	146,489	274,708
Salaries and wages	20,725	18,246	38,971
Benefits	5,345	5,154	10,499
Testing services	2,400	7,448	9,848
Utilities	27,723	58,110	85,833
Depreciation	140,433	172,589	313,022
Total operating expenses	\$ 364,910	\$ 514,155	\$ 879,065
Operating income (loss)	\$ (130,249)	\$ (250,869)	\$ (381,118)
NONOPERATING REVENUES (EXPENSES)			
Investment income	\$ 3,423	\$ 812	\$ 4,235
Tower rental	119,864	-	119,864
County operating subsidy	-	30,000	30,000
Interest expense	(16,927)	-	(16,927)
Total nonoperating revenues (expenses)	\$ 106,360	\$ 30,812	\$ 137,172
Income before contributions	\$ (23,889)	\$ (220,057)	\$ (243,946)
Contributed capital - availability fees	\$ 13,800	\$ 16,200	\$ 30,000
Change in net position	\$ (10,089)	\$ (203,857)	\$ (213,946)
Total net position - beginning	2,725,502	3,003,947	5,729,449
Total net position - ending	\$ 2,715,413	\$ 2,800,090	\$ 5,515,503

Combining Statement of Cash Flows
 Discretely Presented Component Unit - Sanitary Authority
 For the Year Ended June 30, 2014

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 235,469	\$ 260,226	\$ 495,695
Payments to suppliers	(170,723)	(341,248)	(511,971)
Payments to and on behalf of employees	(26,070)	(23,400)	(49,470)
Net cash provided by (used for) operating activities	\$ 38,676	\$ (104,422)	\$ (65,746)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Tower rental	\$ 119,864	\$ -	\$ 119,864
Operating subsidy from Clarke County	-	30,000	30,000
Net cash provided by (used for) noncapital financing activities	\$ 119,864	\$ 30,000	\$ 149,864
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of property, plant and equipment	\$ (66,936)	\$ (13,450)	\$ (80,386)
Capital contributions	13,800	16,200	30,000
Retirements of long-term indebtedness	(77,928)	(207,052)	(284,980)
Interest payments	(16,927)	-	(16,927)
Net cash provided by (used for) capital and related financing activities	\$ (147,991)	\$ (204,302)	\$ (352,293)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	\$ 3,423	\$ 812	\$ 4,235
Net cash provided by (used for) investing activities	\$ 3,423	\$ 812	\$ 4,235
Net increase (decrease) in cash and cash equivalents	\$ 13,972	\$ (277,912)	\$ (263,940)
Cash and cash equivalents - beginning	899,552	354,340	1,253,892
Cash and cash equivalents - ending	\$ 913,524	\$ 76,428	\$ 989,952
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (130,249)	\$ (250,869)	\$ (381,118)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	140,433	172,589	313,022
(Increase) decrease in accounts receivable	(992)	(3,060)	(4,052)
(Increase) decrease in prepaid items	(137)	(137)	(274)
Increase (decrease) in accounts payable	27,821	(22,945)	4,876
Increase (decrease) in customers' deposits	3,900	-	3,900
Increase (decrease) unearned revenue	(2,100)	-	(2,100)
Total adjustments	\$ 168,925	\$ 146,447	\$ 315,372
Net cash provided by (used for) operating activities	\$ 38,676	\$ (104,422)	\$ (65,746)

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Discretely Presented Component Unit-Industrial Development Authority

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Statement of Net Position
 Discretely Presented Component Unit - Industrial Development Authority
 As of June 30, 2014

	<u>Industrial Development Authority</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 40,140
Prepaid items	<u>1,340</u>
Total assets	<u>\$ 41,480</u>
NET POSITION	
Unrestricted	<u>41,480</u>
Total net position	<u>\$ 41,480</u>

Statement of Revenues, Expenses, and Changes in Net Position
 Discretely Presented Component Unit - Industrial Development Authority
 For the Year Ended June 30, 2014

	<u>Industrial Development Authority</u>
OPERATING REVENUES	
Charges for services:	
Bond repayment fee	\$ <u>10,000</u>
Total operating revenues	\$ <u>10,000</u>
OPERATING EXPENSES	
Contribution to Lord Fairfax Small Business Park	\$ 5,000
Professional services	1,570
Board members' fee	800
Insurance	1,335
Miscellaneous	<u>9</u>
Total operating expenses	\$ <u>8,714</u>
Operating income (loss)	\$ <u>1,286</u>
NONOPERATING REVENUES (EXPENSES)	
Unrealized gain (loss) on investments	\$ <u>667</u>
Total nonoperating revenues (expenses)	\$ <u>667</u>
Change in net position	\$ 1,953
Total net position - beginning	<u>39,527</u>
Total net position - ending	<u><u>41,480</u></u>

Statement of Cash Flows
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2014

	<u>Industrial Development Authority</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 10,000
Payments to board	(800)
Payments to suppliers	<u>(9,254)</u>
Net cash provided (used) by operating activities	<u>\$ (54)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Unrealized gain (loss) on investments	<u>\$ 667</u>
Net cash provided (used) by investing activities	<u>\$ 667</u>
Net increase (decrease) in cash and cash equivalents	\$ 613
Cash and cash equivalents - beginning	<u>39,527</u>
Cash and cash equivalents - ending	<u><u>\$ 40,140</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 1,286
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
(Increase) decrease in prepaid items	<u>(1,340)</u>
Total adjustments	<u>\$ (1,340)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (54)</u></u>

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Supporting Schedules

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Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

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	\$ 13,358,494	\$ 13,358,494	\$ 13,885,781	\$ 527,287
Real and personal public service corporation taxes	396,900	396,900	404,731	7,831
Personal property taxes	3,413,804	3,413,804	3,748,783	334,979
Mobile home taxes	1,264	1,264	1,125	(139)
Machinery and tools taxes	191,499	191,499	182,352	(9,147)
Penalties	134,390	136,457	131,968	(4,489)
Interest	92,611	92,611	93,375	764
Total general property taxes	<u>\$ 17,588,962</u>	<u>\$ 17,591,029</u>	<u>\$ 18,448,115</u>	<u>\$ 857,086</u>
Other local taxes:				
Local sales and use taxes	\$ 850,293	\$ 850,293	\$ 794,175	\$ (56,118)
Consumers' utility taxes	375,135	375,135	385,640	10,505
Consumption taxes	35,950	35,950	36,598	648
Motor vehicle licenses	303,336	303,336	295,170	(8,166)
Taxes on recordation and wills	241,254	246,288	265,931	19,643
Transient occupancy taxes	40,547	40,547	32,618	(7,929)
Business license taxes	24,000	24,000	39,481	15,481
Total other local taxes	<u>\$ 1,870,515</u>	<u>\$ 1,875,549</u>	<u>\$ 1,849,613</u>	<u>\$ (25,936)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 11,077	\$ 11,077	\$ 7,683	\$ (3,394)
Land use application fees	3,600	3,600	3,800	200
Animal shelter fees	8,459	8,459	9,140	681
Building and related permits	104,353	104,353	142,181	37,828
Zoning and subdivision	65,000	65,000	112,166	47,166
Transfer fees	432	432	461	29
Signs permits and inspection fees	1,493	1,493	360	(1,133)
Weapons permits	5,453	5,453	5,472	19
Other permits and fees	5,534	5,534	5,555	21
Total permits, privilege fees, and regulatory licenses	<u>\$ 205,401</u>	<u>\$ 205,401</u>	<u>\$ 286,818</u>	<u>\$ 81,417</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 362,725	\$ 362,725	\$ 237,835	\$ (124,890)
Total fines and forfeitures	<u>\$ 362,725</u>	<u>\$ 362,725</u>	<u>\$ 237,835</u>	<u>\$ (124,890)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 47,568	\$ 47,568	\$ 43,090	\$ (4,478)
Revenue from use of property	51,772	51,772	53,001	1,229
Total revenue from use of money and property	<u>\$ 99,340</u>	<u>\$ 99,340</u>	<u>\$ 96,091</u>	<u>\$ (3,249)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (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	40,742	1,457
Charges for courthouse security	63,161	63,161	43,219	(19,942)
Charges for jail processing	1,571	1,571	1,611	40
Court appointed attorney	529	529	1,511	982
Charges for other localities	69,380	69,380	69,380	-
Charges for Commonwealth's Attorney	1,163	1,163	1,743	580
Charges for parks and recreation	420,899	420,899	398,378	(22,521)
Charges for engineer's fees/biosolids applications	30,354	30,354	17,822	(12,532)
Other charges for services	25,301	25,301	25,517	216
Total charges for services	\$ 652,440	\$ 652,440	\$ 600,719	\$ (51,721)
Miscellaneous revenue:				
Miscellaneous	\$ 5,597	\$ 5,597	\$ 7,322	\$ 1,725
Total miscellaneous revenue	\$ 5,597	\$ 5,597	\$ 7,322	\$ 1,725
Recovered costs:				
Gas tax refund	\$ 26,724	\$ 26,724	\$ 31,261	\$ 4,537
Insurance recovery	21,630	21,630	21,312	(318)
Gifts & donations in lieu of taxes	3,000	3,000	2,500	(500)
Sale of salvage	3,049	3,049	3,646	597
Loan repayment	3,495	3,495	3,495	-
Recycling and other rebates and refunds	95,843	95,843	93,185	(2,658)
Total recovered costs	\$ 153,741	\$ 153,741	\$ 155,399	\$ 1,658
Total revenue from local sources	\$ 20,938,721	\$ 20,945,822	\$ 21,681,912	\$ 736,090
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 24,373	\$ 24,373	\$ 25,954	\$ 1,581
Taxes on deeds	61,801	67,467	53,719	(13,748)
Quarterly rental tax	2,161	2,161	3,124	963
Communications tax	450,000	450,000	431,966	(18,034)
Personal property tax relief funds	2,483,842	2,483,842	2,483,842	-
Total noncategorical aid	\$ 3,022,177	\$ 3,027,843	\$ 2,998,605	\$ (29,238)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
\ Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 184,517	\$ 184,517	\$ 184,065	\$ (452)
Sheriff	736,470	736,470	747,010	10,540
Commissioner of revenue	74,585	74,585	74,065	(520)
Treasurer	85,708	85,708	91,733	6,025
Registrar/electoral board	36,876	37,877	39,796	1,919
Clerk of the Circuit Court	152,694	152,694	159,687	6,993
Total shared expenses	<u>\$ 1,270,850</u>	<u>\$ 1,271,851</u>	<u>\$ 1,296,356</u>	<u>\$ 24,505</u>
Other categorical aid:				
Fire programs fund	\$ 41,207	\$ 41,207	\$ 42,667	\$ 1,460
Litter control grant	5,817	5,817	2,445	(3,372)
Virginia Commission for the Arts	5,000	5,000	5,000	-
Divison of historic landmarks	-	9,000	1,685	(7,315)
Other categorical aid	5,713	17,712	44,598	26,886
Total other categorical aid	<u>\$ 57,737</u>	<u>\$ 78,736</u>	<u>\$ 96,395</u>	<u>\$ 17,659</u>
Total categorical aid	<u>\$ 1,328,587</u>	<u>\$ 1,350,587</u>	<u>\$ 1,392,751</u>	<u>\$ 42,164</u>
Total revenue from the Commonwealth	<u>\$ 4,350,764</u>	<u>\$ 4,378,430</u>	<u>\$ 4,391,356</u>	<u>\$ 12,926</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 25,987</u>	<u>\$ 25,987</u>	<u>\$ 5,971</u>	<u>\$ (20,016)</u>
Categorical aid:				
Crime victim assistance	\$ 37,463	\$ 37,463	\$ 14,978	\$ (22,485)
Gang free schools and communities	15,000	30,000	22,562	(7,438)
DMV 402 grant	10,000	10,000	9,197	(803)
Bulletproof vest grant	1,500	1,500	-	(1,500)
Local law enforcement block grant	1,853	1,853	-	(1,853)
Violence against women formula grants	33,004	33,004	32,567	(437)
Total categorical aid	<u>\$ 98,820</u>	<u>\$ 113,820</u>	<u>\$ 79,304</u>	<u>\$ (34,516)</u>
Total revenue from the federal government	<u>\$ 124,807</u>	<u>\$ 139,807</u>	<u>\$ 85,275</u>	<u>\$ (54,532)</u>
Total General Fund	<u><u>\$ 25,414,292</u></u>	<u><u>\$ 25,464,059</u></u>	<u><u>\$ 26,158,543</u></u>	<u><u>\$ 694,484</u></u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (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	\$ -	\$ -	\$ 33,056	\$ 33,056
Expenditure refunds	-	-	7,427	7,427
Total recovered costs	\$ -	\$ -	\$ 40,483	\$ 40,483
Total revenue from local sources	\$ -	\$ -	\$ 40,483	\$ 40,483
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 276,597	\$ 276,597	\$ 262,669	\$ (13,928)
Total categorical aid	\$ 276,597	\$ 276,597	\$ 262,669	\$ (13,928)
Total revenue from the Commonwealth	\$ 276,597	\$ 276,597	\$ 262,669	\$ (13,928)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 615,650	\$ 615,650	\$ 578,815	\$ (36,835)
Total categorical aid	\$ 615,650	\$ 615,650	\$ 578,815	\$ (36,835)
Total revenue from the federal government	\$ 615,650	\$ 615,650	\$ 578,815	\$ (36,835)
Total Virginia Public Assistance Fund	\$ 892,247	\$ 892,247	\$ 881,967	\$ (10,280)
Comprehensive services act fund:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 2,361	\$ 2,361
Total miscellaneous revenue	\$ -	\$ -	\$ 2,361	\$ 2,361
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive services	\$ 306,457	\$ 306,457	\$ 295,209	\$ (11,248)
Total categorical aid	\$ 306,457	\$ 306,457	\$ 295,209	\$ (11,248)
Total revenue from the Commonwealth	\$ 306,457	\$ 306,457	\$ 295,209	\$ (11,248)
Total comprehensive services fund	\$ 306,457	\$ 306,457	\$ 297,570	\$ (8,887)
Drug Enforcement Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 343	\$ 343
Total revenue from use of money and property	\$ -	\$ -	\$ 343	\$ 343
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ -	\$ 5,533	\$ 5,533
Total miscellaneous revenue	\$ -	\$ -	\$ 5,533	\$ 5,533
Total revenue from local sources	\$ -	\$ -	\$ 5,876	\$ 5,876

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (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)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 7,156	\$ 7,156
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,156</u>	<u>\$ 7,156</u>
Revenue from the federal government:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 254,695	\$ 254,695
Total drug enforcement fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,727</u>	<u>\$ 267,727</u>
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 4</u>
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ -	\$ 275	\$ 275
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275</u>	<u>\$ 275</u>
Total Animal Care Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 279</u></u>	<u><u>\$ 279</u></u>
Conservation Easement Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ -	\$ -	\$ 18,237	\$ 18,237
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 107	\$ 107
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ 126,396	\$ 203,958	\$ 77,562
Total revenue from local sources	<u>\$ -</u>	<u>\$ 126,396</u>	<u>\$ 222,302</u>	<u>\$ 95,906</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Other categorical aid:				
Conservation easement grants	\$ -	\$ 230,904	\$ 372,076	\$ 141,172
Revenue from the federal government:				
Categorical aid:				
Farm and ranch lands protection program	\$ -	\$ 21,250	\$ 398,750	\$ 377,500
Total Conservation Easement Fund	<u>\$ -</u>	<u>\$ 378,550</u>	<u>\$ 993,128</u>	<u>\$ 614,578</u>
Debt Service Funds:				
School Debt Service Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 3,484	\$ 3,484
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,484</u>	<u>\$ 3,484</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,484</u>	<u>\$ 3,484</u>
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
BAB interest subsidy	\$ 119,008	\$ 119,008	\$ 119,986	\$ 978
Total School Debt Service Fund	<u>\$ 119,008</u>	<u>\$ 119,008</u>	<u>\$ 123,470</u>	<u>\$ 4,462</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Funds: (Continued)				
General Debt Service Fund:				
Revenue from local sources:				
Charges for services:				
Charges for services	\$ -	\$ -	\$ 9,910	\$ 9,910
Total charges for services	\$ -	\$ -	\$ 9,910	\$ 9,910
Total revenue from local sources	\$ -	\$ -	\$ 9,910	\$ 9,910
Total General Debt Service Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,910</u>	<u>\$ 9,910</u>
Capital Projects Fund:				
General Government Capital Projects Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ 5,000	\$ 5,000	\$ -
Total revenue from local sources	\$ -	\$ 5,000	\$ 5,000	\$ -
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	\$ -	\$ 561,523	\$ 114,809	\$ (446,714)
Total revenue from the Commonwealth	\$ -	\$ 561,523	\$ 114,809	\$ (446,714)
Revenue from the federal government:				
Categorical aid:				
Watershed grant	\$ -	\$ 141,603	\$ 7,068	\$ (134,535)
Total categorical aid	\$ -	\$ 141,603	\$ 7,068	\$ (134,535)
Total revenue from the federal government	\$ -	\$ 141,603	\$ 7,068	\$ (134,535)
Total General Government Capital Projects Fund	<u>\$ -</u>	<u>\$ 708,126</u>	<u>\$ 126,877</u>	<u>\$ (581,249)</u>
Parks Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 165	\$ 165
Total revenue from use of money and property	\$ -	\$ -	\$ 165	\$ 165
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ -	\$ 4,800	\$ 4,800
Total miscellaneous revenue	\$ -	\$ -	\$ 4,800	\$ 4,800
Total revenue from local sources	\$ -	\$ -	\$ 4,965	\$ 4,965
Total Parks Construction Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,965</u>	<u>\$ 4,965</u>
Total Primary Government	<u>\$ 26,732,004</u>	<u>\$ 27,868,447</u>	<u>\$ 28,864,436</u>	<u>\$ 995,989</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 37,751	\$ 37,751	\$ 35,214	\$ (2,537)
Charges for services:				
Tuition	\$ 121,107	\$ 121,107	\$ 160,755	\$ 39,648
Town of Berryville Crossing	5,000	5,000	2,500	(2,500)
Facility use fees	50,807	50,807	35,254	(15,553)
Total charges for services	\$ 176,914	\$ 176,914	\$ 198,509	\$ 21,595
Miscellaneous revenue:				
Other miscellaneous	\$ 34,519	\$ 34,519	\$ 36,361	\$ 1,842
Private gifts and donations	80,738	80,738	69,332	(11,406)
Total miscellaneous revenue	\$ 115,257	\$ 115,257	\$ 105,693	\$ (9,564)
Recovered costs:				
Rebates and refunds	\$ 44,293	\$ 44,293	\$ 41,250	\$ (3,043)
Insurance recoveries	4,938	4,938	13,786	8,848
Sale of equipment	6,171	6,171	7,488	1,317
Total recovered costs	\$ 55,402	\$ 55,402	\$ 62,524	\$ 7,122
Total revenue from local sources	\$ 385,324	\$ 385,324	\$ 401,940	\$ 16,616
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Clarke, Virginia	\$ 10,924,353	\$ 10,924,353	\$ 10,567,067	\$ (357,286)
Total revenues from local governments	\$ 10,924,353	\$ 10,924,353	\$ 10,567,067	\$ (357,286)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,321,113	\$ 2,321,113	\$ 2,243,024	\$ (78,089)
At risk payments	23,522	23,522	23,010	(512)
Basic school aid	4,392,369	4,392,369	4,299,529	(92,840)
Foster home children	6,019	6,019	11,724	5,705
Gifted and talented children	48,976	48,976	47,878	(1,098)
Homebound education	4,347	4,347	7,798	3,451
Preschool At-Risk	39,842	39,842	39,842	-
Special education - soq	513,722	513,722	502,213	(11,509)
Special education - foster children	9,003	9,003	-	(9,003)
Vocational education - soq	90,657	90,657	88,626	(2,031)
Vocational equipment	3,931	3,931	4,296	365
Vocational - occupational	12,632	12,632	3,249	(9,383)
Textbook payments	93,502	93,502	91,407	(2,095)
Remedial education	57,312	57,312	56,028	(1,284)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (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)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Share of fringe benefits	814,639	814,639	797,902	(16,737)
Remedial summer school	10,148	10,148	29,235	19,087
Regional program tuition	56,890	56,890	-	(56,890)
Industry certification program	7,480	7,480	7,500	20
Mentor teacher program	1,717	1,717	2,045	328
SOL algebra readiness	8,405	8,405	8,327	(78)
Early intervention	16,343	16,343	22,880	6,537
Salary supplement/bonus	-	-	102,646	102,646
Teacher recruitment	-	-	11,000	11,000
Additional teachers assistance	-	-	10,000	10,000
Project graduation	14,918	14,918	9,484	(5,434)
ISAEF	7,859	7,859	7,859	-
English as a second language	6,855	6,855	7,478	623
Regional tuition	52,390	52,390	109,298	56,908
Other categorical aid	2,074	2,074	1,000	(1,074)
Total categorical aid	<u>\$ 8,616,665</u>	<u>\$ 8,616,665</u>	<u>\$ 8,545,278</u>	<u>\$ (71,387)</u>
Total revenue from the Commonwealth	<u>\$ 8,616,665</u>	<u>\$ 8,616,665</u>	<u>\$ 8,545,278</u>	<u>\$ (71,387)</u>
Revenue from the federal government:				
Categorical aid:				
Title I part A: Grants to local educational agencies	\$ 192,146	\$ 192,146	\$ 245,725	\$ 53,579
Title II part A: Improving teacher quality	58,089	58,089	69,135	11,046
Title III, Part A: English language acquisition grants	2,645	2,645	4,428	1,783
Title III, Immigrant and youth subgrant	3,724	3,724	-	(3,724)
Medicaid	6,377	6,377	4,862	(1,515)
Advanced placement	-	-	511	511
Vocational education basic grants to states	23,477	23,477	13,540	(9,937)
Title VI-B: Special education grants to states	411,541	411,541	287,713	(123,828)
Special education preschool handicapped grant	13,257	13,257	11,134	(2,123)
Total categorical aid	<u>\$ 711,256</u>	<u>\$ 711,256</u>	<u>\$ 637,048</u>	<u>\$ (74,208)</u>
Total revenue from the federal government	<u>\$ 711,256</u>	<u>\$ 711,256</u>	<u>\$ 637,048</u>	<u>\$ (74,208)</u>
Total School Operating Fund	<u>\$ 20,637,598</u>	<u>\$ 20,637,598</u>	<u>\$ 20,151,333</u>	<u>\$ (486,265)</u>
Special Revenue Fund:				
School Food Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 180	\$ 180	\$ 68	\$ (112)
Total revenue from use of money and property	<u>\$ 180</u>	<u>\$ 180</u>	<u>\$ 68</u>	<u>\$ (112)</u>
Charges for services:				
Cafeteria sales	\$ 518,260	\$ 518,260	\$ 470,970	\$ (47,290)
Total charges for services	<u>\$ 518,260</u>	<u>\$ 518,260</u>	<u>\$ 470,970</u>	<u>\$ (47,290)</u>
Total revenue from local sources	<u>\$ 518,440</u>	<u>\$ 518,440</u>	<u>\$ 471,038</u>	<u>\$ (47,402)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (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 Fund: (Continued)				
School Food Service Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 8,572	\$ 8,572	\$ 7,707	\$ (865)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 234,000	\$ 234,000	\$ 247,002	\$ 13,002
Total categorical aid	<u>234,000</u>	<u>234,000</u>	<u>247,002</u>	<u>13,002</u>
Total revenue from the federal government	<u>234,000</u>	<u>234,000</u>	<u>247,002</u>	<u>13,002</u>
Total School Food Service Fund	<u>\$ 761,012</u>	<u>\$ 761,012</u>	<u>\$ 725,747</u>	<u>\$ (35,265)</u>
Capital Projects Funds:				
School Capital Projects Fund:				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Clarke , Virginia	\$ 574,163	\$ 748,584	\$ 3,662,117	\$ 2,913,533
Revenue from the Commonwealth:				
Categorical aid:				
Instructional technology grant	\$ 154,000	\$ 318,969	\$ 23,350	\$ (295,619)
Total revenue from the Commonwealth	<u>\$ 154,000</u>	<u>\$ 318,969</u>	<u>\$ 23,350</u>	<u>\$ (295,619)</u>
Revenue from the federal government:				
Categorical aid:				
ARRA - Longitudinal data system	\$ -	\$ 1,096	\$ -	\$ (1,096)
Total categorical aid	<u>\$ -</u>	<u>\$ 1,096</u>	<u>\$ -</u>	<u>\$ (1,096)</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 1,096</u>	<u>\$ -</u>	<u>\$ (1,096)</u>
Total School Capital Projects Fund	<u>\$ 728,163</u>	<u>\$ 1,068,649</u>	<u>\$ 3,685,467</u>	<u>\$ 2,616,818</u>
School Capital Projects Proffers Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 228	\$ 228
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228</u>	<u>\$ 228</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228</u>	<u>\$ 228</u>
Total School Capital Projects Proffers Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228</u>	<u>\$ 228</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 22,126,773</u>	<u>\$ 22,467,259</u>	<u>\$ 24,562,775</u>	<u>\$ 2,095,516</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

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	\$ 57,116	\$ 57,116	\$ 51,418	\$ 5,698
General and financial administration:				
County administrator	\$ 289,776	\$ 305,776	\$ 289,703	\$ 16,073
Independent auditor	34,500	34,500	31,200	3,300
Legal services	71,816	71,816	32,910	38,906
Commissioner of revenue	200,755	200,583	196,422	4,161
Assessor	3,500	3,672	3,672	-
Data processing	305,633	310,867	311,420	(553)
Finance and purchasing	481,137	481,137	474,705	6,432
Treasurer	249,161	255,423	255,423	-
Total general and financial administration	\$ 1,636,278	\$ 1,663,774	\$ 1,595,455	\$ 68,319
Board of elections:				
Registrar	\$ 69,320	\$ 69,320	\$ 66,782	\$ 2,538
Electoral board and officials	32,986	35,170	28,518	6,652
Total board of elections	\$ 102,306	\$ 104,490	\$ 95,300	\$ 9,190
Total general government administration	\$ 1,795,700	\$ 1,825,380	\$ 1,742,173	\$ 83,207
Judicial administration:				
Courts:				
Circuit court	\$ 11,480	\$ 11,480	\$ 10,341	\$ 1,139
General district court	3,980	5,817	5,816	1
Magistrate	400	400	134	266
Juvenile and domestic relations court	2,671	2,671	2,244	427
Clerk of the circuit court	233,134	243,834	242,424	1,410
Victim Witness Program	40,260	40,872	40,832	40
Regional court services	3,759	3,759	3,759	-
Blue Ridge legal services	1,500	1,500	1,500	-
Total courts	\$ 297,184	\$ 310,333	\$ 307,050	\$ 3,283
Commonwealth's attorney:				
Commonwealth's attorney	\$ 301,444	\$ 302,994	\$ 288,886	\$ 14,108
Total commonwealth's attorney	\$ 301,444	\$ 302,994	\$ 288,886	\$ 14,108
Total judicial administration	\$ 598,628	\$ 613,327	\$ 595,936	\$ 17,391

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (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	\$ 1,673,163	\$ 1,673,162	\$ 1,632,540	\$ 40,622
Criminal justice training	16,000	16,000	13,448	2,552
Drug task force	12,500	12,500	9,421	3,079
Total law enforcement and traffic control	<u>\$ 1,701,663</u>	<u>\$ 1,701,662</u>	<u>\$ 1,655,409</u>	<u>\$ 46,253</u>
Fire and rescue services:				
Emergency medical services	\$ 376,110	\$ 401,110	\$ 391,700	\$ 9,410
Communications	445,520	445,520	404,140	41,380
Fire and rescue departments	245,007	245,007	228,734	16,273
Lord Fairfax Emergency Medical Services	4,929	4,929	4,929	-
Forestry services	2,712	2,712	2,712	-
Total fire and rescue services	<u>\$ 1,074,278</u>	<u>\$ 1,099,278</u>	<u>\$ 1,032,215</u>	<u>\$ 67,063</u>
Correction and detention:				
Regional jail	\$ 577,987	\$ 577,987	\$ 542,879	\$ 35,108
Juvenile detention home	57,904	57,905	57,904	1
Probation office	925	925	248	677
Total correction and detention	<u>\$ 636,816</u>	<u>\$ 636,817</u>	<u>\$ 601,031</u>	<u>\$ 35,786</u>
Inspections:				
Building	\$ 140,012	\$ 140,451	\$ 140,451	\$ -
Total inspections	<u>\$ 140,012</u>	<u>\$ 140,451</u>	<u>\$ 140,451</u>	<u>\$ -</u>
Other protection:				
Animal control	\$ 92,521	\$ 92,521	\$ 83,091	\$ 9,430
Medical examiner	1,000	1,000	60	940
Total other protection	<u>\$ 93,521</u>	<u>\$ 93,521</u>	<u>\$ 83,151</u>	<u>\$ 10,370</u>
Total public safety	<u>\$ 3,646,290</u>	<u>\$ 3,671,729</u>	<u>\$ 3,512,257</u>	<u>\$ 159,472</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 168,000	\$ 168,000	\$ 90,762	\$ 77,238
Sanitation	57,000	57,500	57,176	324
Litter control program	5,817	5,817	2,827	2,990
Total sanitation and waste removal	<u>\$ 230,817</u>	<u>\$ 231,317</u>	<u>\$ 150,765</u>	<u>\$ 80,552</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (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	\$ 711,016	\$ 747,561	\$ 747,560	\$ 1
Total maintenance of general buildings and grounds	\$ 711,016	\$ 747,561	\$ 747,560	\$ 1
Total public works	\$ 941,833	\$ 978,878	\$ 898,325	\$ 80,553
Health and welfare:				
Health:				
Supplement of local health department	\$ 199,000	\$ 199,000	\$ 199,000	\$ -
Our Health	4,875	4,875	4,875	-
Total health	\$ 203,875	\$ 203,875	\$ 203,875	\$ -
Mental health and mental retardation:				
Northwestern Community Services	\$ 82,000	\$ 82,000	\$ 82,000	\$ -
Concern Hotline	750	750	750	-
NW Works	750	750	750	-
Total mental health and mental retardation	\$ 83,500	\$ 83,500	\$ 83,500	\$ -
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	750	750	750	-
Total welfare	\$ 60,389	\$ 60,389	\$ 60,389	\$ -
Total health and welfare	\$ 347,764	\$ 347,764	\$ 347,764	\$ -
Education:				
Other instructional costs:				
Contribution to Clarke County Public Schools	\$ 11,498,516	\$ 11,726,080	\$ 14,229,184	\$ (2,503,104)
Lord Fairfax Community College	13,924	13,924	13,924	-
Total education	\$ 11,512,440	\$ 11,740,004	\$ 14,243,108	\$ (2,503,104)
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 358,594	\$ 366,844	\$ 356,188	\$ 10,656
Recreation center	97,309	97,509	96,873	636
Swimming pool	87,679	90,274	73,412	16,862
Concession stand	18,837	18,837	14,242	4,595
Programs	252,537	252,537	197,066	55,471
Total parks and recreation	\$ 814,956	\$ 826,001	\$ 737,781	\$ 88,220

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation, and culture: (continued)				
Cultural enrichment:				
Virginia commission for the arts	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Total cultural enrichment	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Library:				
Contribution to Handley library	\$ 182,119	\$ 182,119	\$ 182,119	\$ -
Total library	\$ 182,119	\$ 182,119	\$ 182,119	\$ -
Total parks, recreation, and cultural	\$ 1,007,075	\$ 1,018,120	\$ 929,900	\$ 88,220
Community development:				
Planning and community development:				
Planning administration	\$ 340,379	\$ 340,379	\$ 328,423	\$ 11,956
Help with housing	5,400	5,400	5,400	-
Board of zoning appeals	3,470	3,586	3,585	1
Office of Economic Development	45,546	47,296	47,025	271
Berryville Development Authority	6,100	6,100	393	5,707
Small business development center	1,500	1,500	1,500	-
Blandy Experimental Farm	3,000	3,000	3,000	-
Planning commission	19,389	24,599	24,599	-
Board of septic appeals	1,016	1,016	352	664
Historic preservation	7,800	23,700	20,367	3,333
Northern Shenandoah Valley Regional Commission	5,712	5,712	5,712	-
Regional airport	2,500	2,500	2,500	-
Total planning and community development	\$ 441,812	\$ 464,788	\$ 442,856	\$ 21,932
Environmental management:				
Friends of the Shenandoah	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
Water quality monitoring	30,000	42,000	39,613	2,387
Lord Fairfax Soil and Water Conservation	4,750	4,750	4,750	-
Biosolids Application	16,914	16,914	11,179	5,735
Total environmental management	\$ 54,664	\$ 66,664	\$ 58,542	\$ 8,122
Cooperative extension program:				
Cooperative extension service	\$ 38,965	\$ 38,965	\$ 31,013	\$ 7,952
Northern Virginia 4-H Center	2,250	2,250	2,250	-
Total cooperative extension program	\$ 41,215	\$ 41,215	\$ 33,263	\$ 7,952
Total community development	\$ 537,691	\$ 572,667	\$ 534,661	\$ 38,006

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Nondepartmental:				
Miscellaneous	\$ -	\$ -	\$ (336)	\$ 336
Unemployment compensation	25,000	-	-	-
Legal/professional services contingency	70,000	16,460	-	16,460
Total nondepartmental	\$ 95,000	\$ 16,460	\$ (336)	\$ 16,796
Total General Fund	\$ 20,482,421	\$ 20,784,329	\$ 22,803,788	\$ (2,019,459)
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Public assistance and welfare administration	\$ 1,363,059	\$ 1,376,059	\$ 1,305,046	\$ 71,013
Total health and welfare	\$ 1,363,059	\$ 1,376,059	\$ 1,305,046	\$ 71,013
Total Virginia Public Assistance Fund	\$ 1,363,059	\$ 1,376,059	\$ 1,305,046	\$ 71,013
Comprehensive Services Act Fund:				
Health and welfare:				
Welfare and social services:				
Program expenditures	\$ 661,500	\$ 661,500	\$ 598,649	\$ 62,851
Total health and welfare	\$ 661,500	\$ 661,500	\$ 598,649	\$ 62,851
Total CSA Fund	\$ 661,500	\$ 661,500	\$ 598,649	\$ 62,851
Drug Enforcement Fund:				
Public Safety:				
Public Safety				
Operations	\$ -	\$ -	\$ 24,373	\$ (24,373)
Total public safety	\$ -	\$ -	\$ 24,373	\$ (24,373)
Total Drug Enforcement Fund	\$ -	\$ -	\$ 24,373	\$ (24,373)
Conservation Easement Fund:				
Community development:				
Development rights				
Development rights	\$ -	\$ 1,305,114	\$ 1,113,546	\$ 191,568
Total Conservation Easement Fund	\$ -	\$ 1,305,114	\$ 1,113,546	\$ 191,568

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (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	\$ 2,277,831	\$ 2,277,831	\$ 2,277,831	\$ -
Interest and other fiscal charges	1,610,788	1,610,788	1,609,682	1,106
Total School Debt Service Fund	\$ 3,888,619	\$ 3,888,619	\$ 3,887,513	\$ 1,106
Primary Government Debt Service Fund:				
Debt service:				
Principal retirement	\$ 287,647	\$ 287,647	\$ 287,647	\$ -
Interest and other fiscal charges	111,553	111,553	111,553	-
Total Primary Government Debt Service	\$ 399,200	\$ 399,200	\$ 399,200	\$ -
Capital Projects Fund:				
General Government Capital Projects Fund:				
Capital projects expenditures:				
Communications equipment	\$ -	\$ 225,446	\$ 15,072	\$ 210,374
Sheriff's equipment	-	20,827	7,359	13,468
Vehicles	84,000	215,193	210,178	5,015
Berryville industrial park	-	1,080	1,080	-
Technology and equipment improvements	40,000	60,872	4,854	56,018
E911 system	-	115,131	115,131	-
Systems integration	300,000	375,900	18,187	357,713
Pool repair	-	20,602	16,364	4,238
Sheriff's building	-	163,957	11,452	152,505
HVAC	-	49,446	30,673	18,773
C Spout run project	-	458,223	67,914	390,309
Plan updates	-	47,740	43,188	4,552
Carpeting	-	30,828	25,895	4,933
Lighting - baseball	-	5,000	4,906	94
Parks - Westside/Parking/	-	87,024	-	87,024
Recreation center additions	-	59,585	2,866	56,719
Additional parking	-	10,000	-	10,000
Park expansion	-	10,000	-	10,000
Economic development	-	176,434	-	176,434
Roofing	50,000	136,634	-	136,634
Landscaping	-	15,375	-	15,375
General district court repairs	81,000	81,000	6,319	74,681
Fencing - ballfield and pool	20,000	30,000	15,544	14,456
Office old park	-	53,401	39,818	13,583
Total General Government Capital Projects Fund	\$ 575,000	\$ 2,449,698	\$ 636,800	\$ 1,812,898
Total Primary Government	\$ 27,369,799	\$ 30,864,519	\$ 30,768,915	\$ 95,604

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Instruction	\$ 15,682,581	\$ 15,974,465	\$ 15,736,204	\$ 238,261
Administration, attendance and health	1,465,723	1,392,481	1,339,095	53,386
Pupil transportation services	1,152,369	1,072,299	1,031,672	40,627
Operation and maintenance services	2,303,185	2,144,768	2,020,417	124,351
Total School Operating Fund	<u>\$ 20,603,858</u>	<u>\$ 20,584,013</u>	<u>\$ 20,127,388</u>	<u>\$ 456,625</u>
Special Revenue Fund:				
School Food Service Fund:				
Education:				
School food services:				
Administration of school food program	\$ 761,012	\$ 761,012	\$ 749,692	\$ 11,320
Total School Food Service Fund	<u>\$ 761,012</u>	<u>\$ 761,012</u>	<u>\$ 749,692</u>	<u>\$ 11,320</u>
Capital Projects Fund:				
School Capital Projects Fund:				
Capital projects expenditures:				
School furniture replacement	\$ 21,200	\$ 32,747	\$ 11,897	\$ 20,850
Uniform replacements and band instruments	10,400	13,210	13,084	126
Athletic equipment and uniforms	10,400	13,460	3,050	10,410
ERP system	200,000	300,000	186	299,814
Bus purchases	123,000	154,705	154,370	335
School passenger vehicle	18,163	27,150	17,311	9,839
Student records/technology	86,000	435,262	392,105	43,157
Elementary electrical upgrades	-	33,539	8,741	24,798
Fencing	-	35,000	-	35,000
School food - service equipment	-	29,486	8,060	21,426
School painting	-	51,032	36,215	14,817
HVAC	75,000	99,387	55,509	43,878
Strategic space planning	-	5,280	4,950	330
Roof replacements	-	33,200	-	33,200
Flooring replacements	30,000	55,015	8,430	46,585
Modular classroom removal	-	7,680	-	7,680
Security improvements	-	174,606	40,077	134,529
IEP management system	-	587	-	587
Sidewalk and paving	-	41,328	10,525	30,803
Instructional technology replace and additions	154,000	318,969	54,035	264,934
Signage	-	9,929	4,399	5,530
Playgrounds	-	29,080	-	29,080
Pay and classification study	-	35,186	17,685	17,501
Former high school renovation	-	6,923,550	6,117,202	806,348
New high school	-	169,240	60,030	109,210
Total capital projects	<u>\$ 728,163</u>	<u>\$ 9,028,628</u>	<u>\$ 7,017,861</u>	<u>\$ 2,010,767</u>
Total School Capital Projects Fund	<u>\$ 728,163</u>	<u>\$ 9,028,628</u>	<u>\$ 7,017,861</u>	<u>\$ 2,010,767</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 22,093,033</u>	<u>\$ 30,373,653</u>	<u>\$ 27,894,941</u>	<u>\$ 2,478,712</u>

Other Statistical Information

COUNTY OF CLARKE, VIRGINIA

Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare
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
2013-14	2,085,415	595,926	3,515,863	883,176	2,258,462

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>
\$	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
	23,785,661	999,980	1,656,333	1,671,404	895,992	8,714	38,356,926

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
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
2013-14	2,312,708	12,076,289	1,297,384

(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
\$ 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
18,649,133	1,849,613	140,606	452,072	3,004,576	-	39,782,381

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>
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
2013-14	1,742,173	595,936	3,536,630	898,325	2,251,459	20,891,004

(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>
\$	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
	929,900	1,648,207	(336)	4,286,713	7,654,661	44,434,672

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
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
2013-14	18,466,352	1,849,613	286,818	237,835	135,704	1,280,108

(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>
\$ 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	15,978,905	38,165,852	-	38,165,852
334,942	258,406	16,348,249	39,198,027	-	39,198,027

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1), (2)	Current Tax Collections (1), (4)	Percent of Levy Collected	Delinquent Tax Collections (1), (3)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
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%
2013-14	20,499,518	20,661,349	100.79%	45,265	20,706,614	101.01%	2,261,984	11.03%

(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	
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
2013-14	2,202,442,172	137,517,528	14,729,940	64,243,208	-	2,418,932,848

(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
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
2013-14	.63/.655	.63/.655	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
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
2013-14	14,348	2,418,933	32,208,000	1.33%	2,245

(1) <http://quickfacts.census.gov/>

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

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

General Government Capital Projects Carryover Budget Allocations

	FY 13 Carryover	FY 14 Original Budget	FY14 Supplemental Budget	Final Budget
Expenditures:				
Communications Equipment	\$ -	\$ -	\$ 160,188	\$ 160,188
Sheriff's Equipment (fingerprinting, etc.)	20,827	-	-	20,827
HVAC	49,446	-	-	49,446
Resurface Tennis Courts	53,401	-	(53,401)	-
Pool Repair	20,602	-	-	20,602
Additional Parking	10,000	-	-	10,000
Auto Replacement	32,656	-	-	32,656
Sheriff's Vehicles	98,537	84,000	-	182,537
Sheriff's Mobile Radios	15,258	-	-	15,258
Park Expansion	10,000	-	-	10,000
Fencing - Ballfield and Pool	10,000	20,000	-	30,000
Phone System (E-911)	115,131	-	-	115,131
Technology improvements	20,872	40,000	-	60,872
Old Park Office Modifications	-	-	53,401	53,401
Baseball Field Lighting	-	-	5,000	5,000
Motorola Portable Radios	-	-	50,000	50,000
Communications Study	50,000	-	(50,000)	-
Berryville Industrial Park	-	-	1,080	1,080
Economic Development	177,514	-	(1,080)	176,434
Sheriff's Building Renovation	163,958	-	-	163,958
Roofing	86,633	50,000	-	136,633
C Spout Run Project	-	-	141,603	141,603
C Spout Run Cleanup	-	-	316,620	316,620
Plan Updates	47,740	-	-	47,740
Carpeting (Includes GD Courthouse Seating)	30,828	-	-	30,828
Landscaping	15,375	-	-	15,375
Parks Westside Sitework	87,024	-	-	87,024
General District Court Repairs	-	81,000	-	81,000
Systems Integration	75,900	300,000	-	375,900
Recreation Center Additions/Wall Crack	59,585	-	-	59,585
Total expenditures	\$ 1,251,287	\$ 575,000	\$ 623,411	\$ 2,449,698

School Board Capital Projects Carryover Budget Allocations

	FY 13 Carryover	FY 14 Original Budget	FY14 Supplemental Budget	Final Budget
Expenditures:				
School Furniture Replacement	\$ 11,547	\$ 21,200	\$ -	\$ 32,747
Uniform Replacements and Band Instruments	2,810	10,400	-	13,210
Athletic Equipment and Uniforms	3,060	10,400	-	13,460
Strategic Space Planning	40,466	-	(35,186)	5,280
Buses	31,705	123,000	-	154,705
Passenger Vehicle	3,616	18,163	5,371	27,150
Modular Classroom Removal	7,680	-	-	7,680
Facilities - Technology	164,969	154,000	-	318,969
Technology	291,426	86,000	40,426	417,852
Elementary Electrical Upgrades	33,539	-	-	33,539
School Food	29,486	-	-	29,486
School Painting	51,032	-	-	51,032
Pay and Classification Study	-	-	35,186	35,186
HVAC	24,389	75,000	-	99,389
Playground Match PTO - Cooley	14,080	-	-	14,080
Playground Match PTO - Boyce	15,000	-	-	15,000
Signage	9,929	-	-	9,929
School Roof Replacements	33,200	-	-	33,200
Fencing Replacements	35,000	-	-	35,000
Flooring	25,015	30,000	-	55,015
Security Improvements	93,754	-	80,852	174,606
CCHS Practice/Football Field Renovation	5,371	-	(5,371)	-
Paving/Sidewalk Repairs and Improvements	41,328	-	-	41,328
Student Records/Technology	17,410	-	-	17,410
IEP Management System	586	-	-	586
ERP System	100,000	200,000	-	300,000
Former High Renovation	6,785,144	-	138,406	6,923,550
Berryville Primary Renovation	25,570	-	(25,570)	-
New High School	228,933	-	(59,693)	169,240
Total expenditures	\$ 8,126,045	\$ 728,163	\$ 174,421	\$ 9,028,629

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Compliance

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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, 2014, and the related notes to the financial statements, which collectively comprise the County of Clarke, Virginia's basic financial statements, and have issued our report thereon dated December 11, 2014.

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, Farney Cox Associates
Charlottesville, Virginia
December 11, 2014

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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, 2014. 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, 2014.

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
December 11, 2014

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

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	0950113	\$ 16,220
Temporary Assistance For Needy Families (TANF)	93.558	0400113/0400114	78,097
Refugee and Entrant Assistance - State Administered Programs	93.566	0500113/0500114	1,034
Low-income Home Energy Assistance	93.568	0600413/0600414	6,387
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760113/0760114	13,820
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900113/0900114	588
Foster Care - Title IV-E	93.658	1100113/1100114	60,462
Adoption Assistance - Title IV-E	93.659	1120113/1120114	28,390
Social Services Block Grant	93.667	1000113/1000114	71,108
Chafee Foster Care Independence Program	93.674	9150113/9150114	593
Children's Health Insurance Program (CHIP)	93.767	0540113/0540114	4,517
Medical Assistance Program (Medicaid, Title XIX)	93.778	1200113/1200114	<u>137,957</u>
Total Department of Health and Human Services			<u>\$ 419,173</u>
Department of Agriculture:			
Direct Payments:			
Farm and Ranch Lands Protection Program	10.913	n/a	<u>\$ 398,750</u>
Child Nutrition Cluster			
Pass Through Payments:			
Department of Agriculture:			
Food Distribution	10.555	406230	\$ 44,897
Department of Education:			
National School Lunch Program (NSLP)	10.555	406230	<u>174,389</u> \$ 219,286
Department of Education:			
School Breakfast Program (SBP)	10.553	405910	27,716
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010113/0010114 0040113/0040114	<u>159,642</u>
Total Department of Agriculture			<u>\$ 805,394</u>

Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2014

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Direct payments:			
Youth Gang Prevention	16.544	n/a	\$ 178,816
Equitable Sharing Program	16.922	n/a	254,695
Pass Through Payments:			
Department of Criminal Justice Service:			
Violence Against Women Formula Grants	16.588	10WFAX0050	32,567
Crime Victim Assistance	16.575	12VAGX0095	14,978
Total Department of Justice			<u>\$ 481,056</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL-2014-54046-4630	\$ 6,218
State and Community Highway Safety	20.600	SC-2014-54021-5108	2,979
Total Department of Transportation			<u>\$ 9,197</u>
Environmental Protection Agency:			
Direct Payment:			
Department of Health:			
Chesapeake Bay Program	66.466	n/a	<u>\$ 7,068</u>
Department of Education:			
Direct Payments:			
Department of Education:			
Medicaid	84.000	n/a	\$ 4,861
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	S010A110046/S010A120046	245,725
Special education cluster:			
Special Education - Grants to States (IDEA, Part B)	84.027	H027A120107/H027A130172	287,713
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A120112/H173A130112	11,134
Advanced Placement Program	84.330	S330B130008	511
English Language Acquisition State Grants	84.365	S365A110046/S365A120046	4,428
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	V048A120046	13,540
Improving Teacher Quality State Grants	84.367	S367A110044/S367A120044	69,136
Total Department of Education			<u>\$ 637,048</u>
Total Expenditures of Federal Awards			<u>\$ 2,358,936</u>

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF CLARKE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

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, 2014. 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	\$	85,275
Special Revenue Funds:		
Virginia Public Assistance Fund		578,815
Debt Service Funds:		
School Debt Service Fund		119,986
Agency Funds:		
Gang Task Force		156,254
Special Revenue Funds:		
Drug Enforcement Fund		254,695
General Capital Projects Fund		7,068
Conservation Easement Fund		398,750
Total primary government	\$	<u>1,600,843</u>
Component Unit School Board:		
School Operating Fund	\$	637,048
School Food Service Fund		247,002
Total component unit school board	\$	<u>884,050</u>
Total federal expenditures per basic financial statements	\$	<u>2,484,893</u>
Less amounts not reported on the Schedule of Expenditures of Federal Awards:		
Payment in lieu of taxes	\$	5,971
Build America Bond interest rate subsidy		119,986
Total federal expenditures per basic financial statements	\$	<u>2,358,936</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>2,358,936</u></u>

COUNTY OF CLARKE, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? No
 Significant deficiency(ies) identified? None Reported
Type of auditors' report issued on compliance for major programs: Unmodified
Any audit findings disclosed that are required to be reported in accordance with 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
93.558	Temporary Assist to Needy Families (TANF)
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