

# COUNTY OF CLARKE, VIRGINIA



## FINANCIAL REPORT YEAR ENDED JUNE 30, 2015



# COUNTY OF CLARKE, VIRGINIA

---

## Board of Supervisors

---

David Weiss, Chairman  
Bev McKay, Vice Chairman

Barbara J. Byrd

John R. Staelin

J. Michael Hobert

## County School Board

---

Chuyen Kochinsky, Chairman  
Barbara P. Lee, Vice-Chairman  
Renée F. Weir, Clerk

Janet K. Creager Alger

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 ..... Clark Andrew Ritchie  
Judge of the Circuit Court ..... Ronald Lewis Napier  
Judge of the Circuit Court ..... Alexander R. Iden  
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 ..... Neil Randolph Bryant  
Clerk of the Circuit Court ..... Helen Butts  
Judge of the General District Court ..... Amy Beth Tisinger  
Judge of the General District Court ..... William W. Eldridge, IV  
Judge of the General District Court ..... W. Dale Houff  
Judge of the General District Court ..... John Stanley Hart, Jr.  
Judge of the General District Court ..... Ian R.D. Williams  
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



COUNTY OF CLARKE, VIRGINIA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

---

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-11
<b><u>Basic Financial Statements:</u></b>	
<b>Government-wide Financial Statements:</b>	
Exhibit 1    Statement of Net Position	12
Exhibit 2    Statement of Activities	13-14
<b>Fund Financial Statements:</b>	
Exhibit 3    Balance Sheet—Governmental Funds	15
Exhibit 4    Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Exhibit 5    Statement of Revenues, Expenditures, and Changes in Fund Balances— Governmental Funds	17
Exhibit 6    Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Exhibit 7    Statement of Net Position—Internal Service Fund	19
Exhibit 8    Statement of Revenues, Expenses, and Changes in Net Position— Internal Service Fund	20
Exhibit 9    Statement of Cash Flows—Internal Service Fund	21
Exhibit 10   Statement of Fiduciary Net Position—Fiduciary Funds	22
<b>Notes to Financial Statements</b>	23-73
<b><u>Required Supplementary Information:</u></b>	
Exhibit 11   Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual—General Fund	74
Exhibit 12   Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual—Virginia Public Assistance Special Revenue Fund	75

COUNTY OF CLARKE, VIRGINIA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS (CONTINUED)

---

	<u>Page</u>	
<b><u>Required Supplementary Information: (Continued)</u></b>		
Exhibit 13	Schedule of Components of and Changes in Net Pension Liability and Related Ratios - Primary Government	76
Exhibit 14	Schedule of Components of and Changes in Net Pension Liability and Related Ratios - Component Unit School Board (nonprofessional)	77
Exhibit 15	Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan	78
Exhibit 16	Schedule of Employer Contributions	79
Exhibit 17	Notes to Required Supplementary Information	80
<b><u>Other Supplementary Information:</u></b>		
Exhibit 18	Combining Balance Sheet—Nonmajor Governmental Funds	81
Exhibit 19	Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Nonmajor Governmental Funds	82
Exhibit 20	Combining Balance Sheet—Nonmajor Special Revenue Funds	83
Exhibit 21	Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Nonmajor Special Revenue Funds	84
Exhibit 22	Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—Nonmajor Special Revenue Funds	85-86
Exhibit 23	Statement of Revenues, Expenditures and Changes in Fund Balances—Nonmajor Debt Service Funds	87
Exhibit 24	Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—Nonmajor Debt Service Funds	88
Exhibit 25	Combining Balance Sheet—Nonmajor Capital Projects Funds	89
Exhibit 26	Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Nonmajor Capital Projects Funds	90
Exhibit 27	Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—Nonmajor Capital Projects Funds	91-92
Exhibit 28	Combining Statement of Changes of Fiduciary Net Position—Fiduciary Funds	93
Exhibit 29	Combining Statement of Changes in Assets and Liabilities—Agency Funds	94-95

COUNTY OF CLARKE, VIRGINIA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS (CONTINUED)

---

	<u>Page</u>
<b>Other Supplementary Information: (Continued)</b>	
Discretely Presented Component Unit—School Board:	
Exhibit 30 Combining Balance Sheet	96
Exhibit 31 Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	97
Exhibit 32 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual	98-99
Exhibit 33 Balance Sheet—Nonmajor Capital Project Fund	100
Exhibit 34 Statement of Revenues, Expenditures and Changes in Fund Balances—Nonmajor Capital Project Fund	101
Exhibit 35 Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual—Nonmajor and Major Capital Projects Funds	102-103
Discretely Presented Component Unit—Sanitary Authority:	
Exhibit 36 Combining Statement of Net Position	104
Exhibit 37 Combining Statement of Revenues, Expenses and Changes in Net Position	105
Exhibit 38 Combining Statement of Cash Flows	106
Discretely Presented Component Unit—Industrial Development Authority:	
Exhibit 39 Statement of Net Position	107
Exhibit 40 Statement of Revenues, Expenses and Changes in Net Position	108
Exhibit 41 Statement of Cash Flows	109

COUNTY OF CLARKE, VIRGINIA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS (CONTINUED)

---

	<u>Page</u>
<b>Other Supplementary Information: (Continued)</b>	
Supporting Schedules:	
Schedule 1    Schedule of Revenues—Budget and Actual—Governmental Funds	110-118
Schedule 2    Schedule of Expenditures—Budget and Actual—Governmental Funds	119-125
<b><u>Other Statistical Information:</u></b>	
Table 1    Government-Wide Expenses by Function	126-127
Table 2    Government-Wide Revenues	128-129
Table 3    General Governmental Expenditures by Function	130-131
Table 4    General Governmental Revenues by Source	132-133
Table 5    Property Tax Levies and Collections	134
Table 6    Assessed Value of Taxable Property	135
Table 7    Property Tax Rates	136
Table 8    Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	137
Table 9    General Government Capital Projects Carryover Budget Allocations	138
Table 10   School Board Capital Projects Carryover Budget Allocations	139
<b><u>Compliance:</u></b>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	140-141
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	142-143
Schedule of Expenditures of Federal Awards	144-145
Notes to Schedule of Expenditures of Federal Awards	146
Schedule of Findings and Questioned Costs	147



# 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, 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 the County of Clarke, Virginia, as of and for the year ended June 30, 2015, 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, 2015, 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.

## *Change in Accounting Principle*

As described in Note 19 to the financial statements, in 2015, the County adopted new accounting guidance, GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-11, 74-75, and 76-80 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 basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

*Other Information (continued)*

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015, 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 the County of Clarke, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia

December 15, 2015

This page intentionally left blank

## 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, 2015.

### 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 \$32.7 million (*net position*). Of this amount, \$12.2 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 \$3.2 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 \$312,443. 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 \$13,094,524 and are comprised of the numerous designations. Liquidity and stabilization funds comprise \$4,098,319. Saving for pay-as-you-go capital expenditures comprises \$2,497,453. Multi-year capital appropriations, net of estimated revenue, encumber an additional \$4,317,100. A total of \$2,106,652 is assigned for carryover requests from unexpended FY 15 funds. \$75,000 is assigned for compensated absences.
- The County's total long-term obligations decreased by \$3,909,167 (9%) 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 73 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 74 through 80 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 81 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 \$32.7 million at the close of the most recent fiscal year. A large portion of the County's net position (\$20.5 million, 63% 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:

<b>County of Clarke, Virginia</b>		
<b>Summary of Net Position</b>		
<b>As of June 30, 2015 and 2014</b>		
	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 28,542,250	\$ 29,335,767
Capital assets	55,844,161	55,367,949
Total assets	<u>\$ 84,386,411</u>	<u>\$ 84,703,716</u>
Deferred outflows of resources	<u>\$ 457,305</u>	<u>\$ -</u>
Long-term liabilities outstanding	\$ 37,844,786	\$ 38,635,908
Other liabilities	2,830,045	3,620,263
Total liabilities	<u>\$ 40,674,831</u>	<u>\$ 42,256,171</u>
Deferred inflows of resources	<u>\$ 11,432,673</u>	<u>\$ 10,262,330</u>
Net position:		
Net investment in capital assets	\$ 20,531,094	\$ 17,382,511
Restricted	5,255	7,061
Unrestricted	12,199,863	14,793,033
Total net position	<u><u>\$ 32,736,212</u></u>	<u><u>\$ 32,182,605</u></u>

An additional portion of the County's net position (\$5,255) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$12.2 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 \$3.2 million during the current fiscal year. This is largely attributable to an increase in capital assets due to the Rec Center/Senior Center addition, purchase of new ERP system, emergency services communications upgrade, 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 \$3.2 million. The following table summarizes the County's Statement of Activities:

### County of Clarke, Virginia Changes in Net Position Years Ended June 30, 2015 and 2014

	Governmental Activities	
	2015	2014
Revenues:		
Program revenues:		
Charges for services	\$ 1,268,169	\$ 1,135,282
Operating grants and contributions	2,704,325	2,621,875
Capital grants and contributions	946,620	1,005,621
General revenues:		
Property taxes	19,310,001	18,649,133
Other taxes	1,777,225	1,849,613
Unrestricted revenues from the use of money and property	62,859	100,194
Miscellaneous	105,278	226,515
Grants and contributions not restricted to specific programs	3,011,502	3,260,368
Total revenues	<u>\$ 29,185,979</u>	<u>\$ 28,848,601</u>
Expenses:		
General governmental administration	\$ 2,228,785	\$ 2,085,415
Judicial administration	598,469	595,926
Public safety	4,414,115	3,515,863
Public works	1,013,865	913,176
Health and welfare	2,418,330	2,258,462
Parks, recreation, and cultural	1,048,103	999,980
Community development	980,692	1,656,333
Interest on long-term debt	1,559,976	1,671,404
Education	11,763,711	12,626,334
Total expenses	<u>\$ 26,026,046</u>	<u>\$ 26,322,893</u>
Increase (decrease) in net position	\$ 3,159,933	\$ 2,525,708
Net position - beginning of year, as restated	29,576,279	29,656,897
Net position - end of year	<u>\$ 32,736,212</u>	<u>\$ 32,182,605</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 represent a change in long-term assets and liability transferred between Component Unit School Board and the County, as well as unexpended local transfer at year end.

## 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 \$14.4 million, a decrease of 0.2 million in comparison with the prior year. Of this total amount, \$13.5 million or 94% 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 \$13.4 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 63% 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 \$5,225 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 \$2,049,329 between the original budget and the final amended budgeted expenditures. The significant differences can be summarized as follows:

- \$1,942,448 increase in final budget appropriations for education is primarily due to reappropriation of capital expenditures originally budgeted in prior years.
- \$106,881 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, 2015, amounts to \$55.9 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 emergency services communications upgrade.
- Other projects included Rec Center/Senior Center addition, purchase of new ERP system, emergency services communications upgrade, and circuit courthouse renovations.

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

	Governmental Activities	
	2015	2014
Land	\$ 745,500	\$ 745,500
Buildings	45,335,880	44,378,246
Improvements	697,778	780,759
Machinery & Equipment	827,489	556,038
Construction in progress	8,237,514	8,907,406
Total	\$ 55,844,161	\$ 55,367,949

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 \$37.8 million and details are summarized in the following table:

	Governmental Activities	
	2015	2014
Bonds payable:		
General obligation bonds	\$ 29,720,000	\$ 31,945,000
Premiums and discounts	278,864	334,180
Lease revenue bond	4,245,272	4,319,646
Note payable	94,000	263,000
Capital leases	974,931	1,123,612
Net pension liability	1,857,942	3,118,045
Compensated absences	673,777	650,470
Total	\$ 37,844,786	\$ 41,753,953

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.
- 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**

This page intentionally left blank

## Government-wide Financial Statements

This page intentionally left blank



Statement of Net Position  
June 30, 2015

	Primary Government Governmental Activities	Component Units		
		School Board	Clarke County Sanitary Authority	Industrial Development Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,788,052	\$ 41,683	\$ 1,106,974	\$ 66,317
Receivables (net of allowance for uncollectibles):				
Taxes receivable	12,254,426	-	-	-
Accounts receivable	167,453	67,893	95,230	-
Notes receivable	2,901	-	-	-
Due from other funds	443,159	-	-	-
Due from primary government	-	1,501,538	-	-
Due from other governmental units	1,627,987	943,395	-	-
Inventories	24,016	-	-	-
Prepaid items	47,705	58,118	-	-
Restricted assets:				
Cash and cash equivalents	168,934	-	-	-
Notes receivable - net of current portion	17,617	-	-	-
Net pension asset	-	69,806	-	-
Capital assets (net of accumulated depreciation):				
Land	745,500	647,266	13,200	-
Buildings	45,335,880	7,014,386	-	-
Improvements other than buildings	697,778	294,025	-	-
Equipment	827,489	988,235	-	-
Utility plant in service	-	-	8,608,680	-
Construction in progress	8,237,514	-	780,436	-
Total assets	\$ 84,386,411	\$ 11,626,345	\$ 10,604,520	\$ 66,317
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Pension contribution subsequent to measurement date	\$ 457,305	\$ 1,641,660	\$ 4,432	\$ -
<b>LIABILITIES</b>				
Accounts payable	\$ 321,544	\$ 322,676	\$ 301,014	\$ -
Accrued liabilities	11,485	2,284,737	-	-
Customers' deposits	-	-	4,560	-
Accrued interest payable	646,071	-	5,098	-
Due to other funds	1,797,542	-	-	-
Unearned revenue	53,403	-	11,550	-
Long-term liabilities:				
Due within one year	2,755,875	49,413	327,229	-
Due in more than one year	35,088,911	19,073,713	4,567,918	-
Total liabilities	\$ 40,674,831	\$ 21,730,539	\$ 5,217,369	\$ -
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred property tax revenue	\$ 10,447,091	\$ -	\$ -	\$ -
Changes to proportionate share of net pension liability	-	161,000	-	-
Items related to measurement of net pension liability	985,582	2,959,456	9,554	-
Total deferred inflows of resources	\$ 11,432,673	\$ 3,120,456	\$ 9,554	\$ -
<b>NET POSITION</b>				
Net investment in capital assets	\$ 20,531,094	\$ 8,943,912	\$ 4,525,179	\$ -
Restricted				
Swim team	3,596	-	-	-
Pool	1,659	-	-	-
Unrestricted	12,199,863	(20,526,902)	856,850	66,317
Total net position	\$ 32,736,212	\$ (11,582,990)	\$ 5,382,029	\$ 66,317

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, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 2,228,785	\$ 110,514	\$ 203,767	\$ -
Judicial administration	598,469	2,542	344,186	-
Public safety	4,414,115	488,417	915,722	396,383
Public works	1,013,865	245,930	-	-
Health and welfare	2,418,330	-	1,228,300	-
Education	11,763,711	-	-	120,898
Parks, recreation, and cultural	1,048,103	420,766	-	-
Community development	980,692	-	12,350	429,339
Interest on long-term debt	1,559,976	-	-	-
Total governmental activities	\$ 26,026,046	\$ 1,268,169	\$ 2,704,325	\$ 946,620
Total primary government	\$ 26,026,046	\$ 1,268,169	\$ 2,704,325	\$ 946,620
<b>COMPONENT UNITS:</b>				
School Board	\$ 24,043,370	\$ 661,507	\$ 10,159,760	\$ -
Clarke County Sanitary Authority	958,018	496,453	-	60,300
Clarke County Industrial Development Authority	10,235	35,000	-	-
Total component units	\$ 25,011,623	\$ 1,192,960	\$ 10,159,760	\$ 60,300
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, as restated				
Net position - ending				

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position				
Primary Government	Component Units			
Governmental Activities	School Board	Clarke County Sanitary Authority	Industrial Development Authority	
\$ (1,914,504)	\$ -	\$ -	\$ -	\$ -
(251,741)	-	-	-	-
(2,613,593)	-	-	-	-
(767,935)	-	-	-	-
(1,190,030)	-	-	-	-
(11,642,813)	-	-	-	-
(627,337)	-	-	-	-
(539,003)	-	-	-	-
(1,559,976)	-	-	-	-
<u>\$ (21,106,932)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (21,106,932)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (13,222,103)	\$ -	\$ -	\$ -
-	-	(401,265)	-	-
-	-	-	24,765	-
<u>\$ -</u>	<u>\$ (13,222,103)</u>	<u>\$ (401,265)</u>	<u>\$ 24,765</u>	<u>\$ -</u>
\$ 19,310,001	\$ -	\$ -	\$ -	\$ -
835,222	-	-	-	-
343,493	-	-	-	-
231,489	-	-	-	-
307,401	-	-	-	-
59,620	-	-	-	-
62,859	67,345	4,148	72	-
105,278	74,308	138,809	-	-
3,011,502	-	-	-	-
-	12,342,483	150,336	-	-
<u>\$ 24,266,865</u>	<u>\$ 12,484,136</u>	<u>\$ 293,293</u>	<u>\$ 72</u>	<u>\$ -</u>
3,159,933	(737,967)	(107,972)	24,837	-
29,576,279	(10,845,023)	5,490,001	41,480	-
<u>\$ 32,736,212</u>	<u>\$ (11,582,990)</u>	<u>\$ 5,382,029</u>	<u>\$ 66,317</u>	<u>\$ -</u>

This page intentionally left blank

## Fund Financial Statements

This page intentionally left blank

Balance Sheet  
Governmental Funds  
June 30, 2015

	General	Virginia Public Assistance	School Debt Service	Other Govern- mental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 13,067,211	\$ -	\$ -	\$ 720,841	\$ 13,788,052
Receivables (net of allowance for uncollectibles):					
Taxes receivable	12,254,426	-	-	-	12,254,426
Accounts receivable	142,453	-	-	25,000	167,453
Due from other funds	285,387	-	39,139	118,633	443,159
Due from other governmental units	1,414,662	135,255	-	78,070	1,627,987
Inventories	24,016	-	-	-	24,016
Prepaid items	30,127	3,314	14,264	-	47,705
Restricted assets:					
Cash and cash equivalents	160,042	-	-	8,892	168,934
Total assets	<u>\$ 27,378,324</u>	<u>\$ 138,569</u>	<u>\$ 53,403</u>	<u>\$ 951,436</u>	<u>\$ 28,521,732</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 112,033	\$ 30,953	\$ -	\$ 178,558	\$ 321,544
Accrued liabilities	11,485	-	-	-	11,485
Due to other funds	1,666,468	107,616	-	23,458	1,797,542
Unearned revenue	-	-	53,403	-	53,403
Total liabilities	<u>\$ 1,789,986</u>	<u>\$ 138,569</u>	<u>\$ 53,403</u>	<u>\$ 202,016</u>	<u>\$ 2,183,974</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable property tax revenue	<u>\$ 11,967,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,967,186</u>
<b>Fund balances:</b>					
Nonspendable:					
Prepaid items	\$ 30,127	\$ 3,314	\$ 14,264	\$ -	\$ 47,705
Inventory	24,016	-	-	-	24,016
Restricted:					
Swim team	-	-	-	3,596	3,596
Pool	-	-	-	1,659	1,659
Debt service	160,042	-	-	-	160,042
Committed:					
Animal care expenditures	-	-	-	8,892	8,892
Community development	-	-	-	311,938	311,938
Public safety expenditures	-	-	-	275,492	275,492
Assigned:					
Capital projects	-	-	-	147,843	147,843
Other (Note 15)	13,094,524	-	-	-	13,094,524
Unassigned	312,443	(3,314)	(14,264)	-	294,865
Total fund balances	<u>\$ 13,621,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 749,420</u>	<u>\$ 14,370,572</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 27,378,324</u>	<u>\$ 138,569</u>	<u>\$ 53,403</u>	<u>\$ 951,436</u>	<u>\$ 28,521,732</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, 2015

---

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	14,370,572
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		55,844,161
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unavailable property taxes	\$	1,520,095
Items related to measurement of net pension liability		<u>(985,582)</u>
		534,513
Long-term note receivable is not available to pay for current period expenditures and, therefore, is not reported in the funds.		20,518
Interest on long-term debt is not accrued in governmental funds, but rather is recognized when paid.		(646,071)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		457,305
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(37,844,786)</u>
Net position of governmental activities	\$	<u><u>32,736,212</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, 2015

	General	Virginia Public Assistance	School Debt Service	Total Nonmajor Governmental Funds	Total
<b>REVENUES</b>					
General property taxes	\$ 19,389,718	\$ -	\$ -	\$ 17,957	\$ 19,407,675
Other local taxes	1,777,225	-	-	-	1,777,225
Permits, privilege fees, and regulatory licenses	265,237	-	-	-	265,237
Fines and forfeitures	303,637	-	-	-	303,637
Revenue from the use of money and property	62,411	-	-	448	62,859
Charges for services	689,386	-	-	9,909	699,295
Miscellaneous	5,205	-	23,844	79,045	108,094
Recovered costs	81,267	37,613	-	-	118,880
Intergovernmental:					
Commonwealth	4,407,027	289,219	-	586,669	5,282,915
Federal	75,536	639,137	120,898	543,961	1,379,532
Total revenues	<u>\$ 27,056,649</u>	<u>\$ 965,969</u>	<u>\$ 144,742</u>	<u>\$ 1,237,989</u>	<u>\$ 29,405,349</u>
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 1,772,923	\$ -	\$ -	\$ -	\$ 1,772,923
Judicial administration	618,450	-	-	-	618,450
Public safety	3,874,640	-	-	240,619	4,115,259
Public works	1,003,202	-	-	-	1,003,202
Health and welfare	358,552	1,390,820	-	689,468	2,438,840
Education	11,990,642	-	-	-	11,990,642
Parks, recreation, and cultural	952,685	-	-	-	952,685
Community development	569,816	-	-	414,271	984,087
Nondepartmental	18,980	-	-	-	18,980
Capital projects	-	-	-	1,381,459	1,381,459
Debt service:					
Principal retirement	-	-	2,428,997	334,139	2,763,136
Interest and other fiscal charges	-	-	1,438,651	177,326	1,615,977
Total expenditures	<u>\$ 21,159,890</u>	<u>\$ 1,390,820</u>	<u>\$ 3,867,648</u>	<u>\$ 3,237,282</u>	<u>\$ 29,655,640</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,896,759</u>	<u>\$ (424,851)</u>	<u>\$ (3,722,906)</u>	<u>\$ (1,999,293)</u>	<u>\$ (250,291)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 62,077	\$ 424,851	\$ 3,722,906	\$ 1,850,563	\$ 6,060,397
Transfers out	(5,998,320)	-	-	(62,077)	(6,060,397)
Issuance of bond anticipation notes	-	-	-	90,765	90,765
Total other financing sources (uses)	<u>\$ (5,936,243)</u>	<u>\$ 424,851</u>	<u>\$ 3,722,906</u>	<u>\$ 1,879,251</u>	<u>\$ 90,765</u>
Net change in fund balances	\$ (39,484)	\$ -	\$ -	\$ (120,042)	\$ (159,526)
Fund balances - beginning, as restated	13,660,636	-	-	869,462	14,530,098
Fund balances - ending	<u>\$ 13,621,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 749,420</u>	<u>\$ 14,370,572</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, 2015

---

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

Net change in fund balances - total governmental funds \$ (159,526)

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

Capital outlay	\$	1,493,151	
Depreciation expense		(647,564)	
Joint tenancy asset transfer		(369,375)	476,212

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

Property taxes	\$	(97,674)	
Change in deferred inflows related to the measurement of the net pension liability		(985,582)	(1,083,256)

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			(2,816)
-----------------------------	--	--	---------

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.

Issuance of bonds	\$	(90,765)	
Principal retired		2,707,820	
Bond discount amortization		(2,404)	
Bond premium amortization		57,720	2,672,371

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

(Increase)/decrease in compensated absences	\$	(23,307)	
(Increase)/decrease in net pension liability		1,260,103	
Increase (decrease) in deferred outflows related to pension contributions subsequent to measurement date		(29,818)	
(Increase)/decrease in accrued interest payable		56,001	1,262,979

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

(6,031)

Change in net position of governmental activities	\$	3,159,933	
---	----	-----------	--

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

Statement of Net Position  
 Internal Service Fund  
 June 30, 2015

---

	<u>Health Insurance Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ <u>          -</u>
Total assets	\$ <u><u>          -</u></u>
<b>NET POSITION</b>	
Unrestricted	\$ <u>          -</u>
Total net position	\$ <u><u>          -</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, 2015

---

	<u>Health Insurance Fund</u>
<b>OPERATING EXPENSES</b>	
Insurance claims and expenses	\$ <u>6,031</u>
Total operating expenses	\$ <u>6,031</u>
Operating income (loss)	\$ <u>(6,031)</u>
Total net position - beginning	<u>6,031</u>
Total net position - ending	<u><u>\$ -</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, 2015

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

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

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2015

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 111,909
Prepaid expenses	1,388
Accounts receivable	2,729
Due from other governments	<u>186,528</u>
Total assets	<u><u>\$ 302,554</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 7,171
Amounts held for Town	46,844
Sales tax payable to other towns	36,643
Due to other funds	149,885
Amounts held for social services clients	26,864
Accrued liabilities	<u>35,147</u>
Total liabilities	<u><u>\$ 302,554</u></u>

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015

---

**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 accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. 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 (governmental and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

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.

**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, 2015.

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, 2015. The Sanitary Authority does not issue a separate financial report.



**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, 2015. 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 Withholding, 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, 2015 (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 \$292,949 at June 30, 2015 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

H. Capital Assets

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

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

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

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

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

---

**H. Capital Assets: (Continued)**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets as of June 30, 2015 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. 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.

**K. Net Position**

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

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

---

**L. 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.

**M. 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.

**N. Prepaid Items**

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

**O. Fund Equity**

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

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



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

---

**O. Fund Equity: (Continued)**

- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

**P. 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 has one type that qualifies for reporting in this category. Pension contributions made subsequent to the measurement date of the net pension liability will be recognized as a reduction to the net pension liability next fiscal year.

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



## COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (Continued)

---

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

---

#### Q. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County of Clarke, Virginia's Retirement Plan and the additions to/deductions from the County of Clarke, Virginia's Retirement Plan net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### 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.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (Continued)

---

**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, 2015 the County does not have a formal investment policy addressing the various types of risks related to investments.

**Credit Risk of Debt Securities**

The County's rated debt investments as of June 30, 2015 were rated by *Standard and Poor's* and the ratings are presented below using the *Standard and Poor's* rating scale.

<u>County's Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 2,139,404
Total	\$ <u>2,139,404</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.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (Continued)

**Note 4—Due from Other Governments:**

At June 30, 2015, the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
Virginia Public Assistance funds	\$ 46,976	\$ -
State sales tax	-	403,508
Constitutional officer reimbursements	106,547	-
PPTRA	1,212,896	-
Communication taxes	70,287	-
Comprehensive Services Act	65,785	-
School fund grants	-	123,679
Other general grants	6,350	-
Federal Government:		
Virginia Public Assistance funds	88,279	-
Other general grants	30,867	-
School fund grants	-	416,208
Total due from other governments	<u>\$ 1,627,987</u>	<u>\$ 943,395</u>

**Note 5—Interfund Obligations:**

Details of the Primary Government's interfund receivables and payables as of June 30, 2015, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Primary Government:		
General	\$ 285,387	\$ 1,666,468
Comprehensive Services Act	-	23,458
County Capital Projects Fund	118,633	-
Virginia Public Assistance	-	107,615
School Debt Service Fund	39,139	-
Total Primary Government	<u>\$ 443,159</u>	<u>\$ 1,797,541</u>
Component Unit:		
School Fund	\$ 1,455,699	\$ -
School Capital Projects Fund	45,839	-
Total Component Unit	<u>\$ 1,501,538</u>	<u>\$ -</u>
Agency Funds:		
Unemployment Compensation Fund	\$ 2,729	\$ -
Undistributed Local Sales Tax Fund	-	149,885
Total Agency Funds	<u>\$ 2,729</u>	<u>\$ 149,885</u>
Grand Total	<u>1,947,426</u>	<u>1,947,426</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, 2015 (Continued)

**Note 6—Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Joint Tenancy Transfer (Net)	Balance June 30, 2015
<b>Primary Government:</b>					
Capital assets not being depreciated:					
Land	\$ 745,500	\$ -	\$ -	\$ -	\$ 745,500
Construction in Progress	8,907,406	1,015,695	1,685,587	-	8,237,514
Total capital assets not being depreciated	<u>\$ 9,652,906</u>	<u>\$ 1,015,695</u>	<u>\$ 1,685,587</u>	<u>\$ -</u>	<u>\$ 8,983,014</u>
Capital assets being depreciated:					
Buildings	\$ 50,736,231	\$ 1,685,587	\$ -	\$ (410,000)	\$ 52,011,818
Improvements other than buildings	1,802,550	47,250	-	-	1,849,800
Equipment	3,736,911	430,206	123,872	-	4,043,245
Total capital assets being depreciated	<u>\$ 56,275,692</u>	<u>\$ 2,163,043</u>	<u>\$ 123,872</u>	<u>\$ (410,000)</u>	<u>\$ 57,904,863</u>
Accumulated depreciation:					
Buildings	\$ 6,357,985	\$ 358,578	\$ -	\$ (40,625)	\$ 6,675,938
Improvements other than buildings	1,021,791	130,231	-	-	1,152,022
Equipment	3,180,873	158,755	(123,872)	-	3,215,756
Total accumulated depreciation	<u>\$ 10,560,649</u>	<u>\$ 647,564</u>	<u>\$ (123,872)</u>	<u>\$ (40,625)</u>	<u>\$ 11,043,716</u>
Total capital assets being depreciated, net	<u>\$ 45,715,043</u>	<u>\$ 1,515,479</u>	<u>\$ -</u>	<u>\$ (369,375)</u>	<u>\$ 46,861,147</u>
Net capital assets governmental activities	<u>\$ 55,367,949</u>	<u>\$ 2,531,174</u>	<u>\$ 1,685,587</u>	<u>\$ (369,375)</u>	<u>\$ 55,844,161</u>
<b>Component Unit-School Board:</b>					
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	\$ 17,914,188	\$ 26,358	\$ -	\$ 410,000	\$ 18,350,546
Improvements other than buildings	336,544	33,580	-	-	370,124
Equipment	4,791,745	367,160	75,225	-	5,083,680
Total capital assets being depreciated	<u>\$ 23,042,477</u>	<u>\$ 427,098</u>	<u>\$ 75,225</u>	<u>\$ 410,000</u>	<u>\$ 23,804,350</u>
Accumulated depreciation:					
Buildings	\$ 9,850,847	\$ 1,444,688	\$ -	\$ 40,625	\$ 11,336,160
Improvements other than buildings	64,469	11,630	-	-	76,099
Equipment	3,956,612	214,058	(75,225)	-	4,095,445
Total accumulated depreciation	<u>\$ 13,871,928</u>	<u>\$ 1,670,376</u>	<u>\$ (75,225)</u>	<u>\$ 40,625</u>	<u>\$ 15,507,704</u>
Total capital assets being depreciated, net	<u>\$ 9,170,549</u>	<u>\$ (1,243,278)</u>	<u>\$ -</u>	<u>\$ 369,375</u>	<u>\$ 8,296,646</u>
Net capital assets component unit school board	<u>\$ 9,817,815</u>	<u>\$ (1,243,278)</u>	<u>\$ -</u>	<u>\$ 369,375</u>	<u>\$ 8,943,912</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (Continued)

**Note 6—Capital Assets: (Continued)**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 316,619
Public safety	165,743
Public works	17,684
Health and welfare	2,791
Parks, recreation and cultural	108,892
Community development	35,835
	<u>647,564</u>
Total Governmental activities	\$ <u>647,564</u>
Component Unit School Board	\$ <u>1,670,376</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, 2015 is that school financed assets in the amount of \$37,148,288 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, 2015 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	148,132	653,894	21,590	780,436
Total capital assets not being depreciated	<u>\$ 161,332</u>	<u>\$ 653,894</u>	<u>\$ 21,590</u>	<u>\$ 793,636</u>
Capital Assets being depreciated:				
Utility plant and equipment	\$ 12,062,347	\$ 22,875	\$ -	\$ 12,085,222
Accumulated depreciation	(3,157,507)	(319,035)	-	(3,476,542)
Total capital assets being depreciated, net	<u>\$ 8,904,840</u>	<u>\$ (296,160)</u>	<u>\$ -</u>	<u>\$ 8,608,680</u>
Capital assets, net	<u>\$ 9,066,172</u>	<u>\$ 357,734</u>	<u>\$ 21,590</u>	<u>\$ 9,402,316</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (Continued)

**Note 7—Interfund Transfers:**

Interfund transfers for the year ended June 30, 2015, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 62,077	\$ 5,998,320
School Debt Service	3,722,906	-
Parks Construction Fund	-	2,077
County Capital Improvements	967,573	60,000
Virginia Public Assistance	424,851	-
Comprehensive Services Act	381,434	-
General Debt Service	<u>501,556</u>	<u>-</u>
Total	<u>\$ 6,060,397</u>	<u>\$ 6,060,397</u>
Component Unit:		
School Operating Fund	\$ -	\$ 35,249
School Food Service Fund	<u>35,249</u>	<u>-</u>
Total	<u>\$ 35,249</u>	<u>\$ 35,249</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, 2015 (Continued)

Note 8—Long-Term Obligations:

Primary Government:

A summary of long-term obligations is as follows:

	Balance July 1, 2014, as restated	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2015	Amounts Due Within One Year
<b>Governmental Obligations:</b>					
Incurred by County:					
Compensated absences	\$ 650,470	\$ 23,307	\$ -	\$ 673,777	\$ 67,378
Net pension liability	3,118,045	1,638,509	2,898,612	1,857,942	-
Lease revenue bond	4,319,646	90,765	165,139	4,245,272	78,047
Boyce wastewater VRA Bonds	263,000	-	169,000	94,000	94,000
Total incurred by County	<u>\$ 8,351,161</u>	<u>\$ 1,752,581</u>	<u>\$ 3,232,751</u>	<u>\$ 6,870,991</u>	<u>\$ 239,425</u>
Incurred by School Board:					
General obligation bonds	\$ 31,945,000	\$ -	\$ 2,225,000	\$ 29,720,000	\$ 2,320,000
Capital leases	1,123,612	-	148,681	974,931	154,771
Total Incurred by School Board	<u>\$ 33,068,612</u>	<u>\$ -</u>	<u>\$ 2,373,681</u>	<u>\$ 30,694,931</u>	<u>\$ 2,474,771</u>
Premiums on bonds issued	\$ 360,489	\$ -	\$ 57,720	\$ 302,769	\$ 44,083
Discount on bonds issued	(26,309)	-	(2,404)	(23,905)	(2,404)
Total Governmental Obligations	<u>\$ 41,753,953</u>	<u>\$ 1,752,581</u>	<u>\$ 5,661,748</u>	<u>\$ 37,844,786</u>	<u>\$ 2,755,875</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
2016	\$ 94,000	\$ 78,047	\$ 173,653	\$ 2,320,000	\$ 1,331,823	\$ 154,771	\$ 37,303
2017	-	81,328	170,372	2,405,000	1,215,689	161,110	30,963
2018	-	84,747	166,953	1,655,000	1,122,592	167,709	24,363
2019	-	88,310	163,390	1,700,000	1,048,292	174,579	17,493
2020	-	92,022	159,678	1,345,000	980,535	316,762	18,333
2021-2025	-	521,496	737,004	7,565,000	3,924,949	-	-
2026-2030	-	640,723	617,777	9,170,000	1,959,011	-	-
2031-2035	-	787,209	471,291	3,560,000	149,668	-	-
2036-2040	-	967,185	291,315	-	-	-	-
2041-2045	-	904,205	76,137	-	-	-	-
Total	<u>\$ 94,000</u>	<u>\$ 4,245,272</u>	<u>\$ 3,027,570</u>	<u>\$ 29,720,000</u>	<u>\$ 11,732,559</u>	<u>\$ 974,931</u>	<u>\$ 128,455</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (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>94,000</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>4,245,272</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	\$ 200,000
\$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	19,685,000
\$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	1,625,000



COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (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%.	\$ 815,000
\$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.	7,395,000
Total Virginia Public School Authority Bonds	<u>\$ 29,720,000</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%	\$ 609,906
\$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%	365,025
Total Capital Leases	<u>\$ 974,931</u>
Compensated absences	<u>\$ 673,777</u>
Net pension liability	<u>\$ 1,857,942</u>
Premium on bonds issued	<u>\$ 302,769</u>
Discount on bonds issued	<u>\$ (23,905)</u>
Total Primary Government	<u>\$ 37,844,786</u>

The assets acquired through capital leases are as follows:

Asset:	
Machinery and equipment	\$ 284,380
Building improvements	2,155,605
Less: Accumulated depreciation	<u>(1,278,713)</u>
Total	<u>\$ 1,161,272</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (Continued)

**Note 8—Long-Term Obligations: (Continued)**

**Primary Government: (Continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

<u>Year ending June 30</u>	<u>Component Unit - School Board</u>
2016	\$ 192,073
2017	192,073
2018	192,073
2019	192,073
2020	192,073
2021-2023	143,023
Total minimum lease payments	<u>1,103,388</u>
Less: amount representing interest	<u>(128,455)</u>
Present value of minimum lease payments	<u><u>\$ 974,933</u></u>

**Component Unit—School Board:**

The following is a summary of long-term debt transactions of the Component Unit—School Board for the year ended June 30, 2015:

	<u>Balance July 1, 2014, as restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>	<u>Amounts Due Within One Year</u>
Compensated absences payable	\$ 477,083	\$ 17,043	\$ -	\$ 494,126	\$ 49,413
Net pension liability	<u>21,431,000</u>	<u>1,439,000</u>	<u>4,241,000</u>	<u>18,629,000</u>	<u>-</u>
Total	<u><u>\$ 21,908,083</u></u>	<u><u>\$ 1,456,043</u></u>	<u><u>\$ 4,241,000</u></u>	<u><u>\$ 19,123,126</u></u>	<u><u>\$ 49,413</u></u>

**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, 2015:

**Changes in Long-Term Obligations:**

	<u>Balance July 1, 2014, as restated</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2015</u>
General Obligation Bond	\$ 596,518	\$ -	\$ 33,140	\$ 563,378
Net pension liability	30,224	15,884	28,098	18,010
Notes payable	<u>3,966,708</u>	<u>600,000</u>	<u>252,949</u>	<u>4,313,759</u>
Totals	<u><u>\$ 4,593,450</u></u>	<u><u>\$ 615,884</u></u>	<u><u>\$ 314,187</u></u>	<u><u>\$ 4,895,147</u></u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (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>
<b>Water Operating Fund:</b>		
<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	\$ 563,378	\$ 33,140
<u>Notes Payable:</u>		
Note payable to VRA for the grouting project. Due June 2032. Payable semiannually. No interest	32,901	1,880
Note payable to VRA for new Boyce to Millwood line. Due June 2032. Payable semiannually. No interest	112,500	6,250
\$600,000 note payable to Bank of Clarke County issued February 27, 2015, due in semiannual installments of \$27,647 - \$20,259 payable through February 27, 2030, including 2.57% interest	600,000	40,000
\$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	498,891	38,907
<u>Net pension obligation</u>	<u>9,005</u>	<u>-</u>
Total Water Fund	<u>\$ 1,816,675</u>	<u>\$ 120,177</u>
<b>Boyce Wastewater Facility</b>		
Note payable to VRA for the Millwood Sewer project. Due June 2032. Payable semiannually. No interest	\$ 345,680	\$ 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. No interest.	2,723,787	187,847
<u>Net pension obligation</u>	<u>9,005</u>	<u>-</u>
Total Boyce Wastewater Facility	<u>\$ 3,078,472</u>	<u>\$ 207,052</u>
Total Clarke County Sanitary Authority	<u>\$ 4,895,147</u>	<u>\$ 327,229</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (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
2016	\$ 33,140	\$ -	\$ 294,089	\$ 29,838
2017	33,140	-	295,265	27,635
2018	33,140	-	296,477	25,394
2019	33,140	-	297,725	23,118
2020	33,140	-	299,011	20,805
2021-2025	165,700	-	1,515,743	67,914
2026-2030	165,700	-	1,234,389	15,307
2031-2033	66,278	-	81,061	-
Total	\$ <u>563,378</u>	\$ <u>-</u>	\$ <u>4,313,759</u>	\$ <u>210,011</u>

*This page was intentionally left blank.*

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (Continued)

**Note 9—Unearned/Deferred/Unavailable Revenue:**

The following is a summary of unearned/deferred/unavailable revenue for the year ended June 30, 2015:

	<u>Government- wide Statements Governmental Activities</u>	<u>Balance Sheet Governmental Funds</u>
<b>Primary Government:</b>		
<b>General Fund:</b>		
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	\$ -	\$ 1,520,095
2nd half assessments due in December 2013	10,403,602	10,403,602
Prepaid property taxes due in December 2013, but paid in advance by the taxpayers	<u>43,489</u>	<u>43,489</u>
Total deferred/unavailable revenue	<u>\$ 10,447,091</u>	<u>\$ 11,967,186</u>
<b>School Debt Service Fund:</b>		
Build America Bond tax credit for FY 2016 bond interest	<u>\$ 53,403</u>	<u>\$ 53,403</u>
Total unearned revenue	<u>\$ 53,403</u>	<u>\$ 53,403</u>

**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:**

*Plan Description*

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

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

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

Note 11—Pension Plan: (Continued)

*Plan Description (Continued)*

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

Note 11—Pension Plan: (Continued)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Hybrid Opt-In Election (Cont.)</b> Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p><b>Hybrid Opt-In Election (Cont.)</b> Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p><b>*Non-Eligible Members (Cont.)</b> Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p><b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p><b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p><b>Retirement Contributions</b> A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>



Note 11—Pension Plan: (Continued)

*Plan Description (Continued)*

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

Note 11—Pension Plan: (Continued)

*Plan Description (Continued)*

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

Note 11—Pension Plan: (Continued)

*Plan Description (Continued)*

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

Note 11—Pension Plan: (Continued)

*Plan Description (Continued)*

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (Continued)

Note 11—Pension Plan: (Continued)

*Plan Description (Continued)*

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (Continued)

Note 11—Pension Plan: (Continued)

*Plan Description (Continued)*

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (Continued)

Note 11—Pension Plan: (Continued)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• 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.</li> <li>• 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.</li> </ul>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (Continued)

Note 11—Pension Plan: (Continued)

*Plan Description (Continued)*

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

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/2014-annual-report.pdf> or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.



COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (Continued)

Note 11—Pension Plan: (Continued)

*Plan Description (Continued)*

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

*Employees Covered by Benefit Terms*

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	53	28
Inactive members:		
Vested inactive members	21	10
Non-vested inactive members	17	27
Inactive members active elsewhere in VRS	38	1
Total inactive members	76	38
Active members	85	61
Total covered employees	214	127

*Contributions*

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

The County's contractually required contribution rate for the year ended June 30, 2015 was 10.86% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$461,738 and \$491,845 for the years ended June 30, 2015 and June 30, 2014, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2015 was 8.61% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (Continued)

---

Note 11—Pension Plan: (Continued)

---

*Contributions (Continued)*

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$57,201 and \$95,312 for the years ended June 30, 2015 and June 30, 2014, respectively.

*Net Pension Liability*

The County's and Component Unit School Board's (nonprofessional) net pension liabilities (assets) were measured as of June 30, 2014. The total pension liabilities used to calculate the net pension liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

*Actuarial Assumptions - General Employees*

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (Continued)

---

Note 11—Pension Plan: (Continued)

---

*Actuarial Assumptions - General Employees (Continued)*

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

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

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

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

*Actuarial Assumptions - Public Safety Employees*

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (Continued)

---

Note 11—Pension Plan: (Continued)

---

*Actuarial Assumptions - Public Safety Employees (Continued)*

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

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

**Note 11—Pension Plan: (Continued)**

*Long-Term Expected Rate of Return*

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

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

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (Continued)

Note 11—Pension Plan: (Continued)

*Discount Rate*

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

*Changes in Net Pension Liability*

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 17,262,425	\$ 14,114,157	\$ 3,148,268
Changes for the year:			
Service cost	\$ 457,189	\$ -	\$ 457,189
Interest	1,185,321	-	1,185,321
Differences between expected and actual experience	-	-	-
Contributions - employer	-	491,845	(491,845)
Contributions - employee	-	202,011	(202,011)
Net investment income	-	2,232,734	(2,232,734)
Benefit payments, including refunds of employee contributions	(658,537)	(658,537)	-
Administrative expenses	-	(11,881)	11,881
Other changes	-	118	(118)
Net changes	\$ 983,973	\$ 2,256,290	\$ (1,272,317)
Balances at June 30, 2014	\$ 18,246,398	\$ 16,370,447	\$ 1,875,951

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (Continued)

Note 11—Pension Plan: (Continued)

*Changes in Net Pension Liability (Asset)*

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2013	\$ 2,937,698	\$ 2,767,417	\$ 170,281
Changes for the year:			
Service cost	\$ 138,591	\$ -	\$ 138,591
Interest	200,591	-	200,591
Differences between expected and actual experience	-	-	-
Contributions - employer	-	95,312	(95,312)
Contributions - employee	-	49,538	(49,538)
Net investment income	-	436,730	(436,730)
Benefit payments, including refunds of employee contributions	(144,212)	(144,212)	-
Administrative expenses	-	(2,334)	2,334
Other changes	-	23	(23)
Net changes	\$ 194,970	\$ 435,057	\$ (240,087)
Balances at June 30, 2014	\$ 3,132,668	\$ 3,202,474	\$ (69,806)

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County of Clarke			
Net Pension Liability (Asset)	\$ 4,244,372	\$ 1,875,951	\$ (94,864)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 258,777	\$ (69,806)	\$ (350,102)

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (Continued)

Note 11—Pension Plan: (Continued)

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

For the year ended June 30, 2015, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$214,663 and \$49,681, respectively. At June 30, 2015, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)		Component Unit Clarke County Sanitary Authority	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 985,581	\$ -	\$ 194,456	\$ -
Employer contributions subsequent to the measurement date	457,305	-	57,201	-	4,432	-
Total	\$ 457,305	\$ 985,581	\$ 57,201	\$ 194,456	\$ 4,432	\$ 9,554

\$461,738 and \$57,201 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction or component of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)	Component Unit Clarke County Sanitary Authority
2016	\$ (246,396)	\$ (48,614)	\$ (2,388)
2017	(246,396)	(48,614)	(2,388)
2018	(246,396)	(48,614)	(2,388)
2019	(246,394)	(48,614)	(2,390)
Thereafter	-	-	-



**Note 11—Pension Plan: (Continued)**

---

**Component Unit School Board (professional)**

*Plan Description*

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

*Contributions*

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

Each School Division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were \$1,584,459 and \$1,315,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

At June 30, 2015, the school division reported a liability of \$18,629,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division's proportion was 0.15415% as compared to 0.15557% at June 30, 2013.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (Continued)

Note 11—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

For the year ended June 30, 2015, the school division recognized pension expense of \$1,439,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2015, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ -	\$ 161,000
Net difference between projected and actual earnings on pension plan investments	-	2,765,000
Employer contributions subsequent to the measurement date	<u>1,584,459</u>	<u>-</u>
Total	<u>\$ 1,584,459</u>	<u>\$ 2,926,000</u>

\$1,584,459 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2016	\$ (726,000)
2017	(726,000)
2018	(726,000)
2019	(726,000)
Thereafter	(22,000)

Note 11—Pension Plan: (Continued)

---

Component Unit School Board (professional) (Continued)

*Actuarial Assumptions*

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (Continued)

Note 11—Pension Plan: (Continued)

*Long-Term Expected Rate of Return*

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

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

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

*Discount Rate*

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (Continued)

---

Note 11—Pension Plan: (Continued)

---

Component Unit School Board (professional) (Continued)

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset) \$	27,354,000 \$	18,629,000 \$	11,445,000

*Pension Plan Fiduciary Net Position*

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 12—Litigation:

---

At June 30, 2015, 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, 2015 (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, 2015:

Description	Original Issue	Outstanding June 30, 2015
Heritage Child Development Center, Inc.	\$ 450,000	\$ -
Grafton School, Inc.	9,925,000	6,190,000
R-1 Berryville Town bond	2,327,000	2,151,301
R-2 Clarke County bond	4,822,000	4,245,272
	\$ 17,524,000	\$ 12,586,573

**Note 15—Assigned Fund Balances:**

Fund balances have been assigned for the following purposes:

Liquidity Designation	\$ 3,278,655
Stabilization Designation	819,664
School Operating Carryover	1,102,936
Government Carryover	500,000
Leave Liability	75,000
Continuing Appropriations for Capital Projects	2,497,453
Economic Development	200,000
Energy Efficiency	50,000
School Capital and Debt	1,250,000
Parks Master Plan Implementation	100,000
Government Construction and Debt	600,578
Property Acquisition	265,000
Conservation Easements	153,462
Community Facilities	156,000
Comprehensive Services Act Reserve	240,724
Recycling and Convenience Center	814,336
Regional Jail Capital Needs	100,000
Vehicle Replacements	59,000
Data and Communications Technology	128,000
Clarke Couty Service Authority Sewer Shortfall	150,000
FY 2016 Original Budget Deficit	503,716
Landfill Costs	50,000
Total	\$ 13,094,524

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (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, 2015, \$20,518 of this note was outstanding. Future payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 2,901	\$ 593
2017	2,989	506
2018	3,079	415
2019	3,172	322
2020	3,268	226
2021-2022	<u>5,109</u>	<u>153</u>
Total	<u>\$ 20,518</u>	<u>\$ 2,215</u>



COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2015 (Continued)

---

**Note 19—Adoption of Accounting Principles:**

---

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*:

The County implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of this Statement will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in the following restatement of net position:

	<u>County</u>	<u>School Board</u>	<u>Sanitary Authority</u>
Net Position as reported at June 30, 2014	\$ 32,182,605	\$ 9,345,946	\$ 5,515,503
Addition of Inventory	24,596	-	-
Implementation of GASB Statement No. 68	<u>(2,630,922)</u>	<u>(20,190,969)</u>	<u>(25,502)</u>
Net Position as restated at June 30, 2014	<u>\$ 29,576,279</u>	<u>\$ (10,845,023)</u>	<u>\$ 5,490,001</u>
Fund balance was also restated as follows:			
Fund Balance as reported at June 30, 2014	\$ 13,636,040		
Addition of Inventory	<u>24,596</u>		
Fund Balance as restated at June 30, 2014	<u>\$ 13,660,636</u>		

**Note 20—Upcoming Pronouncements:**

---

Statement No. 72, *Fair Value Measurement and Application*, amends the definitions of fair value used throughout GASB literature to be consistent with the definition and principles provided in FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.



**Note 20—Upcoming Pronouncements: (Continued)**

---

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. No formal study or estimate of the impact of this standard has been performed.

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

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, objective is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. No formal study or estimate of the impact of this standard has been performed.

Statement No. 77, *Tax Abatement Disclosures*, will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. No formal study or estimate of the impact of this standard has been performed.

This page intentionally left blank

**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.

This page intentionally left blank

General Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
General property taxes	\$ 18,823,808	\$ 18,823,808	\$ 19,389,718	\$ 565,910
Other local taxes	1,824,546	1,824,546	1,777,225	(47,321)
Permits, privilege fees, and regulatory licenses	204,725	205,378	265,237	59,859
Fines and forfeitures	280,000	280,000	303,637	23,637
Revenue from the use of money and property	89,628	89,628	62,411	(27,217)
Charges for services	663,408	663,408	689,386	25,978
Miscellaneous	4,176	4,176	5,205	1,029
Recovered costs	123,744	124,571	81,267	(43,304)
Intergovernmental:				
Commonwealth	4,388,759	4,392,953	4,407,027	14,074
Federal	111,686	111,686	75,536	(36,150)
<b>Total revenues</b>	<b>\$ 26,514,480</b>	<b>\$ 26,520,154</b>	<b>\$ 27,056,649</b>	<b>\$ 536,495</b>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,792,896	\$ 1,837,343	\$ 1,772,923	\$ 64,420
Judicial administration	617,994	631,382	618,450	12,932
Public safety	3,916,161	3,975,726	3,874,640	101,086
Public works	980,248	1,087,449	1,003,202	84,247
Health and welfare	358,552	358,552	358,552	-
Education	12,451,747	14,394,195	11,990,642	2,403,553
Parks, recreation, and cultural	1,021,888	1,044,100	952,685	91,415
Community development	615,647	635,854	569,816	66,038
Nondepartmental	240,000	79,861	18,980	60,881
<b>Total expenditures</b>	<b>\$ 21,995,133</b>	<b>\$ 24,044,462</b>	<b>\$ 21,159,890</b>	<b>\$ 2,884,572</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 4,519,347	\$ 2,475,692	\$ 5,896,759	\$ 3,421,067
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 60,000	\$ 63,087	\$ 62,077	\$ (1,010)
Transfers out	(4,935,910)	(7,454,055)	(5,998,320)	1,455,735
<b>Total other financing sources (uses)</b>	<b>\$ (4,875,910)</b>	<b>\$ (7,390,968)</b>	<b>\$ (5,936,243)</b>	<b>\$ 1,454,725</b>
Net change in fund balances	\$ (356,563)	\$ (4,915,276)	\$ (39,484)	\$ 4,875,792
Fund balances - beginning, as restated	356,563	4,915,276	13,660,636	8,745,360
Fund balances - ending	\$ -	\$ -	\$ 13,621,152	\$ 13,621,152

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Recovered costs	\$ -	\$ -	\$ 37,613	\$ 37,613
Intergovernmental:				
Commonwealth	279,234	279,234	289,219	9,985
Federal	621,520	621,520	639,137	17,617
Total revenues	\$ 900,754	\$ 900,754	\$ 965,969	\$ 65,215
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ 1,338,165	\$ 1,386,796	\$ 1,390,820	\$ (4,024)
Total expenditures	\$ 1,338,165	\$ 1,386,796	\$ 1,390,820	\$ (4,024)
Excess (deficiency) of revenues over (under) expenditures	\$ (437,411)	\$ (486,042)	\$ (424,851)	\$ 61,191
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 437,411	\$ 486,042	\$ 424,851	\$ (61,191)
Total other financing sources (uses)	\$ 437,411	\$ 486,042	\$ 424,851	\$ (61,191)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Schedule of Components of and Changes in Net Pension Liability and Related Ratios  
 Primary Government  
 For the Year Ended June 30, 2015

	<u>2014</u>
<b>Total pension liability</b>	
Service cost	\$ 457,189
Interest	1,185,321
Benefit payments, including refunds of employee contributions	(658,537)
<b>Net change in total pension liability</b>	<b>\$ 983,973</b>
<b>Total pension liability - beginning</b>	<b>17,262,425</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 18,246,398</b>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 491,845
Contributions - employee	202,011
Net investment income	2,232,734
Benefit payments, including refunds of employee contributions	(658,537)
Administrative expense	(11,881)
Other	118
<b>Net change in plan fiduciary net position</b>	<b>\$ 2,256,290</b>
<b>Plan fiduciary net position - beginning</b>	<b>14,114,157</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 16,370,447</b>
<b>County's net pension liability - ending (a) - (b)</b>	<b>\$ 1,875,951</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>89.72%</b>
<b>Covered-employee payroll</b>	<b>\$ 4,011,440</b>
<b>County's net pension liability as a percentage of covered-employee payroll</b>	<b>46.77%</b>

Schedule is intended to show information for 10 years. 2015 is the first year for this presentation, no other data is available. Additional years will be included as available.

Schedule of Components of and Changes in Net Pension Liability and Related Ratios  
 Component Unit School Board (nonprofessional)  
 For the Year Ended June 30, 2015

	<u>2014</u>
<b>Total pension liability</b>	
Service cost	\$ 138,591
Interest	200,591
Benefit payments, including refunds of employee contributions	(144,212)
<b>Net change in total pension liability</b>	<u>\$ 194,970</u>
<b>Total pension liability - beginning</b>	<u>2,937,698</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 3,132,668</u></u>
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ 95,312
Contributions - employee	49,538
Net investment income	436,730
Benefit payments, including refunds of employee contributions	(144,212)
Administrative expense	(2,334)
Other	23
<b>Net change in plan fiduciary net position</b>	<u>\$ 435,057</u>
<b>Plan fiduciary net position - beginning</b>	<u>2,767,417</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 3,202,474</u></u>
 School Division's net pension liability - ending (a) - (b)	\$ (69,806)
 Plan fiduciary net position as a percentage of the total pension liability	102.23%
 Covered-employee payroll	\$ 990,746
 School Division's net pension liability as a percentage of covered-employee payroll	-7.05%

Schedule is intended to show information for 10 years. 2015 is the first year for this presentation, no other data is available. Additional years will be included as available.



Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
 For the Year Ended June 30, 2015\*

	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.15%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 18,629,000
Employer's Covered-Employee Payroll	11,292,534
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	164.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%

Schedule is intended to show information for 10 years. 2015 is the first year for this presentation, no other data is available. Additional years will be included as available.

\* The amounts presented have a measurement date of the previous fiscal year end.

Schedule of Employer Contributions  
For the Year Ended June 30, 2015

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
<b>Primary Government</b>					
2015	\$ 461,738	\$ 461,738	\$ -	\$ 4,251,728	10.86%
<b>Component Unit School Board (nonprofessional)</b>					
2015	\$ 57,201	\$ 57,201	\$ -	\$ 664,350	8.61%
<b>Component Unit School Board (professional)</b>					
2015	\$ 1,584,459	\$ 1,584,459	\$ -	\$ 11,292,534	14.03%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Notes to Required Supplementary Information  
For the Year Ended June 30, 2015

---

**Changes of benefit terms** - There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

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

Largest 10 - Non-LEOS:

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) - LEOS:

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

Component Unit School Board - Professional Employees

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

This page intentionally left blank

**OTHER SUPPLEMENTARY INFORMATION**

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2015

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 567,743	\$ 153,098	\$ 720,841
Receivables:			
for uncollectibles):			
Accounts receivable	25,000	-	25,000
Due from other funds	-	118,633	118,633
Due from other governmental units	65,785	12,285	78,070
Restricted assets:			
Cash and cash equivalents	8,892	-	8,892
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$ <u>667,420</u>	\$ <u>284,016</u>	\$ <u>951,436</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 47,640	\$ 130,918	\$ 178,558
Due to other funds	23,458	-	23,458
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	\$ <u>71,098</u>	\$ <u>130,918</u>	\$ <u>202,016</u>
Fund balances:			
Restricted:			
Swim team	\$ -	\$ 5,402	\$ 5,402
Pool	-	1,659	1,659
Committed:			
Animal care expenditures	8,892	-	8,892
Community development	311,938	-	311,938
Public safety	275,492	-	275,492
Assigned:			
Capital projects	-	146,037	146,037
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	\$ <u>596,322</u>	\$ <u>153,098</u>	\$ <u>749,420</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	\$ <u>667,420</u>	\$ <u>284,016</u>	\$ <u>951,436</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2015

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
General property taxes	\$ 17,957	\$ -	\$ -	\$ 17,957
Revenue from the use of money and property	271	-	177	448
Charges for services	-	9,909	-	9,909
Miscellaneous	75,799	-	3,246	79,045
Intergovernmental:				
Commonwealth	419,470	-	167,199	586,669
Federal	436,456	-	107,505	543,961
Total revenues	<u>\$ 949,953</u>	<u>\$ 9,909</u>	<u>\$ 278,127</u>	<u>\$ 1,237,989</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 240,619	\$ -	\$ -	\$ 240,619
Health and welfare	689,468	-	-	689,468
Community development	414,271	-	-	414,271
Capital projects	-	-	1,381,459	1,381,459
Debt service:				
Principal retirement	-	334,139	-	334,139
Interest and other fiscal charges	-	177,326	-	177,326
Total expenditures	<u>\$ 1,344,358</u>	<u>\$ 511,465</u>	<u>\$ 1,381,459</u>	<u>\$ 3,237,282</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (394,405)</u>	<u>\$ (501,556)</u>	<u>\$ (1,103,332)</u>	<u>\$ (1,999,293)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 381,434	\$ 501,556	\$ 967,573	\$ 1,850,563
Transfers out	-	-	(62,077)	(62,077)
Issuance of bond anticipation notes	-	-	90,765	90,765
Total other financing sources (uses)	<u>\$ 381,434</u>	<u>\$ 501,556</u>	<u>\$ 996,261</u>	<u>\$ 1,879,251</u>
Net change in fund balances	\$ (12,971)	\$ -	\$ (107,071)	\$ (120,042)
Fund balances - beginning	<u>609,293</u>	<u>-</u>	<u>260,169</u>	<u>869,462</u>
Fund balances - ending	<u><u>\$ 596,322</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 153,098</u></u>	<u><u>\$ 749,420</u></u>

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2015

	CSA Fund	Drug Enforcement Fund	Animal Care Fund	Conservation Easement Fund	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 277,426	\$ -	\$ 290,317	\$ 567,743
Receivables (net of allowance for uncollectibles):					
Accounts receivable	-	-	-	25,000	25,000
Due from other governmental units	65,785	-	-	-	65,785
Restricted assets:					
Cash and cash equivalents	-	-	8,892	-	8,892
<b>Total assets</b>	<b>\$ 65,785</b>	<b>\$ 277,426</b>	<b>\$ 8,892</b>	<b>\$ 315,317</b>	<b>\$ 667,420</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 42,327	\$ 1,934	\$ -	\$ 3,379	\$ 47,640
Due to other funds	23,458	-	-	-	23,458
<b>Total liabilities</b>	<b>\$ 65,785</b>	<b>\$ 1,934</b>	<b>\$ -</b>	<b>\$ 3,379</b>	<b>\$ 71,098</b>
Fund balances:					
Committed:					
Animal care expenditures	\$ -	\$ -	\$ 8,892	\$ -	\$ 8,892
Community development	-	-	-	311,938	311,938
Public safety	-	275,492	-	-	275,492
<b>Total fund balances</b>	<b>\$ -</b>	<b>\$ 275,492</b>	<b>\$ 8,892</b>	<b>\$ 311,938</b>	<b>\$ 596,322</b>
<b>Total liabilities and fund balances</b>	<b>\$ 65,785</b>	<b>\$ 277,426</b>	<b>\$ 8,892</b>	<b>\$ 315,317</b>	<b>\$ 667,420</b>



Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2015

	CSA Fund	Drug Enforcement Fund	Animal Care Fund	Conservation Easement Fund	Total
<b>REVENUES</b>					
General property taxes	\$ -	\$ -	\$ -	\$ 17,957	\$ 17,957
Revenue from the use of money and property	-	-	5	266	271
Miscellaneous	8,090	5,300	200	62,209	75,799
Intergovernmental:					
Commonwealth	276,672	4,964	-	137,834	419,470
Federal	23,272	229,184	-	184,000	436,456
 Total revenues	 \$ 308,034	 \$ 239,448	 \$ 205	 \$ 402,266	 \$ 949,953
<b>EXPENDITURES</b>					
Current:					
Public safety	\$ -	\$ 240,619	\$ -	\$ -	240,619
Health and welfare	689,468	-	-	-	689,468
Community development	-	-	-	414,271	414,271
 Total expenditures	 \$ 689,468	 \$ 240,619	 \$ -	 \$ 414,271	 \$ 1,344,358
 Excess (deficiency) of revenues over (under) expenditures	 \$ (381,434)	 \$ (1,171)	 \$ 205	 \$ (12,005)	 \$ (394,405)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 381,434	\$ -	\$ -	\$ -	\$ 381,434
 Total other financing sources (uses)	 \$ 381,434	 \$ -	 \$ -	 \$ -	 \$ 381,434
 Net change in fund balances	 \$ -	 \$ (1,171)	 \$ 205	 \$ (12,005)	 \$ (12,971)
Fund balances - beginning	-	276,663	8,687	323,943	609,293
 Fund balances - ending	 \$ -	 \$ 275,492	 \$ 8,892	 \$ 311,938	 \$ 596,322

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, 2015

	CSA Fund				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		
<b>REVENUES</b>								
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-	-	-	-	-
Miscellaneous	-	-	8,090	8,090	-	-	5,300	5,300
Intergovernmental:								
Commonwealth	277,841	285,930	276,672	(9,258)	-	-	4,964	4,964
Federal	-	22,105	23,272	1,167	-	-	229,184	229,184
<b>Total revenues</b>	<b>\$ 277,841</b>	<b>\$ 308,035</b>	<b>\$ 308,034</b>	<b>\$ (1)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 239,448</b>	<b>\$ 239,448</b>
<b>EXPENDITURES</b>								
Current:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 240,619	\$ (240,619)
Health and welfare	607,000	689,470	689,468	2	-	-	-	-
Community development	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>\$ 607,000</b>	<b>\$ 689,470</b>	<b>\$ 689,468</b>	<b>\$ 2</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 240,619</b>	<b>\$ (240,619)</b>
Excess (deficiency) of revenues over (under) expenditures	\$ (329,159)	\$ (381,435)	\$ (381,434)	\$ 1	\$ -	\$ -	\$ (1,171)	\$ (1,171)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	\$ 329,159	\$ 381,435	\$ 381,434	\$ (1)	\$ -	\$ -	\$ -	\$ -
<b>Total other financing sources (uses)</b>	<b>\$ 329,159</b>	<b>\$ 381,435</b>	<b>\$ 381,434</b>	<b>\$ (1)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,171)	\$ (1,171)
Fund balances - beginning	-	-	-	-	-	-	276,663	276,663
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 275,492	\$ 275,492

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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,957	\$ 17,957
-	-	5	5	-	-	266	266
-	-	200	200	-	25,000	62,209	37,209
-	-	-	-	15,000	129,124	137,834	8,710
-	-	-	-	-	184,000	184,000	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205</u>	<u>\$ 205</u>	<u>\$ 15,000</u>	<u>\$ 338,124</u>	<u>\$ 402,266</u>	<u>\$ 64,142</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	15,000	413,124	414,271	(1,147)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 413,124</u>	<u>\$ 414,271</u>	<u>\$ (1,147)</u>
\$ -	\$ -	\$ 205	\$ 205	\$ -	\$ (75,000)	\$ (12,005)	\$ 62,995
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 205	\$ 205	\$ -	\$ (75,000)	\$ (12,005)	\$ 62,995
-	-	8,687	8,687	-	75,000	323,943	248,943
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,892</u>	<u>\$ 8,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,938</u>	<u>\$ 311,938</u>

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Debt Service Funds  
 For the Year Ended June 30, 2015

---

	Primary Government Debt Service Fund
	<u>                    </u>
<b>REVENUES</b>	
Charges for services	\$ 9,909
	<u>                    </u>
Total revenues	\$ 9,909
	<u>                    </u>
<b>EXPENDITURES</b>	
Debt service:	
Principal retirement	\$ 334,139
Interest and other fiscal charges	177,326
	<u>                    </u>
Total expenditures	\$ 511,465
	<u>                    </u>
Excess (deficiency) of revenues over (under) expenditures	\$ (501,556)
	<u>                    </u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers in	\$ 501,556
	<u>                    </u>
Total other financing sources (uses)	\$ 501,556
	<u>                    </u>
Net change in fund balances	\$ -
Fund balances - beginning	<u>                    </u>
	-
Fund balances - ending	\$ <u>                    </u>
	-

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Nonmajor Debt Service Funds  
 For the Year Ended June 30, 2015

	Primary Government Debt Service Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ 9,909	\$ 9,909
Total revenues	\$ -	\$ -	\$ 9,909	\$ 9,909
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	\$ 334,139	\$ 334,139	\$ 334,139	\$ -
Interest and other fiscal charges	86,561	86,561	177,326	(90,765)
Total expenditures	\$ 420,700	\$ 420,700	\$ 511,465	\$ (90,765)
Excess (deficiency) of revenues over (under) expenditures	\$ (420,700)	\$ (420,700)	\$ (501,556)	\$ (80,856)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 420,700	\$ 420,700	\$ 501,556	\$ 80,856
Total other financing sources (uses)	\$ 420,700	\$ 420,700	\$ 501,556	\$ 80,856
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 June 30, 2015

	Parks Construction Fund	General Government Capital Projects Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 35,584	\$ 117,514	\$ 153,098
Due from other funds	-	118,633	118,633
Due from other governmental units	-	12,285	12,285
Total assets	<u>\$ 35,584</u>	<u>\$ 248,432</u>	<u>\$ 284,016</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ 130,918	\$ 130,918
Total liabilities	<u>\$ -</u>	<u>\$ 130,918</u>	<u>\$ 130,918</u>
Fund balances:			
Restricted:			
Swim team	\$ 5,402	\$ -	\$ 5,402
Pool	1,659	-	1,659
Assigned:			
Capital projects	<u>28,523</u>	<u>117,514</u>	<u>146,037</u>
Total fund balances	<u>\$ 35,584</u>	<u>\$ 117,514</u>	<u>\$ 153,098</u>
Total liabilities and fund balances	<u>\$ 35,584</u>	<u>\$ 248,432</u>	<u>\$ 284,016</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Capital Projects Funds  
 For the Year Ended June 30, 2015

	Parks Construction Fund	General Government Capital Projects Fund	Total
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 177	\$ -	\$ 177
Miscellaneous	3,246	-	3,246
Intergovernmental:			
Commonwealth	-	167,199	167,199
Federal	-	107,505	107,505
Total revenues	<u>\$ 3,423</u>	<u>\$ 274,704</u>	<u>\$ 278,127</u>
<b>EXPENDITURES</b>			
Capital projects	<u>\$ -</u>	<u>\$ 1,381,459</u>	<u>\$ 1,381,459</u>
Total expenditures	<u>\$ -</u>	<u>\$ 1,381,459</u>	<u>\$ 1,381,459</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,423</u>	<u>\$ (1,106,755)</u>	<u>\$ (1,103,332)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ -	\$ 967,573	\$ 967,573
Transfers out	(2,077)	(60,000)	(62,077)
Issuance of bond anticipation notes	<u>-</u>	<u>90,765</u>	<u>90,765</u>
Total other financing sources (uses)	<u>\$ (2,077)</u>	<u>\$ 998,338</u>	<u>\$ 996,261</u>
Net change in fund balances	\$ 1,346	\$ (108,417)	\$ (107,071)
Fund balances - beginning	<u>34,238</u>	<u>225,931</u>	<u>260,169</u>
Fund balances - ending	<u><u>\$ 35,584</u></u>	<u><u>\$ 117,514</u></u>	<u><u>\$ 153,098</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, 2015

	Parks Construction Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 177	\$ 177
Miscellaneous	-	-	3,246	3,246
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	\$ -	\$ -	\$ 3,423	\$ 3,423
<b>EXPENDITURES</b>				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 3,423	\$ 3,423
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ -	-
Transfers out	-	-	(2,077)	(2,077)
Issuance of bond anticipation notes	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ (2,077)	\$ (2,077)
Net change in fund balances	\$ -	\$ -	\$ 1,346	\$ 1,346
Fund balances - beginning	-	-	34,238	34,238
Fund balances - ending	\$ -	\$ -	\$ 35,584	\$ 35,584



General Government Capital Projects Fund				
Budgeted Amounts			Variance with Final Budget	
Original	Final	Actual	Positive (Negative)	
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
66,830	66,830	167,199	100,369	
1,500	519,946	107,505	(412,441)	
<u>\$ 68,330</u>	<u>\$ 586,776</u>	<u>\$ 274,704</u>	<u>\$ (312,072)</u>	
<u>\$ 1,040,830</u>	<u>\$ 3,004,014</u>	<u>\$ 1,381,459</u>	<u>\$ 1,622,555</u>	
<u>\$ 1,040,830</u>	<u>\$ 3,004,014</u>	<u>\$ 1,381,459</u>	<u>\$ 1,622,555</u>	
<u>\$ (972,500)</u>	<u>\$ (2,417,238)</u>	<u>\$ (1,106,755)</u>	<u>\$ 1,310,483</u>	
\$ -	\$ 2,417,238	\$ 967,573	\$ (1,449,665)	
-	-	(60,000)	(60,000)	
-	-	90,765	90,765	
<u>\$ -</u>	<u>\$ 2,417,238</u>	<u>\$ 998,338</u>	<u>\$ (1,418,900)</u>	
\$ (972,500)	\$ -	\$ (108,417)	\$ (108,417)	
972,500	-	225,931	225,931	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,514</u>	<u>\$ 117,514</u>	

Combining Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2015

	Agency Funds						
	Special Welfare Fund	Town of Berryville	Undistributed Local Sales Tax Fund	Cafeteria Plan Withholding Fund	Gang Task Force Fund	Unemployment Compensation Benefits Fund	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 26,864	\$ 49,898	\$ -	\$ 35,147	\$ -	\$ -	\$ 111,909
Prepaid expenses	-	1,388	-	-	-	-	1,388
Accounts receivable	-	-	-	-	-	2,729	2,729
Due from other governments	-	-	186,528	-	-	-	186,528
Total assets	<u>\$ 26,864</u>	<u>\$ 51,286</u>	<u>\$ 186,528</u>	<u>\$ 35,147</u>	<u>\$ -</u>	<u>\$ 2,729</u>	<u>\$ 302,554</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 4,442	\$ -	\$ -	\$ -	\$ 2,729	\$ 7,171
Sales tax payable to other towns	-	-	36,643	-	-	-	36,643
Amounts held for Town	-	46,844	-	-	-	-	46,844
Due to other funds	-	-	149,885	-	-	-	149,885
Accrued liabilities	-	-	-	35,147	-	-	35,147
Amounts held for social services clients	26,864	-	-	-	-	-	26,864
Total liabilities	<u>\$ 26,864</u>	<u>\$ 51,286</u>	<u>\$ 186,528</u>	<u>\$ 35,147</u>	<u>\$ -</u>	<u>\$ 2,729</u>	<u>\$ 302,554</u>

Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2015

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Special welfare:</b>				
Assets:				
Cash and cash equivalents	\$ 19,839	\$ 32,362	\$ 25,337	\$ 26,864
Liabilities:				
Amounts held for social service clients	\$ 19,839	\$ 32,362	\$ 25,337	\$ 26,864
<b>Town of Berryville:</b>				
Assets:				
Cash and cash equivalents	\$ 21,510	\$ 92,749	\$ 64,361	\$ 49,898
Prepaid expenses	-	1,388	-	1,388
Total assets	\$ 21,510	\$ 94,137	\$ 64,361	\$ 51,286
Liabilities:				
Amounts held for Town	\$ 17,644	\$ 46,844	\$ 17,644	\$ 46,844
Accounts payable	3,866	4,442	3,866	4,442
Total liabilities	\$ 21,510	\$ 51,286	\$ 21,510	\$ 51,286
<b>Undistributed local sales tax:</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ 1,038,071	\$ 1,038,071	\$ -
Due from other governments	175,350	186,528	175,350	186,528
Total assets	\$ 175,350	\$ 1,224,599	\$ 1,213,421	\$ 186,528
Liabilities:				
Sales tax payable to other towns	\$ 34,009	\$ 36,643	\$ 34,009	\$ 36,643
Due to other funds	141,341	149,885	141,341	149,885
Total liabilities	\$ 175,350	\$ 186,528	\$ 175,350	\$ 186,528
<b>Cafeteria plan withholding:</b>				
Assets:				
Cash and cash equivalents	\$ 32,019	\$ 114,120	\$ 110,992	\$ 35,147
Liabilities:				
Accounts payable	\$ 622	-	\$ 622	-
Accrued liabilities	31,397	114,120	110,370	35,147
Total liabilities	\$ 32,019	\$ 114,120	\$ 110,992	\$ 35,147

Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2015 (continued)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Unemployment compensation benefits:</b>				
Assets:				
Accounts receivable	\$ 109	\$ 2,729	\$ 109	\$ 2,729
Liabilities:				
Accounts payable	\$ 109	\$ 2,729	\$ 109	\$ 2,729
Total liabilities	<u>\$ 109</u>	<u>\$ 2,729</u>	<u>\$ 109</u>	<u>\$ 2,729</u>
<b>Totals -- All agency funds</b>				
Assets:				
Cash and cash equivalents	\$ 73,368	\$ 1,277,302	\$ 1,238,761	\$ 111,909
Prepaid expenses	-	1,388	-	1,388
Accounts receivable	109	2,729	109	2,729
Due from other governments	175,350	186,528	175,350	186,528
Total assets	<u>\$ 248,827</u>	<u>\$ 1,467,947</u>	<u>\$ 1,414,220</u>	<u>\$ 302,554</u>
Liabilities:				
Amounts held for social service clients	\$ 19,839	\$ 32,362	\$ 25,337	\$ 26,864
Sales tax payable to other towns	34,009	36,643	34,009	36,643
Amounts held for Town	17,644	46,844	17,644	46,844
Accrued liabilities	31,397	114,120	110,370	35,147
Due to other funds	141,341	149,885	141,341	149,885
Accounts payable	4,597	7,171	4,597	7,171
Total liabilities	<u>\$ 248,827</u>	<u>\$ 387,025</u>	<u>\$ 333,298</u>	<u>\$ 302,554</u>

**Discretely Presented Component Unit-School Board**

Combining Balance Sheet  
 Discretely Presented Component Unit - School Board  
 June 30, 2015

	School Operating Fund	School Food Service Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 20,242	\$ 16,727	\$ -	\$ 4,714	\$ 41,683
Receivables:					
Accounts receivable	43,270	24,623	-	-	67,893
Due from primary government	1,455,699	-	45,839	-	1,501,538
Due from other governmental units	791,481	28,235	123,679	-	943,395
Prepaid items	58,118	-	-	-	58,118
Total assets	<u>\$ 2,368,810</u>	<u>\$ 69,585</u>	<u>\$ 169,518</u>	<u>\$ 4,714</u>	<u>\$ 2,612,627</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 133,370	\$ 19,788	\$ 169,518	\$ -	\$ 322,676
Accrued liabilities	2,234,940	49,797	-	-	2,284,737
Total liabilities	<u>\$ 2,368,310</u>	<u>\$ 69,585</u>	<u>\$ 169,518</u>	<u>\$ -</u>	<u>\$ 2,607,413</u>
Fund balances:					
Nonspendable:					
Prepaid items	\$ 58,118	\$ -	\$ -	\$ -	\$ 58,118
Assigned:					
School operating	500	-	-	-	500
Capital projects	-	-	-	4,714	4,714
Unassigned	(58,118)	-	-	-	(58,118)
Total fund balances	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,714</u>	<u>\$ 5,214</u>
Total liabilities and fund balances	<u>\$ 2,368,810</u>	<u>\$ 69,585</u>	<u>\$ 169,518</u>	<u>\$ 4,714</u>	<u>\$ 2,612,627</u>

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

Total fund balances per above	\$ 5,214
The net pension asset is not an available resource and, therefore, is not reported in the funds.	69,806
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,943,912
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Items related to the measurement of net pension liability	(2,959,456)
Changes in proportion and differences between employer contributions and proportionate share of contributions of costs-sharing pension plans are not reported in the funds.	(161,000)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.	1,641,660
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(19,123,126)</u>
Net position of governmental activities	<u>\$ (11,582,990)</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, 2015

	School Operating Fund	School Food Service Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Revenue from the use of money and property	\$ 67,192	\$ 153	\$ -	\$ -	\$ 67,345
Charges for services	175,938	485,569	-	-	661,507
Miscellaneous	74,308	-	-	-	74,308
Recovered costs	40,732	-	-	-	40,732
Intergovernmental:					
Local government	10,641,031	-	1,332,077	-	11,973,108
Commonwealth	8,701,095	6,980	342,117	-	9,050,192
Federal	854,978	254,590	-	-	1,109,568
Total revenues	<u>\$ 20,555,274</u>	<u>\$ 747,292</u>	<u>\$ 1,674,194</u>	<u>\$ -</u>	<u>\$ 22,976,760</u>
<b>EXPENDITURES</b>					
Current:					
Education	\$ 20,520,025	\$ 782,541	\$ -	\$ -	\$ 21,302,566
Capital projects	-	-	1,674,194	-	1,674,194
Total expenditures	<u>\$ 20,520,025</u>	<u>\$ 782,541</u>	<u>\$ 1,674,194</u>	<u>\$ -</u>	<u>\$ 22,976,760</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 35,249</u>	<u>\$ (35,249)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ -	\$ 35,249	\$ -	\$ -	\$ 35,249
Transfers out	<u>(35,249)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,249)</u>
Total other financing sources (uses)	<u>\$ (35,249)</u>	<u>\$ 35,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	<u>500</u>	<u>-</u>	<u>-</u>	<u>4,714</u>	<u>5,214</u>
Fund balances - ending	<u><u>\$ 500</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,714</u></u>	<u><u>\$ 5,214</u></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 \$ -

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

Change in deferred inflows related to the measurement of the net pension liability (3,120,456)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. (873,903)

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 in deferred outflows of resources related to net pension liability	\$ 231,348	
Decrease in net pension liability - teachers cost-sharing pool	2,802,000	
Increase in net pension asset - nonprofessional group	240,087	
Increase in compensated absences	<u>(17,043)</u>	<u>3,256,392</u>

Change in net position of governmental activities \$ (737,967)

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, 2015

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 35,766	\$ 69,416	\$ 67,192	\$ (2,224)
Charges for services	167,402	133,752	175,938	42,186
Miscellaneous	102,889	102,889	74,308	(28,581)
Recovered costs	75,447	75,447	40,732	(34,715)
Intergovernmental:				
Local government	11,736,034	11,736,034	10,641,031	(1,095,003)
Commonwealth	8,683,535	8,683,535	8,701,095	17,560
Federal	646,588	646,588	854,978	208,390
Total revenues	<u>\$ 21,447,661</u>	<u>\$ 21,447,661</u>	<u>\$ 20,555,274</u>	<u>\$ (892,387)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 21,412,661	\$ 21,412,661	\$ 20,520,025	\$ 892,636
Total expenditures	<u>\$ 21,412,661</u>	<u>\$ 21,412,661</u>	<u>\$ 20,520,025</u>	<u>\$ 892,636</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 35,249</u>	<u>\$ 249</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(35,000)	(35,000)	(35,249)	(249)
Total other financing sources (uses)	<u>\$ (35,000)</u>	<u>\$ (35,000)</u>	<u>\$ (35,249)</u>	<u>\$ (249)</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		
\$ 80	\$ 80	\$ 153	\$ 73
520,556	520,556	485,569	(34,987)
-	-	-	-
-	-	-	-
-	-	-	-
7,707	7,707	6,980	(727)
254,000	254,000	254,590	590
<u>\$ 782,343</u>	<u>\$ 782,343</u>	<u>\$ 747,292</u>	<u>\$ (35,051)</u>
<u>\$ 782,343</u>	<u>\$ 782,343</u>	<u>\$ 782,541</u>	<u>\$ (198)</u>
<u>\$ 782,343</u>	<u>\$ 782,343</u>	<u>\$ 782,541</u>	<u>\$ (198)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (35,249)</u>	<u>\$ (35,249)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,249</u>	<u>\$ 35,249</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,249</u>	<u>\$ 35,249</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u><u>\$ -</u></u>	<u><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, 2015

	<u>School Capital Project Proffers Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>4,714</u>
Total assets	\$ <u><u>4,714</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
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, 2015

	<u>School Capital Project Proffers Fund</u>
<b>REVENUES</b>	
Revenue from the use of money and property	\$ -
Total revenues	<u>\$ -</u>
<b>EXPENDITURES</b>	
Current:	
Capital projects	\$ -
Total expenditures	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>
Net change in fund balances	\$ -
Fund balances - beginning	<u>4,714</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, 2015

	Capital Projects Proffers Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Local government	\$ -	\$ -	\$ -	\$ -
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	4,714	4,714
Fund balances - ending	\$ -	\$ -	\$ 4,714	\$ 4,714

School Capital Projects Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ 2,640,627	\$ 1,332,077	\$ (1,308,550)
221,223	516,842	342,117	(174,725)
-	-	-	-
\$ 221,223	\$ 3,157,469	\$ 1,674,194	\$ (1,483,275)
\$ 1,043,852	\$ 3,157,469	\$ 1,674,194	\$ 1,483,275
\$ 1,043,852	\$ 3,157,469	\$ 1,674,194	\$ 1,483,275
\$ (822,629)	\$ -	\$ -	\$ -
(822,629)	-	-	-
822,629	-	-	-
\$ -	\$ -	\$ -	\$ -

This page intentionally left blank

**Discretely Presented Component Unit – Sanitary Authority**

Combining Statement of Net Position  
 Discretely Presented Component Unit - Sanitary Authority  
 As of June 30, 2015

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,106,974	\$ -	\$ 1,106,974
Accounts receivable	41,439	53,791	95,230
Total current assets	\$ 1,148,413	\$ 53,791	\$ 1,202,204
Noncurrent assets:			
Capital assets:			
Land	\$ 13,200	\$ -	\$ 13,200
Utility plant in service	5,255,034	6,830,188	12,085,222
Accumulated depreciation	(2,432,025)	(1,044,517)	(3,476,542)
Sub-total	\$ 2,836,209	\$ 5,785,671	\$ 8,621,880
Construction in progress	780,436	-	780,436
Total capital assets	\$ 3,616,645	\$ 5,785,671	\$ 9,402,316
Total noncurrent assets	\$ 3,616,645	\$ 5,785,671	\$ 9,402,316
Total assets	\$ 4,765,058	\$ 5,839,462	\$ 10,604,520
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Post measurement date employer pension contributions	\$ 2,216	\$ 2,216	\$ 4,432
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 273,243	\$ 27,771	\$ 301,014
Accrued interest payable	5,098	-	5,098
Customers' deposits	4,560	-	4,560
Unearned revenue	11,550	-	11,550
Bonds payable - current portion	120,177	207,052	327,229
Total current liabilities	\$ 414,628	\$ 234,823	\$ 649,451
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 1,687,493	\$ 2,862,415	\$ 4,549,908
Net pension liability	9,005	9,005	18,010
Total noncurrent liabilities	\$ 1,696,498	\$ 2,871,420	\$ 4,567,918
Total liabilities	\$ 2,111,126	\$ 3,106,243	\$ 5,217,369
<b>DEFERRED INFLOW OF RESOURCES</b>			
Net difference of actual and expected pension liability earnings	\$ 4,777	\$ 4,777	\$ 9,554
<b>NET POSITION</b>			
Net investment in capital assets	\$ 1,808,975	\$ 2,716,204	\$ 4,525,179
Unrestricted	842,396	14,454	856,850
Total net position	\$ 2,651,371	\$ 2,730,658	\$ 5,382,029



Combining Statement of Revenues, Expenses, and Changes in Net Position  
 Discretely Presented Component Unit - Sanitary Authority  
 For the Year Ended June 30, 2015

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services:			
Customer service charges	\$ 213,174	\$ 251,254	\$ 464,428
Connection fees	3,434	2,275	5,709
Miscellaneous	26,064	252	26,316
Total operating revenues	\$ 242,672	\$ 253,781	\$ 496,453
<b>OPERATING EXPENSES</b>			
Insurance	\$ 5,685	\$ 5,685	\$ 11,370
Office supplies and expenses	1,372	403	1,775
Plant maintenance	4,102	2,314	6,416
Pipeline repairs	16,051	-	16,051
Pump station maintenance	-	5,990	5,990
Grinder pump maintenance	-	2,014	2,014
Operating supplies / small equipment	19,322	63,050	82,372
Professional services	173,696	156,778	330,474
Salaries and wages	19,160	19,160	38,320
Benefits	4,698	4,698	9,396
Testing services	2,950	7,673	10,623
Utilities	30,397	72,869	103,266
Depreciation	146,421	172,614	319,035
Total operating expenses	\$ 423,854	\$ 513,248	\$ 937,102
Operating income (loss)	\$ (181,182)	\$ (259,467)	\$ (440,649)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	\$ 4,098	\$ 50	\$ 4,148
Tower rental	138,809	-	138,809
County operating subsidy	-	150,336	150,336
Transfers	(20,000)	20,000	-
Interest expense	(20,916)	-	(20,916)
Total nonoperating revenues (expenses)	\$ 101,991	\$ 170,386	\$ 272,377
Income before contributions	\$ (79,191)	\$ (89,081)	\$ (168,272)
Contributed capital - availability fees	\$ 27,900	\$ 32,400	\$ 60,300
Change in net position	\$ (51,291)	\$ (56,681)	\$ (107,972)
Total net position - beginning, as restated	2,702,662	2,787,339	5,490,001
Total net position - ending	\$ 2,651,371	\$ 2,730,658	\$ 5,382,029

Combining Statement of Cash Flows  
Discretely Presented Component Unit - Sanitary Authority  
For the Year Ended June 30, 2015

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 249,504	\$ 257,450	\$ 506,954
Payments to suppliers	(31,785)	(304,569)	(336,354)
Payments to and on behalf of employees	(25,043)	(25,043)	(50,086)
Net cash provided by (used for) operating activities	\$ 192,676	\$ (72,162)	\$ 120,514
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Tower rental	\$ 138,809	\$ -	\$ 138,809
Transfers	(20,000)	20,000	-
Operating subsidy from Clarke County	-	150,336	150,336
Net cash provided by (used for) noncapital financing activities	\$ 118,809	\$ 170,336	\$ 289,145
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of property, plant and equipment	\$ (655,179)	\$ -	\$ (655,179)
Capital contributions	27,900	32,400	60,300
Retirements of long-term indebtedness	(79,036)	(207,052)	(286,088)
Proceeds from indebtedness	600,000	-	600,000
Interest expense	(15,818)	-	(15,818)
Net cash provided by (used for) capital and related financing activities	\$ (122,133)	\$ (174,652)	\$ (296,785)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	\$ 4,098	\$ 50	\$ 4,148
Net cash provided by (used for) investing activities	\$ 4,098	\$ 50	\$ 4,148
Net increase (decrease) in cash and cash equivalents	\$ 193,450	\$ (76,428)	\$ 117,022
Cash and cash equivalents - beginning	913,524	76,428	989,952
Cash and cash equivalents - ending	\$ 1,106,974	\$ -	\$ 1,106,974
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (181,182)	\$ (259,467)	\$ (440,649)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	146,421	172,614	319,035
(Increase) decrease in accounts receivable	4,416	3,669	8,085
(Increase) decrease in prepaid items	5,635	5,635	11,270
(Increase) decrease in pension contributions after measurement date	145	145	290
Increase (decrease) in accounts payable	216,155	6,572	222,727
Increase (decrease) in customers' deposits	660	-	660
Increase (decrease) in net pension liability	(6,107)	(6,107)	(12,214)
Increase (decrease) in items related to measurement of net pension liability	4,777	4,777	9,554
Increase (decrease) unearned revenue	1,756	-	1,756
Total adjustments	\$ 373,858	\$ 187,305	\$ 561,163
Net cash provided by (used for) operating activities	\$ 192,676	\$ (72,162)	\$ 120,514

**Discretely Presented Component Unit-Industrial Development Authority**

Statement of Net Position  
 Discretely Presented Component Unit - Industrial Development Authority  
 As of June 30, 2015

---

	<u>Industrial Development Authority</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ <u>66,317</u>
Total assets	\$ <u><u>66,317</u></u>
<b>NET POSITION</b>	
Unrestricted	<u>66,317</u>
Total net position	\$ <u><u>66,317</u></u>

Statement of Revenues, Expenses, and Changes in Net Position  
 Discretely Presented Component Unit - Industrial Development Authority  
 For the Year Ended June 30, 2015

	<u>Industrial Development Authority</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Bond repayment and application fees	\$ <u>35,000</u>
Total operating revenues	\$ <u>35,000</u>
<b>OPERATING EXPENSES</b>	
Professional services	\$ 7,835
Board members' fee	1,050
Insurance	1,340
Miscellaneous	<u>10</u>
Total operating expenses	\$ <u>10,235</u>
Operating income (loss)	\$ <u>24,765</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Unrealized gain (loss) on investments	\$ <u>72</u>
Total nonoperating revenues (expenses)	\$ <u>72</u>
Change in net position	\$ 24,837
Total net position - beginning	<u>41,480</u>
Total net position - ending	<u><u>66,317</u></u>

Statement of Cash Flows  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2015

	<b>Industrial Development Authority</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 35,000
Payments to board	(1,050)
Payments to suppliers	<u>(7,845)</u>
Net cash provided (used) by operating activities	<u>\$ 26,105</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Unrealized gain (loss) on investments	<u>\$ 72</u>
Net cash provided (used) by investing activities	<u>\$ 72</u>
Net increase (decrease) in cash and cash equivalents	\$ 26,177
Cash and cash equivalents - beginning	<u>40,140</u>
Cash and cash equivalents - ending	<u><u>\$ 66,317</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ 24,765
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>\$ 26,105</u></u>

## Supporting Schedules

This page intentionally left blank



Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 14,203,221	\$ 14,203,221	\$ 14,478,058	\$ 274,837
Real and personal public service corporation taxes	420,772	420,772	423,075	2,303
Personal property taxes	3,789,323	3,789,323	3,961,768	172,445
Mobile home taxes	1,036	1,036	5,749	4,713
Machinery and tools taxes	177,726	177,726	176,778	(948)
Penalties	134,990	134,990	169,947	34,957
Interest	96,740	96,740	174,343	77,603
<b>Total general property taxes</b>	<b>\$ 18,823,808</b>	<b>\$ 18,823,808</b>	<b>\$ 19,389,718</b>	<b>\$ 565,910</b>
Other local taxes:				
Local sales and use taxes	\$ 760,491	\$ 760,491	\$ 835,222	\$ 74,731
Consumers' utility taxes	375,203	375,203	343,493	(31,710)
Consumption taxes	35,950	35,950	(646)	(36,596)
Motor vehicle licenses	305,225	305,225	307,401	2,176
Taxes on recordation and wills	270,133	270,133	231,489	(38,644)
Franchise license taxes	20,000	20,000	-	(20,000)
Transient occupancy taxes	33,939	33,939	32,712	(1,227)
Business license taxes	23,605	23,605	27,554	3,949
<b>Total other local taxes</b>	<b>\$ 1,824,546</b>	<b>\$ 1,824,546</b>	<b>\$ 1,777,225</b>	<b>\$ (47,321)</b>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,730	\$ 10,730	\$ 12,150	\$ 1,420
Land use application fees	3,600	3,600	3,700	100
Animal shelter fees	8,459	8,459	7,910	(549)
Building and related permits	104,353	104,353	163,987	59,634
Zoning and subdivision	65,000	65,653	67,754	2,101
Transfer fees	440	440	425	(15)
Signs permits and inspection fees	1,493	1,493	640	(853)
Weapons permits	6,000	6,000	4,351	(1,649)
Other permits and fees	4,650	4,650	4,320	(330)
<b>Total permits, privilege fees, and regulatory licenses</b>	<b>\$ 204,725</b>	<b>\$ 205,378</b>	<b>\$ 265,237</b>	<b>\$ 59,859</b>
Fines and forfeitures:				
Court fines and forfeitures	\$ 280,000	\$ 280,000	\$ 303,637	\$ 23,637
<b>Total fines and forfeitures</b>	<b>\$ 280,000</b>	<b>\$ 280,000</b>	<b>\$ 303,637</b>	<b>\$ 23,637</b>
Revenue from use of money and property:				
Revenue from use of money	\$ 31,856	\$ 31,856	\$ 34,658	\$ 2,802
Revenue from use of property	57,772	57,772	27,753	(30,019)
<b>Total revenue from use of money and property</b>	<b>\$ 89,628</b>	<b>\$ 89,628</b>	<b>\$ 62,411</b>	<b>\$ (27,217)</b>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services:				
Sheriff's fees	\$ 797	\$ 797	\$ 796	\$ (1)
Charges for emergency medical services	39,285	39,285	42,887	3,602
Charges for ambulance and rescue	25,000	25,000	69,705	44,705
Charges for courthouse security	53,812	53,812	41,285	(12,527)
Charges for jail processing	1,500	1,500	1,376	(124)
Court appointed attorney	1,027	1,027	912	(115)
Charges for other localities	69,918	69,918	69,920	2
Charges for Commonwealth's Attorney	1,714	1,714	1,630	(84)
Charges for parks and recreation	416,998	416,998	420,766	3,768
Charges for engineer's fees/biosolids applications	27,121	27,121	13,549	(13,572)
Other charges for services	26,236	26,236	26,560	324
<b>Total charges for services</b>	<b>\$ 663,408</b>	<b>\$ 663,408</b>	<b>\$ 689,386</b>	<b>\$ 25,978</b>
Miscellaneous revenue:				
Miscellaneous	\$ 4,176	\$ 4,176	\$ 5,205	\$ 1,029
<b>Total miscellaneous revenue</b>	<b>\$ 4,176</b>	<b>\$ 4,176</b>	<b>\$ 5,205</b>	<b>\$ 1,029</b>
Recovered costs:				
Rebates and refunds	\$ 17,959	\$ 17,959	\$ 18,123	\$ 164
Insurance recovery	21,630	21,630	4,010	(17,620)
Gifts and donations in lieu of taxes	25,433	28,393	3,010	(25,383)
Sale of salvage	6,458	6,458	14,466	8,008
Loan repayment	3,495	3,495	3,495	-
Recycling and other rebates and refunds	48,769	46,636	38,163	(8,473)
<b>Total recovered costs</b>	<b>\$ 123,744</b>	<b>\$ 124,571</b>	<b>\$ 81,267</b>	<b>\$ (43,304)</b>
<b>Total revenue from local sources</b>	<b>\$ 22,014,035</b>	<b>\$ 22,015,515</b>	<b>\$ 22,574,086</b>	<b>\$ 558,571</b>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 24,373	\$ 24,373	\$ 24,896	\$ 523
Taxes on deeds	61,801	61,801	66,695	4,894
Quarterly rental tax	2,796	2,796	2,448	(348)
Communications tax	442,829	442,829	428,191	(14,638)
Personal property tax relief funds	2,483,842	2,483,842	2,483,842	-
<b>Total noncategorical aid</b>	<b>\$ 3,015,641</b>	<b>\$ 3,015,641</b>	<b>\$ 3,006,072</b>	<b>\$ (9,569)</b>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 187,055	\$ 187,055	\$ 184,443	\$ (2,612)
Sheriff	750,887	750,887	744,184	(6,703)
Commissioner of revenue	75,111	75,111	74,831	(280)
Treasurer	92,780	92,780	91,683	(1,097)
Registrar/electoral board	38,549	40,323	37,253	(3,070)
Clerk of the Circuit Court	158,692	158,692	159,743	1,051
Total shared expenses	<u>\$ 1,303,074</u>	<u>\$ 1,304,848</u>	<u>\$ 1,292,137</u>	<u>\$ (12,711)</u>
Other categorical aid:				
Fire programs fund	\$ 41,652	\$ 44,072	\$ 73,296	\$ 29,224
Litter control grant	6,171	6,171	6,357	186
Virginia Commission for the Arts	5,000	5,000	5,000	-
Division of historic landmarks	12,000	12,000	7,350	(4,650)
Other categorical aid	5,221	5,221	16,815	11,594
Total other categorical aid	<u>\$ 70,044</u>	<u>\$ 72,464</u>	<u>\$ 108,818</u>	<u>\$ 36,354</u>
Total categorical aid	<u>\$ 1,373,118</u>	<u>\$ 1,377,312</u>	<u>\$ 1,400,955</u>	<u>\$ 23,643</u>
Total revenue from the Commonwealth	<u>\$ 4,388,759</u>	<u>\$ 4,392,953</u>	<u>\$ 4,407,027</u>	<u>\$ 14,074</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 5,578</u>	<u>\$ 5,578</u>	<u>\$ 5,430</u>	<u>\$ (148)</u>
Categorical aid:				
Crime victim assistance	\$ 39,024	\$ 39,024	\$ 28,408	\$ (10,616)
Equitable sharing funds - Sheriff	-	-	1,304	1,304
DMV 402 grant	9,000	9,000	11,493	2,493
SAFER grant	25,000	25,000	-	(25,000)
Bulletproof vest grant	-	-	3,960	3,960
Local law enforcement block grant	5,031	5,031	3,497	(1,534)
Violence against women formula grants	28,053	28,053	21,444	(6,609)
Total categorical aid	<u>\$ 106,108</u>	<u>\$ 106,108</u>	<u>\$ 70,106</u>	<u>\$ (36,002)</u>
Total revenue from the federal government	<u>\$ 111,686</u>	<u>\$ 111,686</u>	<u>\$ 75,536</u>	<u>\$ (36,150)</u>
Total General Fund	<u><u>\$ 26,514,480</u></u>	<u><u>\$ 26,520,154</u></u>	<u><u>\$ 27,056,649</u></u>	<u><u>\$ 536,495</u></u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds:</b>				
<b>Virginia Public Assistance Fund:</b>				
Revenue from local sources:				
Recovered costs:				
Payments from other jurisdictions	\$ -	\$ -	\$ 35,353	\$ 35,353
Expenditure refunds	-	-	2,260	2,260
Total recovered costs	\$ -	\$ -	\$ 37,613	\$ 37,613
Total revenue from local sources	\$ -	\$ -	\$ 37,613	\$ 37,613
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 279,234	\$ 279,234	\$ 289,219	\$ 9,985
Total categorical aid	\$ 279,234	\$ 279,234	\$ 289,219	\$ 9,985
Total revenue from the Commonwealth	\$ 279,234	\$ 279,234	\$ 289,219	\$ 9,985
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 621,520	\$ 625,550	\$ 639,137	\$ 13,587
Total categorical aid	\$ 621,520	\$ 625,550	\$ 639,137	\$ 13,587
Total revenue from the federal government	\$ 621,520	\$ 625,550	\$ 639,137	\$ 13,587
Total Virginia Public Assistance Fund	\$ 900,754	\$ 904,784	\$ 965,969	\$ 61,185
<b>Comprehensive services act fund:</b>				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 8,090	\$ 8,090
Total miscellaneous revenue	\$ -	\$ -	\$ 8,090	\$ 8,090
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive services	\$ 277,841	\$ 285,930	\$ 276,672	\$ (9,258)
Total categorical aid	\$ 277,841	\$ 285,930	\$ 276,672	\$ (9,258)
Total revenue from the Commonwealth	\$ 277,841	\$ 285,930	\$ 276,672	\$ (9,258)
Revenue from the federal government:				
Categorical aid:				
Other categorical aid	\$ -	\$ 22,105	\$ 23,272	\$ 1,167
Total categorical aid	-	22,105	23,272	1,167
Total revenue from the federal government	\$ -	\$ 22,105	\$ 23,272	\$ 1,167
Total comprehensive services fund	\$ 277,841	\$ 308,035	\$ 308,034	\$ (1)
<b>Drug Enforcement Fund:</b>				
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ -	\$ 5,300	\$ 5,300
Total miscellaneous revenue	\$ -	\$ -	\$ 5,300	\$ 5,300
Total revenue from local sources	\$ -	\$ -	\$ 5,300	\$ 5,300

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds: (Continued)</b>				
<b>Drug Enforcement Fund: (Continued)</b>				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 4,964	\$ 4,964
Total revenue from the Commonwealth	\$ -	\$ -	\$ 4,964	\$ 4,964
Revenue from the federal government:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 229,184	\$ 229,184
Total drug enforcement fund	\$ -	\$ -	\$ 239,448	\$ 239,448
<b>Animal Care Fund:</b>				
Revenue from local sources:				
Revenue from use of money:				
Revenue from the use of money	\$ -	\$ -	\$ 5	\$ 5
Total revenue from use of money	\$ -	\$ -	\$ 5	\$ 5
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ -	\$ 200	\$ 200
Total miscellaneous revenue	\$ -	\$ -	\$ 200	\$ 200
Total Animal Care Fund	\$ -	\$ -	\$ 205	\$ 205
<b>Conservation Easement Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ -	\$ -	\$ 17,957	\$ 17,957
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 266	\$ 266
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ 25,000	\$ 62,209	\$ 37,209
Total revenue from local sources	\$ -	\$ 25,000	\$ 80,432	\$ 55,432
Intergovernmental:				
Revenue from the Commonwealth:				
Other categorical aid:				
Conservation easement grants	\$ 15,000	\$ 129,124	\$ 137,834	\$ 8,710
Revenue from the federal government:				
Categorical aid:				
Farm and ranch lands protection program	\$ -	\$ 184,000	\$ 184,000	\$ -
Total Conservation Easement Fund	\$ 15,000	\$ 338,124	\$ 402,266	\$ 64,142
<b>Debt Service Funds:</b>				
<b>School Debt Service Fund</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Expenditure refunds	\$ -	\$ -	\$ 23,844	\$ 23,844
Total revenue from local sources	\$ -	\$ -	\$ 23,844	\$ 23,844
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
BAB interest subsidy	\$ 119,008	\$ 119,008	\$ 120,898	\$ 1,890
Total School Debt Service Fund	\$ 119,008	\$ 119,008	\$ 144,742	\$ 25,734

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Debt Service Funds: (Continued)</b>				
<b>General Debt Service Fund:</b>				
Revenue from local sources:				
Charges for services:				
Charges for services	\$ -	\$ -	\$ 9,909	\$ 9,909
Total charges for services	\$ -	\$ -	\$ 9,909	\$ 9,909
Total revenue from local sources	\$ -	\$ -	\$ 9,909	\$ 9,909
Total General Debt Service Fund	\$ -	\$ -	\$ 9,909	\$ 9,909
<b>Capital Projects Fund:</b>				
<b>General Government Capital Projects Fund:</b>				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	\$ 66,830	\$ 66,830	\$ 167,199	\$ 100,369
Total revenue from the Commonwealth	\$ 66,830	\$ 66,830	\$ 167,199	\$ 100,369
Revenue from the federal government:				
Categorical aid:				
Watershed grant	\$ 1,500	\$ 519,946	\$ 107,505	\$ (412,441)
Total categorical aid	\$ 1,500	\$ 519,946	\$ 107,505	\$ (412,441)
Total revenue from the federal government	\$ 1,500	\$ 519,946	\$ 107,505	\$ (412,441)
Total General Government Capital Projects Fund	\$ 68,330	\$ 586,776	\$ 274,704	\$ (312,072)
<b>Parks Construction Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 177	\$ 177
Total revenue from use of money and property	\$ -	\$ -	\$ 177	\$ 177
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ -	\$ 3,246	\$ 3,246
Total miscellaneous revenue	\$ -	\$ -	\$ 3,246	\$ 3,246
Total revenue from local sources	\$ -	\$ -	\$ 3,423	\$ 3,423
Total Parks Construction Fund	\$ -	\$ -	\$ 3,423	\$ 3,423
Total Primary Government	\$ 27,895,413	\$ 28,776,881	\$ 29,405,349	\$ 628,468

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 35,766	\$ 69,416	\$ 67,192	\$ (2,224)
Charges for services:				
Tuition	\$ 127,428	\$ 127,428	\$ 169,240	\$ 41,812
Town of Berryville Crossing	2,500	2,500	2,500	-
Facility use fees	37,474	3,824	4,198	374
Total charges for services	\$ 167,402	\$ 133,752	\$ 175,938	\$ 42,186
Miscellaneous revenue:				
Other miscellaneous	\$ 81,174	\$ 81,174	\$ 65,570	\$ (15,604)
Private gifts and donations	21,715	21,715	8,738	(12,977)
Total miscellaneous revenue	\$ 102,889	\$ 102,889	\$ 74,308	\$ (28,581)
Recovered costs:				
Rebates and refunds	\$ 50,312	\$ 50,312	\$ 39,367	\$ (10,945)
Insurance recoveries	18,365	18,365	-	(18,365)
Sale of equipment	6,770	6,770	1,365	(5,405)
Total recovered costs	\$ 75,447	\$ 75,447	\$ 40,732	\$ (34,715)
Total revenue from local sources	\$ 381,504	\$ 381,504	\$ 358,170	\$ (23,334)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Clarke, Virginia	\$ 11,736,034	\$ 11,736,034	\$ 10,641,031	\$ (1,095,003)
Total revenues from local governments	\$ 11,736,034	\$ 11,736,034	\$ 10,641,031	\$ (1,095,003)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,308,482	\$ 2,308,482	\$ 2,321,300	\$ 12,818
At risk payments	24,047	24,047	24,110	63
Basic school aid	4,357,273	4,357,273	4,367,458	10,185
Foster home children	9,966	9,966	17,489	7,523
Gifted and talented children	45,387	45,387	45,533	146
Homebound education	7,655	7,655	11,457	3,802
Preschool At-Risk	21,000	21,000	27,000	6,000
Special education - soq	594,754	594,754	596,673	1,919
Special education - foster children	1,951	1,951	13,936	11,985
Vocational education - soq	67,134	67,134	67,351	217
Vocational equipment	4,296	4,296	4,985	689
Vocational - occupational	6,159	6,159	3,187	(2,972)
Textbook payments	90,981	90,981	91,275	294
Remedial education	59,570	59,570	59,762	192

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Share of fringe benefits	814,123	814,123	811,058	(3,065)
Remedial summer school	36,770	36,770	20,133	(16,637)
Industry certification program	2,390	2,390	1,560	(830)
Mentor teacher program	1,717	1,717	2,033	316
SOL algebra readiness	8,036	8,036	8,112	76
Early intervention	20,481	20,481	25,197	4,716
Salary supplement/bonus	7,500	7,500	7,500	-
Teacher recruitment	1,000	1,000	3,000	2,000
Additional teachers assistance	10,000	10,000	10,000	-
Project graduation	18,691	18,691	11,142	(7,549)
ISAEF	7,859	7,859	7,859	-
English as a second language	8,044	8,044	12,663	4,619
Security officer	17,122	17,122	9,458	(7,664)
Regional tuition	110,000	110,000	119,238	9,238
Other categorical aid	21,147	21,147	626	(20,521)
Total categorical aid	<u>\$ 8,683,535</u>	<u>\$ 8,683,535</u>	<u>\$ 8,701,095</u>	<u>\$ 17,560</u>
Total revenue from the Commonwealth	<u>\$ 8,683,535</u>	<u>\$ 8,683,535</u>	<u>\$ 8,701,095</u>	<u>\$ 17,560</u>
Revenue from the federal government:				
Categorical aid:				
Title I part A: Grants to local educational agencies	\$ 163,713	\$ 163,713	\$ 228,181	\$ 64,468
Title II part A: Improving teacher quality	55,100	55,100	55,065	(35)
Title III, Part A: English language acquisition grants	1,447	1,447	3,375	1,928
Medicaid	6,959	6,959	6,303	(656)
Advanced placement	-	-	794	794
Vocational education basic grants to states	21,511	21,511	29,430	7,919
Title VI-B: Special education grants to states	385,302	385,302	520,749	135,447
Special education preschool handicapped grant	12,556	12,556	11,081	(1,475)
Total categorical aid	<u>\$ 646,588</u>	<u>\$ 646,588</u>	<u>\$ 854,978</u>	<u>\$ 208,390</u>
Total revenue from the federal government	<u>\$ 646,588</u>	<u>\$ 646,588</u>	<u>\$ 854,978</u>	<u>\$ 208,390</u>
Total School Operating Fund	<u>\$ 21,447,661</u>	<u>\$ 21,447,661</u>	<u>\$ 20,555,274</u>	<u>\$ (892,387)</u>
<b>Special Revenue Fund:</b>				
<b>School Food Service Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 80	\$ 80	\$ 153	\$ 73
Total revenue from use of money and property	<u>\$ 80</u>	<u>\$ 80</u>	<u>\$ 153</u>	<u>\$ 73</u>
Charges for services:				
Cafeteria sales	\$ 520,556	\$ 520,556	\$ 485,569	\$ (34,987)
Total charges for services	<u>\$ 520,556</u>	<u>\$ 520,556</u>	<u>\$ 485,569</u>	<u>\$ (34,987)</u>
Total revenue from local sources	<u>\$ 520,636</u>	<u>\$ 520,636</u>	<u>\$ 485,722</u>	<u>\$ (34,914)</u>



Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Fund: (Continued)</b>				
<b>School Food Service Fund: (Continued)</b>				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 7,707	\$ 7,707	\$ 6,980	\$ (727)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 254,000	\$ 254,000	\$ 254,590	\$ 590
Total categorical aid	<u>254,000</u>	<u>254,000</u>	<u>254,590</u>	<u>590</u>
Total revenue from the federal government	<u>254,000</u>	<u>254,000</u>	<u>254,590</u>	<u>590</u>
Total School Food Service Fund	<u>\$ 782,343</u>	<u>\$ 782,343</u>	<u>\$ 747,292</u>	<u>\$ (35,051)</u>
<b>Capital Projects Funds:</b>				
<b>School Capital Projects Fund:</b>				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Clarke, Virginia	\$ -	\$ 2,640,627	\$ 1,332,077	\$ (1,308,550)
Revenue from the Commonwealth:				
Categorical aid:				
Security grant	\$ 67,223	\$ 67,223	\$ 67,223	\$ -
Technology grant	154,000	449,619	274,894	(174,725)
Total revenue from the Commonwealth	<u>\$ 221,223</u>	<u>\$ 516,842</u>	<u>\$ 342,117</u>	<u>\$ (174,725)</u>
Total School Capital Projects Fund	<u>\$ 221,223</u>	<u>\$ 3,157,469</u>	<u>\$ 1,674,194</u>	<u>\$ (1,483,275)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 22,451,227</u>	<u>\$ 25,387,473</u>	<u>\$ 22,976,760</u>	<u>\$ (2,410,713)</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 57,806	\$ 57,806	\$ 53,614	\$ 4,192
General and financial administration:				
County administrator	\$ 287,396	\$ 306,320	\$ 306,242	\$ 78
Independent auditor	33,000	33,000	31,800	1,200
Legal services	71,846	65,651	24,152	41,499
Commissioner of revenue	200,607	201,671	199,654	2,017
Assessor	3,500	3,500	3,500	-
Data processing	282,565	287,177	288,118	(941)
Finance and purchasing	491,938	509,537	509,755	(218)
Treasurer	262,208	266,668	265,484	1,184
Total general and financial administration	\$ 1,633,060	\$ 1,673,524	\$ 1,628,705	\$ 44,819
Board of elections:				
Registrar	\$ 69,651	\$ 73,634	\$ 69,244	\$ 4,390
Electoral board and officials	32,379	32,379	21,360	11,019
Total board of elections	\$ 102,030	\$ 106,013	\$ 90,604	\$ 15,409
Total general government administration	\$ 1,792,896	\$ 1,837,343	\$ 1,772,923	\$ 64,420
Judicial administration:				
Courts:				
Circuit court	\$ 12,680	\$ 12,680	\$ 10,681	\$ 1,999
General district court	3,980	5,630	5,621	9
Magistrate	400	400	147	253
Juvenile and domestic relations court	5,971	5,971	4,942	1,029
Clerk of the circuit court	243,897	247,289	244,350	2,939
Victim Witness Program	40,189	42,856	39,808	3,048
Regional court services	4,494	4,494	4,494	-
Blue Ridge legal services	1,500	1,500	1,500	-
Total courts	\$ 313,111	\$ 320,820	\$ 311,543	\$ 9,277
Commonwealth's attorney:				
Commonwealth's attorney	\$ 304,883	\$ 310,562	\$ 306,907	\$ 3,655
Total commonwealth's attorney	\$ 304,883	\$ 310,562	\$ 306,907	\$ 3,655
Total judicial administration	\$ 617,994	\$ 631,382	\$ 618,450	\$ 12,932

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,660,442	\$ 1,454,150	\$ 1,434,656	\$ 19,494
Criminal justice training	19,185	19,185	18,720	465
Drug task force	12,500	12,500	11,258	1,242
Total law enforcement and traffic control	<u>\$ 1,692,127</u>	<u>\$ 1,485,835</u>	<u>\$ 1,464,634</u>	<u>\$ 21,201</u>
Fire and rescue services:				
Emergency medical services	\$ 648,912	\$ 641,412	\$ 589,494	\$ 51,918
Communications	481,087	716,082	698,018	18,064
Fire and rescue departments	249,152	261,210	260,372	838
Lord Fairfax Emergency Medical Services	5,422	5,422	5,422	-
Forestry services	2,712	2,712	2,712	-
Total fire and rescue services	<u>\$ 1,387,285</u>	<u>\$ 1,626,838</u>	<u>\$ 1,556,018</u>	<u>\$ 70,820</u>
Correction and detention:				
Regional jail	\$ 562,301	\$ 566,955	\$ 566,954	\$ 1
Juvenile detention home	38,854	39,077	39,077	-
Probation office	925	925	170	755
Total correction and detention	<u>\$ 602,080</u>	<u>\$ 606,957</u>	<u>\$ 606,201</u>	<u>\$ 756</u>
Inspections:				
Building	\$ 139,585	\$ 149,782	\$ 149,781	\$ 1
Total inspections	<u>\$ 139,585</u>	<u>\$ 149,782</u>	<u>\$ 149,781</u>	<u>\$ 1</u>
Other protection:				
Animal control	\$ 94,084	\$ 105,314	\$ 97,433	\$ 7,881
Medical examiner	1,000	1,000	573	427
Total other protection	<u>\$ 95,084</u>	<u>\$ 106,314</u>	<u>\$ 98,006</u>	<u>\$ 8,308</u>
Total public safety	<u>\$ 3,916,161</u>	<u>\$ 3,975,726</u>	<u>\$ 3,874,640</u>	<u>\$ 101,086</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 168,000	\$ 168,000	\$ 103,668	\$ 64,332
Sanitation	72,000	179,786	179,786	-
Litter control program	6,171	6,171	5,268	903
Total sanitation and waste removal	<u>\$ 246,171</u>	<u>\$ 353,957</u>	<u>\$ 288,722</u>	<u>\$ 65,235</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Public Works: (continued)				
Maintenance of general buildings and grounds:				
General properties	\$ 734,077	\$ 733,492	\$ 714,480	\$ 19,012
Total maintenance of general buildings and grounds	\$ 734,077	\$ 733,492	\$ 714,480	\$ 19,012
Total public works	\$ 980,248	\$ 1,087,449	\$ 1,003,202	\$ 84,247
Health and welfare:				
Health:				
Supplement of local health department	\$ 205,000	\$ 205,000	\$ 205,000	\$ -
Our Health	5,000	5,000	5,000	-
Total health	\$ 210,000	\$ 210,000	\$ 210,000	\$ -
Mental health and mental retardation:				
Northwestern Community Services	\$ 85,000	\$ 85,000	\$ 85,000	\$ -
Concern Hotline	750	750	750	-
NW Works	750	750	750	-
Total mental health and mental retardation	\$ 86,500	\$ 86,500	\$ 86,500	\$ -
Welfare:				
Shenandoah area on aging	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Loudoun County Transportation Association	19,302	19,302	19,302	-
Abused women's shelter	2,000	2,000	2,000	-
Independent living center	750	750	750	-
Total welfare	\$ 62,052	\$ 62,052	\$ 62,052	\$ -
Total health and welfare	\$ 358,552	\$ 358,552	\$ 358,552	\$ -
Education:				
Other instructional costs:				
Contribution to Clarke County Public Schools	\$ 12,434,213	\$ 14,376,661	\$ 11,973,108	\$ 2,403,553
Lord Fairfax Community College	17,534	17,534	17,534	-
Total education	\$ 12,451,747	\$ 14,394,195	\$ 11,990,642	\$ 2,403,553
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 369,940	\$ 383,033	\$ 364,759	\$ 18,274
Recreation center	103,870	108,475	102,466	6,009
Swimming pool	87,958	89,435	65,294	24,141
Concession stand	16,000	16,000	11,600	4,400
Programs	249,120	252,157	213,566	38,591
Total parks and recreation	\$ 826,888	\$ 849,100	\$ 757,685	\$ 91,415

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
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	\$ 185,000	\$ 185,000	\$ 185,000	\$ -
Total library	\$ 185,000	\$ 185,000	\$ 185,000	\$ -
Total parks, recreation, and cultural	\$ 1,021,888	\$ 1,044,100	\$ 952,685	\$ 91,415
Community development:				
Planning and community development:				
Planning administration	\$ 338,602	\$ 373,395	\$ 373,367	\$ 28
Help with housing	5,400	5,400	5,400	-
Board of zoning appeals	3,470	3,470	608	2,862
Office of Economic Development	105,938	85,172	57,108	28,064
Berryville Development Authority	6,100	6,100	432	5,668
Small business development center	1,500	1,500	1,500	-
Blandy Experimental Farm	3,000	3,000	3,000	-
Planning commission	20,000	20,000	7,736	12,264
Board of septic appeals	1,000	1,830	1,826	4
Historic preservation	26,300	31,650	23,092	8,558
Northern Shenandoah Valley Regional Commission	5,776	5,776	5,776	-
Regional airport	2,500	2,500	2,500	-
Total planning and community development	\$ 519,586	\$ 539,793	\$ 482,345	\$ 57,448
Environmental management:				
Friends of the Shenandoah	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
Water quality monitoring	30,000	30,000	30,000	-
Lord Fairfax Soil and Water Conservation	5,000	5,000	5,000	-
Biosolids Application	15,761	15,761	8,882	6,879
Total environmental management	\$ 53,761	\$ 53,761	\$ 46,882	\$ 6,879
Cooperative extension program:				
Cooperative extension service	\$ 40,000	\$ 40,000	\$ 38,289	\$ 1,711
Northern Virginia 4-H Center	2,300	2,300	2,300	-
Total cooperative extension program	\$ 42,300	\$ 42,300	\$ 40,589	\$ 1,711
Total community development	\$ 615,647	\$ 635,854	\$ 569,816	\$ 66,038

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Nondepartmental:				
Miscellaneous	\$ -	\$ -	\$ 7,765	\$ (7,765)
Unemployment compensation	25,000	25,000	11,215	13,785
Legal/professional services contingency	215,000	54,861	-	54,861
Total nondepartmental	<u>\$ 240,000</u>	<u>\$ 79,861</u>	<u>\$ 18,980</u>	<u>\$ 60,881</u>
Total General Fund	<u><u>\$ 21,995,133</u></u>	<u><u>\$ 24,044,462</u></u>	<u><u>\$ 21,159,890</u></u>	<u><u>\$ 2,884,572</u></u>
<b>Special Revenue Funds:</b>				
<b>Virginia Public Assistance Fund:</b>				
Health and welfare:				
Welfare and social services:				
Public assistance and welfare administration	\$ 1,338,165	\$ 1,390,826	\$ 1,390,820	\$ 6
Total health and welfare	<u>\$ 1,338,165</u>	<u>\$ 1,390,826</u>	<u>\$ 1,390,820</u>	<u>\$ 6</u>
Total Virginia Public Assistance Fund	<u><u>\$ 1,338,165</u></u>	<u><u>\$ 1,390,826</u></u>	<u><u>\$ 1,390,820</u></u>	<u><u>\$ 6</u></u>
<b>Comprehensive Services Act Fund:</b>				
Health and welfare:				
Welfare and social services:				
Program expenditures	\$ 607,000	\$ 689,470	\$ 689,468	\$ 2
Total health and welfare	<u>\$ 607,000</u>	<u>\$ 689,470</u>	<u>\$ 689,468</u>	<u>\$ 2</u>
Total CSA Fund	<u><u>\$ 607,000</u></u>	<u><u>\$ 689,470</u></u>	<u><u>\$ 689,468</u></u>	<u><u>\$ 2</u></u>
<b>Drug Enforcement Fund:</b>				
Public Safety:				
Public Safety				
Operations	\$ -	\$ -	\$ 240,619	\$ (240,619)
Total public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240,619</u>	<u>\$ (240,619)</u>
Total Drug Enforcement Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 240,619</u></u>	<u><u>\$ (240,619)</u></u>
<b>Conservation Easement Fund:</b>				
Community development:				
Development rights				
Development rights	\$ 15,000	\$ 413,124	\$ 414,271	\$ (1,147)
Total Conservation Easement Fund	<u>\$ 15,000</u>	<u>\$ 413,124</u>	<u>\$ 414,271</u>	<u>\$ (1,147)</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Debt Service Fund:</b>				
<b>School Debt Service Fund:</b>				
Debt service:				
Principal retirement	\$ 2,428,997	\$ 2,428,997	\$ 2,428,997	\$ -
Interest and other fiscal charges	1,438,651	1,438,651	1,438,651	-
Total School Debt Service Fund	<u>\$ 3,867,648</u>	<u>\$ 3,867,648</u>	<u>\$ 3,867,648</u>	<u>\$ -</u>
<b>Primary Government Debt Service Fund:</b>				
Debt service:				
Principal retirement	\$ 334,139	\$ 334,139	\$ 334,139	\$ -
Interest and other fiscal charges	86,561	86,561	177,326	(90,765)
Total Primary Government Debt Service	<u>\$ 420,700</u>	<u>\$ 420,700</u>	<u>\$ 511,465</u>	<u>\$ (90,765)</u>
<b>Capital Projects Fund:</b>				
<b>General Government Capital Projects Fund:</b>				
Capital projects expenditures:				
Communications equipment	\$ 81,500	\$ 362,610	\$ 283,288	\$ 79,322
Sheriff's equipment	4,000	4,000	2,670	1,330
Vehicles	104,000	108,943	84,696	24,247
Technology and equipment improvements	137,500	193,518	158,210	35,308
E911 system	66,830	66,830	50,200	16,630
Systems integration	-	357,714	128,190	229,524
Pool repair	-	-	1,530	(1,530)
Sheriff's building	150,000	399,926	274,946	124,980
HVAC	-	18,773	-	18,773
Roofing	-	136,633	-	136,633
C Spout run project	-	390,309	47,030	343,279
Plan updates	-	4,552	4,552	-
Reassessment	200,000	200,000	172,530	27,470
Parks - Westside/parking	-	107,024	30,200	76,824
Recreation center additions	-	56,720	53,905	2,815
Painting and flooring	85,000	89,933	73,971	15,962
Economic development	-	176,434	-	176,434
Paving	50,000	50,000	-	50,000
Voting equipment	62,000	62,000	-	62,000
Landscaping	-	15,375	-	15,375
General district court repairs	-	74,681	1,708	72,973
Fencing - ballfield and pool	10,000	24,456	-	24,456
Office old park	90,000	103,583	13,833	89,750
Total General Government Capital Projects Fund	<u>\$ 1,040,830</u>	<u>\$ 3,004,014</u>	<u>\$ 1,381,459</u>	<u>\$ 1,622,555</u>
Total Primary Government	<u>\$ 29,284,476</u>	<u>\$ 33,830,244</u>	<u>\$ 29,655,640</u>	<u>\$ 4,174,604</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board</b>				
<b>School Operating Fund:</b>				
Education:				
Instruction	\$ 17,002,794	\$ 16,968,076	\$ 16,479,085	\$ 488,991
Administration, attendance and health	959,901	1,013,529	872,578	140,951
Pupil transportation services	1,139,387	1,132,172	1,059,564	72,608
Operation and maintenance services	2,310,579	2,298,884	2,108,798	190,086
Total School Operating Fund	<u>\$ 21,412,661</u>	<u>\$ 21,412,661</u>	<u>\$ 20,520,025</u>	<u>\$ 892,636</u>
<b>Special Revenue Fund:</b>				
<b>School Food Service Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 782,343	\$ 782,343	\$ 782,541	\$ (198)
Total School Food Service Fund	<u>\$ 782,343</u>	<u>\$ 782,343</u>	<u>\$ 782,541</u>	<u>\$ (198)</u>
<b>Capital Projects Fund:</b>				
<b>School Capital Projects Fund:</b>				
Capital projects expenditures:				
School furniture replacement	\$ 28,979	\$ 80,165	\$ 22,433	\$ 57,732
Uniform replacements and band instruments	-	10,000	10,000	-
Athletic equipment and uniforms	-	10,410	-	10,410
Cooley Upper landscaping	-	5,000	1,762	3,238
Misc additions	-	84,123	83,169	954
Bus purchases	178,200	178,200	153,610	24,590
School vehicles	41,000	55,839	25,446	30,393
ADA compliance	25,000	25,000	-	25,000
Elementary electrical upgrades	-	24,798	2,529	22,269
Fencing	28,000	63,000	39,325	23,675
School food - service equipment	-	41,426	10,259	31,167
School painting	20,000	44,817	4,950	39,867
HVAC	37,000	222,947	135,144	87,803
Strategic space planning	-	20,000	15,902	4,098
Roof replacements	134,000	167,200	-	167,200
Flooring replacements	-	46,585	3,445	43,140
Modular classroom removal	-	7,680	-	7,680
Security improvements	20,000	154,529	23,201	131,328
Surfacing	40,000	70,803	-	70,803
Fields/playgrounds	-	29,080	14,080	15,000
Radon testing/remediation	-	17,450	7,450	10,000
Signage	-	10,531	1,420	9,111
STEM-H partnership	-	17,600	17,224	376
Berryville Primary renovation	-	50,000	1,007	48,993
Pay and classification study	-	17,500	17,500	-
ERP system	-	299,814	127,975	171,839
Instructional technology replace/additions	154,000	446,823	272,098	174,725
Technology improvements	146,000	149,801	87,959	61,842
Cooley Lower	-	806,348	596,306	210,042
Total capital projects	<u>\$ 852,179</u>	<u>\$ 3,157,469</u>	<u>\$ 1,674,194</u>	<u>\$ 1,483,275</u>
Total School Capital Projects Fund	<u>\$ 852,179</u>	<u>\$ 3,157,469</u>	<u>\$ 1,674,194</u>	<u>\$ 1,483,275</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 23,047,183</u>	<u>\$ 25,352,473</u>	<u>\$ 22,976,760</u>	<u>\$ 2,375,713</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
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
2014-15	2,228,785	598,469	4,414,115	863,529	2,418,330

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>
\$	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
	23,617,577	1,048,103	980,692	1,559,976	958,018	10,235	38,697,829

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
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
2014-15	2,461,210	12,840,732	1,006,920

(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
\$ 12,435,828	\$ 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
19,310,001	1,777,225	134,424	318,395	3,034,774	-	40,883,681

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>
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
2014-15	1,772,923	618,450	4,115,259	1,003,202	2,438,840	21,320,100

(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>
\$	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
	952,685	984,087	18,980	4,379,113	3,055,653	40,659,292

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
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
2014-15	19,407,675	1,777,225	266,539	303,637	130,204	1,359,581

(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>
\$ 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
182,402	159,612	16,822,126	40,409,001	-	40,409,001

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
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%
2014-15	20,980,117	21,454,716	102.26%	74,554	21,529,270	102.62%	2,096,823	9.99%

(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	
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
2014-15	2,209,918,924	140,683,592	14,079,731	64,514,825	-	2,429,197,072

(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	Rescue Vehicles	Machinery and Tools	Public Utility	
						Real Estate (2)	Personal Property
2005-06	\$ .81/.45	\$ .81/.45	4.00	2.00	1.25	.81/.45	4.00
2006-07	.45/.48	.45/.48	4.00	2.00	1.25	.45/.48	4.00
2007-08	.48/.50	.48/.50	4.00	2.00	1.25	.48/.50	4.00
2008-09	.50/.53	.50/.53	4.00/4.81	2/2.41	1.25	.50/.53	4.00
2009-10	.53/.62	.53/.62	4.81/4.83	2.41/2.41	1.25	0.53	4.00
2010-11	.62/.62	.62/.62	4.83/4.69	2.41/2.35	1.25	0.62	4.00
2011-12	.62/.63	.62/.63	4.69/4.496	2.35/2.248	1.25	0.62	n/a
2012-13	.63/.63	.63/.63	4.496/4.496	2.248/2.248	1.25	0.63	n/a
2013-14	.63/.655	.63/.655	4.496/4.496	2.248/2.248	1.25	0.63	n/a
2014-15	.655/.655	.655/.655	4.496/4.496	2.248/2.248	1.25	0.655	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
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
2014-15	14,423	2,429,197	29,814,000	1.23%	2,067

(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 14 Carryover	FY 15 Original Budget	FY15 Supplemental Budget	Final Budget
Expenditures:				
Communications Equipment	\$ 160,188	\$ 11,500	\$ 13,468	\$ 185,156
Sheriff's Equipment (fingerprinting, etc.)	13,468	4,000	(13,468)	4,000
HVAC	18,773	-	-	18,773
Emergency Medical Dispatch-Total Response System	-	-	57,454	57,454
Pool Repair	-	-	1,530	1,530
Additional Parking	10,000	-	-	10,000
Auto Replacement	-	30,000	-	30,000
Public Safety Voice Logging Data Recorder	-	66,830	-	66,830
Sheriff's Vehicles	4,943	74,000	-	78,943
Sheriff's Mobile Radios	-	70,000	(2,000)	68,000
Park Expansion	10,000	-	-	10,000
Fencing - Ballfield and Pool	14,456	10,000	-	24,456
Voting Equipment	-	62,000	-	62,000
Technology improvements	56,018	137,500	-	193,518
Old Park Office Modifications	13,583	90,000	(1,530)	102,053
Real Property Assessment	-	200,000	-	200,000
Motorola Portable Radios	50,000	-	-	50,000
Communications	-	-	2,000	2,000
Asphalt/Sidewalk	-	50,000	-	50,000
General Renovation and Repairs	-	85,000	-	85,000
Economic Development	176,434	-	-	176,434
Sheriff's Building Renovation	152,506	150,000	97,420	399,926
Roofing	136,633	-	-	136,633
C Spout Run Project	73,689	-	-	73,689
C Spout Run Cleanup	316,620	-	-	316,620
Plan Updates	4,552	-	-	4,552
Carpeting (Includes GD Courthouse Seating)	4,933	-	-	4,933
Landscaping	15,375	-	-	15,375
Parks Westside Sitework	87,024	-	-	87,024
General District Court Repairs	74,681	-	-	74,681
Systems Integration	357,714	-	-	357,714
Recreation Center Additions/Wall Crack	56,720	-	-	56,720
<b>Total expenditures</b>	<b>\$ 1,808,310</b>	<b>\$ 1,040,830</b>	<b>\$ 154,874</b>	<b>\$ 3,004,014</b>

School Board Capital Projects Carryover Budget Allocations

	FY 14 Carryover	FY 15 Original Budget	FY14 Supplemental Budget	Final Budget
Expenditures:				
School Furniture Replacement	\$ 20,850	\$ 28,979	\$ 30,336	\$ 80,165
Uniform Replacements and Band Instruments	-	-	10,000	10,000
Athletic Equipment and Uniforms	10,410	-	-	10,410
Truck and Tractor	-	25,000	-	25,000
Buses	-	178,200	-	178,200
Passenger Vehicle	9,839	16,000	5,000	30,839
Modular Classroom Removal	7,680	-	-	7,680
Facilities - Technology	264,934	154,000	27,889	446,823
Technology	31,690	146,000	(27,889)	149,801
Elementary Electrical Upgrades	24,798	-	-	24,798
School Food	21,426	-	20,000	41,426
School Painting	14,817	20,000	10,000	44,817
Pay and Classification Study	17,500	-	-	17,500
HVAC	43,880	37,000	142,067	222,947
Playground Match PTO - Cooley	14,080	-	-	14,080
Playground Match PTO - Boyce	15,000	-	-	15,000
Signage	5,531	-	5,000	10,531
School Roof Replacements	33,200	134,000	-	167,200
Fencing Replacements	35,000	28,000	-	63,000
Flooring	46,585	-	-	46,585
Security Improvements	134,529	20,000	-	154,529
Security Grant	-	-	84,123	84,123
Track and Asphalt	-	30,000	-	30,000
Paving/Sidewalk Repairs and Improvements	30,803	10,000	-	40,803
Cooley Upper Landscaping	-	-	5,000	5,000
Radon Testing and Remediation	-	-	17,450	17,450
ERP System	299,814	-	-	299,814
Former High Renovation	1,098,204	-	(291,856)	806,348
ADA Compliance	-	25,000	-	25,000
STEM Equipment	-	-	17,600	17,600
Berryville Primary Renovation	-	-	50,000	50,000
Strategic Space Planning	-	-	20,000	20,000
<b>Total expenditures</b>	<b>\$ 2,180,570</b>	<b>\$ 852,179</b>	<b>\$ 124,720</b>	<b>\$ 3,157,469</b>

This page intentionally left blank



## Compliance

This page intentionally left blank

# 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, 2015, 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 15, 2015.

### Internal Control over Financial Reporting

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

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

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

## Compliance and Other Matters

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

### Purpose of this Report

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

*Robinson, Farmer Cox Associates*  
(Charlottesville, Virginia  
December 15, 2015

# 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, 2015. 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, 2015.

## *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 15, 2015

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015

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	0950114	\$ 11,911
Temporary Assistance For Needy Families (TANF)	93.558	0400114/0400115	82,688
Refugee and Entrant Assistance - State Administered Programs	93.566	0500114/0500115	188
Low-income Home Energy Assistance	93.568	0600414/0600415	7,224
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760114/0760115	14,024
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900114/0900115	677
Foster Care - Title IV-E	93.658	1100114/1100115	91,651
Adoption Assistance	93.659	1120114/1120115	28,668
Social Services Block Grant	93.667	1000114/1000115	95,051
Chafee Foster Care Independence Program	93.674	9150114/9150115	547
Children's Health Insurance Program (CHIP)	93.767	0540114/0540115	4,759
Medical Assistance Program	93.778	1200114/1200115	<u>171,810</u>
Total Department of Health and Human Services			<u>\$ 509,198</u>
Department of Agriculture:			
Direct Payments:			
Farm and Ranch Lands Protection Program	10.913	n/a	\$ 184,000
Community Facilities Loans and Grants	10.766	n/a	90,765
Child Nutrition Cluster:			
Pass Through Payments:			
Department of Agriculture:			
Food Distribution	10.555	406230	\$ 44,532
Department of Education:			
National School Lunch Program (NSLP)	10.555	406230	<u>174,738</u> \$ 219,270
School Breakfast Program (SBP)	10.553	405910	35,320
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010114/0010115 0040114/0040115	<u>153,211</u>
Total Department of Agriculture			<u>\$ 682,566</u>

Schedule of Expenditures of Federal Awards (Continued)  
 For the Year Ended June 30, 2015

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:			
Equitable Sharing Program	16.922	n/a	\$ 229,184
Pass Through Payments:			
Department of Criminal Justice Service:			
Bulletproof Vest Partnership Program	16.607	unavailable	3,960
Edward Byrne Memorial Justice Assistance Grant Program	16.738	unavailable	3,497
Violence Against Women Formula Grants	16.588	10WFAX0050	21,444
Crime Victim Assistance	16.575	12VAGX0095	28,408
Total Department of Justice			<u>\$ 286,493</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL-2015-54046-4630	\$ 8,119
State and Community Highway Safety	20.600	SC-2015-54021-5108	3,374
Total Department of Transportation			<u>\$ 11,493</u>
Environmental Protection Agency:			
Direct Payment:			
Department of Health:			
Chesapeake Bay Program	66.466	n/a	\$ 79,042
Nonpoint Source Implementation Grants	66.460	n/a	28,463
Total Environmental Protection Agency			<u>\$ 107,505</u>
Department of Education:			
Direct Payments:			
Medical Assistance Program	93.778	n/a	\$ 6,303
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	S010A120046/S010A130046	228,181
Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B)	84.027	H027A130107/H027A140172	520,749
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A130112/H173A140112	11,081
Advanced Placement Program	84.330	S330B140008	794
English Language Acquisition State Grants	84.365	S365A120046/S365A130046	3,375
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	V048A130046	29,430
Improving Teacher Quality State Grants	84.367	S367A120044/S367A130044	55,065
Total Department of Education			<u>\$ 854,978</u>
Total Expenditures of Federal Awards			<u>\$ 2,452,233</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, 2015

---

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, 2015. 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	\$ 75,536
General Capital Projects Fund	107,505
Special Revenue Funds:	
Virginia Public Assistance Fund	639,137
Comprehensive Services Act Fund	23,272
Drug Enforcement Fund	229,184
Conservation Easement Fund	184,000
Debt Service Funds:	
School Debt Service Fund	120,898
Total primary government	<u>\$ 1,379,532</u>

Component Unit School Board:

School Operating Fund	\$ 854,978
School Food Service Fund	254,590
Total component unit school board	<u>\$ 1,109,568</u>

Federal rural development loan proceeds	<u>\$ 90,765</u>
---	------------------

Total federal expenditures per basic financial statements	<u>\$ 2,579,865</u>
---	---------------------

Less amounts not reported on the Schedule of Expenditures of Federal Awards:

Payment in lieu of taxes	\$ 5,430
Joint Law Enforcement Operations	1,304
Build America Bond interest rate subsidy	120,898
Total federal expenditures per basic financial statements	<u>\$ 2,452,233</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 2,452,233</u></u>
---	----------------------------

COUNTY OF CLARKE, VIRGINIA

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2015

---

**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
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance 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