

*County of Clarke, Virginia*

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*Financial Report*  
*Year Ended June 30, 2010*



**COUNTY OF CLARKE, VIRGINIA**

**FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2010**

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## COUNTY OF CLARKE, VIRGINIA

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### Board of Supervisors

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J. Michael Hobert, Chairman  
David Weiss, Vice Chairman

Barbara J. Byrd

John R. Staelin

A.R. Dunning, Jr.

### County School Board

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Robina R. Bouffault, Chairman  
Barbara P. Lee, Vice-Chairman  
Thomas J. Judge, Clerk

Emily S. Rhodes

Janet K. Creager Alger

Jenifer A. Welliver

### Board of Social Services

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Alan Melusen, Chairman  
Dwight Brown, Vice-Chairman

Barbara Byrd

Lyndon Willingham

Richard Davis

### Other Officials

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



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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Clarke, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Clarke's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Clarke, Virginia, as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2010, on our consideration of the County of Clarke, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

*Robinson, Farmer, & Associates*

Charlottesville, Virginia

November 29, 2010

## 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, 2010.

### Financial Highlights

- The assets of the County (excluding component units) exceeded its liabilities at the close of the most recent fiscal year by \$21.9 million (*net assets*). Of this amount, \$14.1 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$1.72 million, of which the governmental activities accounted for 100% of the increase.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$14.2 million, or 75% of General Fund expenditures excluding transfers less any capital outlay projects funded with bond proceeds. The Fiscal Policy of Clarke County requires that certain financial designations of General Fund balance be maintained. These financial designations comprise \$3,686,565 of unreserved fund balance. Saving for pay-as-you-go capital expenditure comprises another \$1,308,033. Multi-year capital appropriations, net of estimated revenue, encumber an additional \$4,955,633. Finally, a total \$3,933,462 is designated for carryover requests from unexpended FY 10 funds, and \$354,405 is designated to the FY 11 budgeted surplus.
- The County's total long-term obligations increased by \$7,522,010 (18.5%) during the current fiscal year.

### Overview of the Financial Statements

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

#### **Government-wide financial statements**

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

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

## Overview of the Financial Statements (Continued)

### Government-wide financial statements: (Continued)

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

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

### Fund financial statements

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

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

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

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

## Overview of the Financial Statements (Continued)

### Fund financial statements: (Continued)

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

The County maintains one type of **Proprietary Fund**. The County reports an internal service fund to account for the financing of health insurance provided to the various departments and the component unit school board. The internal service fund is reported on Exhibits 7-9 found on pages 18 through 20 of this report.

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund statement can be found on page 21 of this report.

### Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 47 of this report.

### Other information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary comparisons for the general fund. Required supplementary information can be found on page 48 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found starting on page 51 of this report.

## Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$21.8 million at the close of the most recent fiscal year. A large portion of the County's net assets (\$7.7 million, 35% of total) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

## Government-Wide Financial Analysis (Continued)

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

County of Clarke, Virginia Summary of Net Assets As of June 30, 2010 and 2009		
	Governmental Activities	
	2010	2009
Current and other assets	\$ 58,834,797	\$ 40,729,638
Capital assets	22,636,730	21,741,251
Total assets	<u>\$ 81,471,527</u>	<u>\$ 62,470,889</u>
Long-term liabilities outstanding	\$ 48,164,460	\$ 40,656,643
Other liabilities	11,425,065	1,647,988
Total liabilities	<u>\$ 59,589,525</u>	<u>\$ 42,304,631</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 7,753,172	\$ 6,429,976
Restricted	44,875	44,499
Unrestricted	14,083,955	13,691,783
Total net assets	<u>\$ 21,882,002</u>	<u>\$ 20,166,258</u>

An additional portion of the County's net assets (\$44,875) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$14.1 million) may be used to meet the County's ongoing obligations to citizens and creditors.

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

As noted previously, the County's net assets increased by \$1.72 million during the current fiscal year. This is largely attributable to the increase in the value of capital assets net of debt, as well as responsible fiscal management of government expenditures.



## Government-Wide Financial Analysis (Continued)

**Governmental activities** increased the County's net assets by \$1.71 million. The following table summarizes the County's Statement of Activities:

### County of Clarke, Virginia Changes in Net Assets Years Ended June 30, 2010 and 2009

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Revenues:		
Program revenues:		
Charges for services	\$ 1,197,511	\$ 1,136,230
Operating grants and contributions	2,864,855	2,700,641
Capital grants and contributions	1,437,854	-
General revenues:		
Property taxes	17,174,992	16,834,336
Other taxes	1,682,254	2,222,936
Unrestricted revenues from the use of money or property	321,597	700,515
Miscellaneous	24,665	160,167
Grants and contributions not restricted to specific programs	3,106,207	2,893,678
Gain (loss) on disposal of capital assets	(42,433)	-
Total revenues	<u>\$ 27,767,502</u>	<u>\$ 26,648,503</u>
Expenses:		
General governmental administration	\$ 1,804,666	\$ 2,002,482
Judicial administration	440,855	436,680
Public safety	3,719,972	3,612,168
Public works	852,209	1,155,450
Health and welfare	2,672,185	2,388,506
Parks, recreation, and cultural	980,707	995,410
Community development	2,475,922	924,413
Interest on long-term debt	1,679,649	1,427,619
Education	11,409,191	11,356,132
Transfers out	16,402	-
Total expenses	<u>\$ 26,051,758</u>	<u>\$ 24,298,860</u>
Increase (decrease) in net assets	<u>\$ 1,715,744</u>	<u>\$ 2,349,643</u>
Net assets - beginning of year	20,166,258	17,816,615
Net assets - end of year	<u>\$ 21,882,002</u>	<u>\$ 20,166,258</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 expenditures.
- Paydown of \$1.09 million in principal for the new high school debt issue.

## Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$14.80 million, an increase of \$.14 million in comparison with the prior year. Of this total amount, \$.14 million or 99.69% constitutes *unreserved fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to a specific purpose.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$14.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 75% of total General Fund expenditures, while total fund balance represents the same amount.

The County Capital Improvements Fund accounts for all major general public improvements. The Capital Improvements Fund expended \$553,063 towards capital projects and received \$273,138 in various funds (excluding fund transfers of \$279,925). Of the \$273,138 reported, the County received \$109,493 as proceeds of a lease revenue bond.

Reserved fund balances of \$32,493 for the Parks and Recreation Fund and \$12,380 for the Animal Care Fund are included in other governmental funds.

### General Fund Budgetary Highlights

There was a decrease of \$892,844 between the original budget and the final amended budgeted expenditures. The significant differences can be summarized as follows:

- \$126,565 decrease in general government administration budget.
- \$165,885 decrease in final budget appropriations for public safety.
- \$414,752 decrease in final public works budgeted expenditures.
- \$1,453 decrease in the health and welfare budget expenditures.
- \$91,602 increase in final budget appropriations for education.
- \$116,129 decrease in final budget for parks, recreation and cultural.
- \$61,521 decrease in final budget appropriations for community development.
- \$21,627 decrease in judicial administration.
- \$76,564 decrease in nondepartmental expenditures.

## Capital Asset and Debt Administration

**Capital assets:** The County's investment in capital assets for its governmental activities as of June 30, 2010, amounts to \$22.63 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:

- Replacement of three sheriff's department vehicles.
- Improvement of EDP equipment and infrastructure.
- Investment in sheriff's mobile data terminals.
- Incurred expenditures for the groundwater study.
- Other projects included continued improvements in administrative building renovations, reassessments, and park expansion.

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

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Land	\$ 745,500	\$ 745,500
Buildings	6,521,188	7,226,714
Improvements	793,341	849,957
Machinery & Equipment	1,204,735	1,281,540
Construction in progress	13,371,966	11,637,540
Total	<u>\$ 22,636,730</u>	<u>\$ 21,741,251</u>

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

**Long-term debt:** At the end of the current fiscal year, the County had total outstanding debt of \$48.16 million and details are summarized in the following table:

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Bonds Payable:		
General obligation bonds	\$ 40,060,000	\$ 32,140,000
Literary loans	-	-
Note Payables	5,323,376	5,331,622
Capital lease	1,685,077	1,865,412
Compensated absences	1,096,007	1,305,416
Total	<u>\$ 48,164,460</u>	<u>\$ 40,642,450</u>

- Debt associated with governmental activities increased by \$7,522,010. The net decrease is a result of regularly scheduled principal payments net of an increase in the lease revenue bond for the joint facility in the amount of \$109,493 and new VPSA bonds for the construction of the new high school in the amount of \$9,625,000.

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

### **Economic Factors and Next Year's Budgets and Rates**

- The expenditure of funds to school space needs will continue to impact future budgets and rates.
- Federal stimulus funding for schools will continue to expire.
- Revenue from the Commonwealth is weak.
- Citizens are experiencing fiscal stress including unemployment.

### **Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

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## **Government-wide Financial Statements**

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Statement of Net Assets  
June 30, 2010

	Primary Government Governmental Activities	Component Units		
		School Board	Clarke County Sanitary Authority	Industrial Development Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,880,063	\$ 1,767,907	\$ 2,328,800	\$ 138,246
Receivables (net of allowance for uncollectibles):				
Taxes receivable	11,139,298	-	-	-
Accounts receivable	47,904	81,198	89,367	-
Notes receivable	2,500	33,786	-	-
Due from other funds	461,293	-	-	-
Due from component unit	1,199,472	-	-	-
Due from other governmental units	1,772,130	1,403,083	-	-
Prepaid expenses	115,964	3,495	11,754	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	32,184,895	-	-	-
Notes receivable - net of current portion	31,278	-	-	-
Capital assets (net of accumulated depreciation):				
Land	745,500	647,266	13,200	-
Buildings and system	6,521,188	9,047,351	-	-
Improvements other than buildings	793,341	190,881	-	-
Machinery and equipment	1,204,735	1,565,286	-	-
Utility plant in service	-	-	3,965,215	-
Construction in progress	13,371,966	-	5,477,912	-
Total assets	\$ 81,471,527	\$ 14,740,253	\$ 11,886,248	\$ 138,246
<b>LIABILITIES</b>				
Accounts payable	\$ 450,805	\$ 293,818	\$ 248,044	\$ -
Accrued liabilities	-	1,991,482	-	-
Accrued interest payable	723,520	-	-	-
Due to other funds	349,930	-	-	-
Due to primary government	-	1,199,472	-	-
Deferred revenue	9,900,810	-	11,283	-
Long-term liabilities:				
Due within one year	2,487,054	50,326	290,928	-
Due in more than one year	45,677,406	452,930	5,264,672	-
Total liabilities	\$ 59,589,525	\$ 3,988,028	\$ 5,814,927	\$ -
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 7,753,172	\$ 11,450,784	\$ 3,900,727	\$ -
Restricted for:				
Animal care	12,381	-	-	-
Parks and recreation	32,494	-	-	-
Unrestricted (deficit)	14,083,955	(698,559)	2,170,594	138,246
Total net assets	\$ 21,882,002	\$ 10,752,225	\$ 6,071,321	\$ 138,246

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, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,804,666	\$ 211,813	\$ 225,935	\$ -
Judicial administration	440,855	946	200,160	-
Public safety	3,719,972	568,805	1,118,837	-
Public works	852,209	-	-	-
Health and welfare	2,672,185	-	1,317,923	-
Education	11,409,191	-	-	-
Parks, recreation, and cultural	980,707	370,761	2,000	-
Community development	2,475,922	45,186	-	1,437,854
Interest on long-term debt	1,679,649	-	-	-
Total governmental activities	\$ 26,035,356	\$ 1,197,511	\$ 2,864,855	\$ 1,437,854
Total primary government	\$ 26,035,356	\$ 1,197,511	\$ 2,864,855	\$ 1,437,854
COMPONENT UNITS:				
School Board	\$ 20,880,739	\$ 601,244	\$ 8,904,292	\$ -
Clarke County Sanitary Authority	639,747	418,373	-	1,937,060
Clarke County Industrial Development Authority	10,032	-	-	-
Total component units	\$ 21,530,518	\$ 1,019,617	\$ 8,904,292	\$ 1,937,060
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				
Loss on disposal of capital assets				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets				
Primary Government	Component Units			
Governmental Activities	School Board	Clarke County Sanitary Authority	Industrial Development Authority	
\$ (1,366,918)	\$ -	\$ -	\$ -	
(239,749)	-	-	-	
(2,032,330)	-	-	-	
(852,209)	-	-	-	
(1,354,262)	-	-	-	
(11,409,191)	-	-	-	
(607,946)	-	-	-	
(992,882)	-	-	-	
(1,679,649)	-	-	-	
<u>\$ (20,535,136)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (20,535,136)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (11,375,203)	\$ -	\$ -	
-	-	1,715,686	-	
-	-	-	(10,032)	
<u>\$ -</u>	<u>\$ (11,375,203)</u>	<u>\$ 1,715,686</u>	<u>\$ (10,032)</u>	
\$ 17,174,992	\$ -	\$ -	\$ -	
737,458	-	-	-	
372,949	-	-	-	
169,063	-	-	-	
290,976	-	-	-	
111,808	-	-	-	
321,597	45,908	18,110	18,013	
24,665	149,331	110,725	11,073	
3,106,207	-	-	-	
-	11,394,148	30,000	-	
(42,433)	-	-	-	
(16,402)	-	-	-	
<u>\$ 22,250,880</u>	<u>\$ 11,589,387</u>	<u>\$ 158,835</u>	<u>\$ 29,086</u>	
1,715,744	214,184	1,874,521	19,054	
20,166,258	10,538,041	4,196,800	119,192	
<u>\$ 21,882,002</u>	<u>\$ 10,752,225</u>	<u>\$ 6,071,321</u>	<u>\$ 138,246</u>	

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## **Fund Financial Statements**

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Balance Sheet  
Governmental Funds  
June 30, 2010

	General	Virginia Public Assistance	School Debt Service	Other Govern- mental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 11,236,162	\$ -	\$ -	\$ 602,164	\$ 11,838,326
Receivables (net of allowance for uncollectibles):					
Taxes receivable	11,139,298	-	-	-	11,139,298
Accounts receivable	47,904	-	-	-	47,904
Due from other funds	256,605	-	37,187	167,501	461,293
Due from component unit	1,199,472	-	-	-	1,199,472
Due from other governmental units	1,540,580	87,947	-	143,603	1,772,130
Prepaid items	100,034	1,539	14,264	127	115,964
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	-	44,875	44,875
Total assets	<u>\$ 25,520,055</u>	<u>\$ 89,486</u>	<u>\$ 51,451</u>	<u>\$ 958,270</u>	<u>\$ 26,619,262</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 113,408	\$ 224	\$ 51,451	\$ 285,722	\$ 450,805
Due to other funds	235,177	89,262	-	25,491	349,930
Deferred revenue	11,016,588	-	-	-	11,016,588
Total liabilities	<u>\$ 11,365,173</u>	<u>\$ 89,486</u>	<u>\$ 51,451</u>	<u>\$ 311,213</u>	<u>\$ 11,817,323</u>
Fund balances:					
Reserved for:					
Animal care	\$ -	\$ -	\$ -	\$ 12,381	\$ 12,381
Parks and recreation	-	-	-	32,494	32,494
Unreserved, designated:					
Future projects	13,589,288	-	-	-	-
Unreserved, reported in:					
General fund	565,594	-	-	-	565,594
Special revenue funds	-	-	-	49,365	49,365
Capital projects funds	-	-	-	552,817	552,817
Total fund balances	<u>\$ 14,154,882</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 647,057</u>	<u>\$ 1,212,651</u>
Total liabilities and fund balances	<u>\$ 25,520,055</u>	<u>\$ 89,486</u>	<u>\$ 51,451</u>	<u>\$ 958,270</u>	<u>\$ 13,029,974</u>

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

Reconciliation of the Balance Sheet of Governmental Funds  
 To the Statement of Net Assets  
 June 30, 2010

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 1,212,651
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	22,636,730
Unspent bond proceeds used for construction by the component unit school board and other assets and liabilities are reported as assets and liabilities of the primary government on the statement of net assets (Note 6).	32,140,020
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,115,778
Long-term note receivable is not available to pay for current period expenditures and, therefore, is not reported in the funds.	33,778
Interest on long-term debt is not accrued in governmental funds, but rather is recognized when paid.	(723,520)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	41,737
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(48,164,460)</u>
Net assets of governmental activities	<u>\$ 8,292,714</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, 2010

	General	Virginia Public Assistance	School Debt Service	Other Governmental Funds	Total
<b>REVENUES</b>					
General property taxes	\$ 17,169,972	\$ -	\$ -	\$ -	\$ 17,169,972
Other local taxes	1,667,495	-	-	14,759	1,682,254
Permits, privilege fees, and regulatory licenses	231,078	-	-	-	231,078
Fines and forfeitures	224,547	-	-	-	224,547
Revenue from the use of money and property	144,726	-	175,894	977	321,597
Charges for services	592,373	-	-	9,910	602,283
Miscellaneous	3,629	-	-	22,258	25,887
Recovered costs	118,760	41,724	-	-	160,484
Intergovernmental revenues:					
Commonwealth	4,237,365	261,888	48,042	2,010,312	6,557,607
Federal	196,718	535,869	-	118,722	851,309
Total revenues	\$ 24,586,663	\$ 839,481	\$ 223,936	\$ 2,176,938	\$ 27,827,018
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 1,269,798	\$ -	\$ -	\$ -	\$ 1,269,798
Judicial administration	435,732	-	-	-	435,732
Public safety	3,275,887	-	-	11,986	3,287,873
Public works	796,207	-	-	-	796,207
Health and welfare	345,639	1,273,077	-	997,703	2,616,419
Education	11,057,812	-	-	-	11,057,812
Parks, recreation, and cultural	887,006	-	-	-	887,006
Community development	685,772	-	-	1,831,893	2,517,665
Nondepartmental	180	-	-	505,981	506,161
Capital projects	-	-	-	553,063	553,063
Debt service:					
Principal retirement	-	-	1,924,690	205,889	2,130,579
Interest and other fiscal charges	-	-	1,570,168	149,311	1,719,479
Total expenditures	\$ 18,754,033	\$ 1,273,077	\$ 3,494,858	\$ 4,255,826	\$ 27,777,794
Excess (deficiency) of revenues over (under) expenditures	\$ 5,832,630	\$ (433,596)	\$ (3,270,922)	\$ (2,078,888)	\$ 49,224
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ -	\$ 433,596	\$ 3,270,922	\$ 1,996,130	\$ 5,700,648
Transfers out	(5,679,506)	-	-	(37,544)	(5,717,050)
Issuance of lease revenue bond	-	-	-	109,493	109,493
Total other financing sources (uses)	\$ (5,679,506)	\$ 433,596	\$ 3,270,922	\$ 2,068,079	\$ 93,091
Net change in fund balances	\$ 153,124	\$ -	\$ -	\$ (10,809)	\$ 142,315
Fund balances - beginning	14,001,758	-	-	657,866	14,659,624
Fund balances - ending	\$ 14,154,882	\$ -	\$ -	\$ 647,057	\$ 14,801,939

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, 2010

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

Net change in fund balances - total governmental funds	\$	142,315
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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.

Capital outlay	\$	192,826	
Depreciation expense		(577,888)	
Joint tenancy asset transfer		(514,250)	(899,312)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(42,433)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	5,020
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The issuance of notes receivable requires the use of current financial resources, while the receipt of payments on these notes provides current financial resources to governmental funds. However, these transactions have no effect on net assets. This amount is the net effect of these differences in the treatment of long-term assets.

Issuance of notes receivable	\$	35,000	
Principal payments received		(1,222)	33,778

Changes in long-term assets and liabilities transferred from component unit School Board.	297,118
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of lease revenue bonds	\$	(109,493)	
Principal retired		2,122,845	
Bond premium amortization		(45,905)	1,967,447

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	\$	209,409	
(Increase)/decrease in accrued interest payable		(12,540)	
(Increase)/decrease in accrued arbitrage liability		14,193	211,062

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.

Change in net assets of governmental activities	\$	<u>1,715,744</u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Assets  
Internal Service Fund  
June 30, 2010

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	<u>Health Insurance Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ <u>41,737</u>
Total assets	\$ <u>41,737</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ <u>-</u>
Total current liabilities	\$ <u>-</u>
Total liabilities	\$ <u>-</u>
<b>NET ASSETS</b>	
Unrestricted	\$ <u>41,737</u>
Total net assets	\$ <u><u>41,737</u></u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Internal Service Fund  
For the Year Ended June 30, 2010

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	<u>Health Insurance Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Insurance premiums	\$ <u>139,603</u>
Total operating revenues	\$ <u>139,603</u>
<b>OPERATING EXPENSES</b>	
Insurance claims and expenses	\$ <u>138,854</u>
Total operating expenses	\$ <u>138,854</u>
Operating income (loss)	\$ <u>749</u>
Change in net assets	\$ 749
Total net assets - beginning	<u>40,988</u>
Total net assets - ending	\$ <u><u>41,737</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, 2010

	<u>Health Insurance Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts for insurance premiums	\$ 139,603
Payments for premiums	<u>(138,854)</u>
Net cash provided (used) by operating activities	\$ <u>749</u>
Net increase (decrease) in cash and cash equivalents	\$ 749
Cash and cash equivalents - beginning	<u>40,988</u>
Cash and cash equivalents - ending	\$ <u><u>41,737</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income (loss)	\$ <u>749</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Net cash provided (used) by operating activities	\$ <u><u>749</u></u>

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

Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 June 30, 2010

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 91,292
Due from other governments	133,893
Due from other funds	<u>1,576</u>
Total assets	<u>\$ 226,761</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 1,576
Due to other funds	112,939
Amounts held for social services clients	38,925
Amounts held for employees	<u>52,367</u>
Total liabilities	<u>\$ 226,761</u>

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

## COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2010

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### **Note 1—Summary of Significant Accounting Policies:**

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

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

#### Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget and a comparison of final budget and actual results.

**A. Financial Reporting Entity**

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

**B. Individual Component Unit Disclosures**

*Blended Component Unit.* The County has no blended component units to be included for the fiscal year ended June 30, 2010.

*Discretely Presented Component Units:*

The School Board members are elected by the citizens of Clarke County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding of the school board is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2010.

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, 2010.



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

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**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, 2010.

**C. Other Related Organizations**

**Included in the County's Financial Report**

None

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

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

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

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

**1. Governmental Funds**

Governmental Funds are those through which most governmental functions typically are financed.

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

Debt Service Funds - The Debt Service Funds account for debt service expenditures for the county and the school system. Payment of principal and interest on the county and school system's general long-term debt financing is provided by appropriations from the General Fund. The Primary Government and School Debt Service Funds are reported as nonmajor funds.

## COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2010 (Continued)

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

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

##### 1. Governmental Funds: (Continued)

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

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

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

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

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

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

#### E. Cash and Cash Equivalents:

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

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

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

## COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2010 (Continued)

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

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#### F. Investments

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

#### G. Receivables and Payables

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

All 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 \$308,246 at June 30, 2010 and is comprised solely of property taxes.

##### Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

#### H. Capital Assets

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

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

## COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2010 (Continued)

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

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets as of June 30, 2010 was immaterial.

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

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

#### I. Compensated Absences

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

#### J. Retirement Plan

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

#### K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2010 (Continued)

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

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#### L. Fund Equity

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

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

	<u>Other Governmental Funds</u>
Designated for:	
Animal care	\$ 12,381
Parks and recreation	<u>32,494</u>
Total designated for specific purposes	<u>\$ 44,875</u>

#### M. Net Assets

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

#### N. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### O. Prepaid Items

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

## COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2010 (Continued)

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### Note 2—Stewardship, Compliance, and Accounting:

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

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

### Note 3—Deposits and Investments:

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#### Deposits

All cash of the primary government and its discretely presented component units is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

## COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2010 (Continued)

### Note 3—Deposits and Investments: (Continued)

#### Investments

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

As of June 30, 2010 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, 2010 were rated by *Standard and Poor’s* and the ratings are presented below using the *Standard and Poor’s* rating scale.

Locality’s Rate Debt Investments’ Values	
Rated Debt Investments	Fair Quality Ratings
	AAA
Federal Bonds/Notes	\$ 8,577,188
Local Government Investment Pool	2,123,693
State Non-Arbitrage Pool	23,925,636
Total	\$ <u>34,626,517</u>

#### Interest Rate Risk

Investment Type	Investment Maturity (in years)	
	Maturity	
	Fair Value	1
U.S. Agencies	\$ 8,577,188	\$ 8,577,188
Local Government Investment Pool	2,123,693	2,123,693
Total	\$ <u>10,700,881</u>	\$ <u>10,700,881</u>

#### External Investment Pools:

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the Local Government Investment Pool (LGIP) are the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.



COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2010 (Continued)

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

At June 30, 2009, the County has receivables from other governments as follows:

		<u>Component Unit</u>
	<u>Primary Government</u>	<u>School Board</u>
Commonwealth of Virginia:		
Virginia Public Assistance funds	\$ 32,275	\$ -
State sales tax	-	313,606
Constitutional officer reimbursements	150,437	-
PPTRA	1,212,896	-
Communication taxes	75,889	-
Other state grants	16,239	-
Comprehensive Services Act	131,963	-
School fund grants	-	35,275
Federal Government:		
Virginia Public Assistance funds	55,672	-
Criminal Justice Grants	96,759	-
School fund grants	-	1,054,202
Total due from other governments	\$ <u>1,772,130</u>	\$ <u>1,403,083</u>

**Note 5—Interfund Obligations:**

Details of the Primary Government's interfund receivables and payables as of June 30, 2010, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 256,605	\$ 235,177
Comprehensive Services Act	-	25,491
County Capital Projects Fund	165,797	-
Joint Administrative Services Fund	1,704	-
Virginia Public Assistance	-	89,262
School Debt Service Fund	37,187	-
Total	\$ <u>461,293</u>	\$ <u>349,930</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, 2010 (Continued)

## Note 6—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2010:

	Balance July 1, 2009	Additions	Deletions	Joint Tenancy Transfer (Net)	Balance June 30, 2010
<b>Primary Government:</b>					
Capital assets not being depreciated:					
Land	\$ 745,500	\$ -	\$ -	\$ -	\$ 745,500
Construction in Progress	11,637,540	1,962,505	228,079	-	13,371,966
Total capital assets not being depreciated	\$ 12,383,040	\$ 1,962,505	\$ 228,079	\$ -	\$ 14,117,466
Capital assets being depreciated:					
Buildings	\$ 12,733,653	\$ -	\$ -	\$ (590,000)	\$ 12,143,653
Improvements other than buildings	1,630,082	-	-	-	1,630,082
Equipment	2,976,598	253,190	62,825	-	3,166,963
Total capital assets being depreciated	\$ 17,340,333	\$ 253,190	\$ 62,825	\$ (590,000)	\$ 16,940,698
Accumulated depreciation:					
Buildings	5,506,939	191,277	-	(75,750)	5,622,466
Improvements other than buildings	780,124	56,616	(62,825)	-	773,915
Equipment	1,695,058	329,995	-	-	2,025,053
Total accumulated depreciation	\$ 7,982,121	\$ 577,888	\$ (62,825)	\$ (75,750)	\$ 8,421,434
Total capital assets being depreciated, net	\$ 9,358,212	\$ (324,698)	\$ -	\$ (514,250)	\$ 8,519,264
Net capital assets	\$ 21,741,252	\$ 1,637,807	\$ 228,079	\$ (514,250)	\$ 22,636,730
<b>Component Unit-School Board:</b>					
Capital assets not being depreciated:					
Land	\$ 647,266	\$ -	\$ -	\$ -	\$ 647,266
Construction in Progress	544,440	-	544,440	-	-
Total capital assets not being depreciated	\$ 1,191,706	\$ -	\$ 544,440	\$ -	\$ 647,266
Capital assets being depreciated:					
Buildings	\$ 15,001,524	\$ 37,197	\$ -	\$ 590,000	\$ 15,628,721
Improvements other than buildings	218,538	-	-	-	218,538
Equipment	3,137,588	1,023,708	62,908	-	4,098,388
Total capital assets being depreciated	\$ 18,357,650	\$ 1,060,905	\$ 62,908	\$ 590,000	\$ 19,945,647
Accumulated depreciation:					
Buildings	\$ 5,908,103	\$ 543,682	\$ -	\$ 75,750	\$ 6,527,535
Improvements other than buildings	20,372	7,285	-	-	27,657
Equipment	2,243,041	343,896	-	-	2,586,937
Total accumulated depreciation	\$ 8,171,516	\$ 894,863	\$ -	\$ 75,750	\$ 9,142,129
Total capital assets being depreciated, net	\$ 10,186,134	\$ 166,042	\$ 62,908	\$ 514,250	\$ 10,803,518
Net capital assets component unit school board	\$ 11,377,840	\$ 166,042	\$ 607,348	\$ 514,250	\$ 11,450,784

# COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2010 (Continued)

## Note 6—Capital Assets: (Continued)

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

### Governmental activities:

General government	\$	294,339
Public safety		116,421
Public works		72,678
Parks, recreation and cultural		80,416
Community Development		14,034
Total Governmental activities	\$	<u>577,888</u>
Component Unit School Board	\$	<u>894,863</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, 2010 is that school financed assets in the amount of \$12,675,183 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, 2010 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 13,200	\$ -	\$ -	\$ 13,200
Construction in progress	1,669,212	3,808,700	-	5,477,912
Total capital assets not being depreciated	<u>\$ 1,682,412</u>	<u>\$ 3,808,700</u>	<u>\$ -</u>	<u>\$ 5,491,112</u>
Capital Assets being depreciated:				
Utility plant and equipment	\$ 5,905,865	\$ -	\$ -	\$ 5,905,865
Less: accumulated depreciation	(1,781,176)	(159,474)	-	(1,940,650)
Total capital assets being depreciated, net	<u>\$ 4,124,689</u>	<u>\$ (159,474)</u>	<u>\$ -</u>	<u>\$ 3,965,215</u>
Capital assets, net	<u>\$ 5,807,101</u>	<u>\$ 3,649,226</u>	<u>\$ -</u>	<u>\$ 9,456,327</u>

# COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2010 (Continued)

## Note 7— Interfund Transfers:

Interfund transfers for the year ended June 30, 2010, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 5,601,806
Unemployment Compensation Benefits	16,402	
School Debt Service	3,270,922	-
School Proffers	-	77,700
County Capital Improvements	279,924	-
Virginia Public Assistance	433,596	-
Comprehensive Services Act	460,807	-
Joint Administrative	505,981	-
Conservation Easement	404,128	37,544
General Debt Service	345,290	-
Total	<u>\$ 5,717,050</u>	<u>\$ 5,717,050</u>

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

## Note 8—Long-Term Obligations:

### Primary Government:

A summary of long-term obligations is as follows:

	<u>Amounts Payable at July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2010</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Obligations:</b>					
Incurred by County:					
Claims, judgments and compensated absences payable	\$ 1,305,416	\$ -	\$ 209,409	\$ 1,096,007	\$ 109,600
Lease revenue bond	3,738,791	109,493	96,794	3,751,490	251,700
Boyce wastewater VRA Note	888,500	-	103,500	785,000	113,000
Total incurred by County	<u>\$ 5,932,707</u>	<u>\$ 109,493</u>	<u>\$ 409,703</u>	<u>\$ 5,632,497</u>	<u>\$ 474,300</u>
Incurred by School Board:					
General obligation bonds payable	\$ 32,140,000	\$ 9,625,000	\$ 1,705,000	\$ 40,060,000	\$ 1,745,000
Capital leases	1,865,412	-	180,335	1,685,077	150,016
VRS obligation	176,143	-	37,216	138,927	37,220
Total Incurred by School Board	<u>\$ 34,181,555</u>	<u>\$ 9,625,000</u>	<u>\$ 1,922,551</u>	<u>\$ 41,884,004</u>	<u>\$ 1,932,236</u>
Premiums on bonds issued	\$ 528,188	\$ 200,813	\$ 45,905	\$ 683,096	\$ 78,902
Discount on bonds issued	-	(35,137)	-	(35,137)	1,616
Total Governmental Obligations	<u>\$ 40,642,450</u>	<u>\$ 9,900,169</u>	<u>\$ 2,378,159</u>	<u>\$ 48,164,460</u>	<u>\$ 2,487,054</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2010 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	County Obligations		School Obligations					
	VRA Bonds		Bonds and Literary Loans		VRS Obligation		Capital Leases	
	Principal		Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 113,000	\$	1,843,805	\$ 1,858,474	\$ 42,185	\$ 14,231	\$ 150,016	\$ 66,677
2012	124,000		2,212,959	1,912,864	44,999	11,749	131,813	60,259
2013	137,500		2,232,287	1,806,868	51,743	9,101	137,212	54,861
2014	147,500		2,246,797	1,697,398	-	-	142,831	49,242
2015	169,000		2,341,497	1,582,728	-	-	148,681	43,392
2016-2020	94,000		10,085,197	6,297,233	-	-	839,901	120,463
2021-2025	-		8,376,135	4,372,314	-	-	134,623	8,011
2026-2030	-		10,166,581	2,220,931	-	-	-	-
2031-2032	-		4,306,232	200,765	-	-	-	-
Total	\$ <u>785,000</u>	\$	<u>43,811,490</u>	\$ <u>21,949,575</u>	\$ <u>138,927</u>	\$ <u>35,081</u>	\$ <u>1,685,077</u>	\$ <u>402,905</u>

Details of long-term indebtedness:

	Amount Outstanding
<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>785,000</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, 2047 including interest at 4.125%.	\$ <u>3,751,490</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2010 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness:

	<u>Amount Outstanding</u>
<u>Virginia Public School Authority (VPSA) Bonds:</u>	
\$2,500,000 Series B bonds issued December 17, 1992, due in annual installments of varying amounts through December 15, 2012; interest ranges from 5.85% to 8.1%	\$ 265,000
\$2,010,000 Series A refunding bonds issued January 3, 1994, due in annual installments of varying amounts through December 15, 2012; interest ranges from 6.35% to 7.18%	115,000
\$410,000 Series A issued November 10, 2004 due in annual principal installments of varying amounts through July 15, 2024, and interest payments between 4.6% and 5.6% due July 15 and January 15 of each year through July 15, 2024	300,000
\$29,200,000 plus a premium of \$635,208 Series 2006B issued November 9, 2006 due in annual principal installments of varying from \$800,000 to \$1,565,000 through January 26, 2026; interest payable at rates between 4.225% to 5.1% due January 15 and July 15 each year through January 26, 2026	26,080,000
\$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	3,675,000
\$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%.	2,230,000
\$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>40,060,000</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2010 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness: (Continued)

	<u>Amount Outstanding</u>
<u>Capital Leases:</u>	
\$1,525,605 School Energy Management Lease dated June 21, 2005 due in quarterly installments of principal and interest of \$33,755, interest at 3.95%	\$ 1,110,956
\$111,380 capital lease for school buses dated July 26, 2006 due in annual installments of principal and interest of \$24,621, interest at 5.27%	23,388
\$630,000 capital lease for elementary school gym, dated October 4, 2007 due in quarterly installments of principal and interest of \$14,264, interest at 4.26%	<u>550,733</u>
Total Capital Leases	\$ <u>1,685,077</u>
Compensated absences	\$ <u>1,096,007</u>
VRS Obligation	\$ <u>138,927</u>
Premium on bonds issued	\$ <u>647,959</u>
Total Primary Government	\$ <u><u>48,164,460</u></u>

The assets acquired through capital leases are as follows:

Asset:	
Machinery and equipment	\$ 534,380
Building improvements	2,203,755
Less: Accumulated depreciation	<u>(530,187)</u>
Total	\$ <u><u>2,207,948</u></u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2010 (Continued)

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

**Component Unit—School Board:**

The following is a summary of long-term debt transactions of the Component Unit—School Board for the year ended June 30, 2010:

	Amounts Payable at July 1, 2009	Increases	Decreases	Amounts Payable at June 30, 2010	Amounts Due Within One Year
Compensated absences payable	\$ 495,817	\$ 7,439	\$ -	\$ 503,256	\$ 50,326
Details of Long-Term Indebtedness:					
Compensated absences liability				\$ 503,256	

**Component Unit—Sanitary Authority:**

	Total Amount	Amount Due Within One Year
<b><u>Long-term notes payable:</u></b>		
<b>Water Operating Fund:</b>		
\$997,000 water system revenue bonds issued August 21, 2001 due in semi-annual installments beginning September 1, 2002 through August 1, 2032.		
No interest	\$ 729,078	\$ 33,140
Note payable to VRA for the grouting project. Due June 2032. Payable semiannually.		
No interest	42,362	2,000
Note payable to VRA for new Berryville to Millwood line. Due June 2032. Payable semiannually.		
No interest	143,750	6,250
\$829,104 note payable to VRA issued September 2, 2005 due in semiannual installments of \$28,235 payable through July 1, 2026, including 3.00% interest	677,406	33,525
Total Water Fund	\$ 1,592,596	\$ 74,915



COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2010 (Continued)

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

**Component Unit—Sanitary Authority: (Continued)**

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<b>Boyce Wastewater Facility</b>		
Note payable to VRA for the Millwood Sewer project. Due June 2032. Payable semiannually.		
No interest	\$ 441,703	\$ 19,205
\$3,936,171 note payable to VRA (of which only \$3,521,302 is outstanding at June 30, 2010) issued October 1, 2008 due in semi-annual installments of \$98,404 payable through November 1, 2029.	3,521,301	196,808
Total Boyce Wastewater Facility	\$ 3,963,004	\$ 216,013
Total Clarke County Sanitary Authority	\$ 5,555,600	\$ 290,928

The following is a summary of long-term debt transactions of the Component Unit—Sanitary Authority for the year ended June 30, 2010:

**Changes in Long-Term Debt:**

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>
General Obligation Bond	\$ 762,217	\$ -	\$ 33,140	\$ 729,077
Notes payables	2,143,058	2,841,865	158,400	4,826,523
Totals	\$ 2,905,275	\$ 2,841,865	\$ 191,540	\$ 5,555,600

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

<u>Year Ending June 30,</u>	<u>General Obligation Bond</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 33,140	\$ -	\$ 257,787	\$ 20,059
2012	33,140	-	258,801	19,046
2013	33,140	-	259,845	18,002
2014	33,140	-	260,921	16,927
2015	33,140	-	262,029	15,819
2016-2020	165,700	-	1,327,971	61,265
2021-2025	165,700	-	1,361,148	28,088
2026-2030	165,700	-	759,295	1,182
2031-2033	66,277	-	78,726	-
Total	\$ 729,077	\$ -	\$ 4,826,523	\$ 180,388

## COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2010 (Continued)

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### Note 9—Deferred Revenue:

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Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$11,016,588 is comprised of the following:

Deferred Property Tax Revenue: Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$10,831,053 at June 30, 2010.

Prepaid Property Taxes: Property taxes due subsequent June 30, 2010, but paid in advance by the taxpayers totaled \$185,535 at June 30, 2010.

### Note 10—Commitments and Contingencies:

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

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

### Note 11—Defined Benefit Pension Plan:

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#### A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

## COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2010 (Continued)

### Note 11—Defined Benefit Pension Plan: (Continued)

#### A. Plan Description: (Continued)

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

#### B. Funding Policy

##### Primary Government

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended June 30, 2010 was 9.47% of annual covered payroll.

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended June 30, 2010 was 7.18% of annual covered payroll.

#### C. Annual Pension Cost

##### Primary Government

For fiscal year 2010, County's annual pension cost of \$381,778 (does not include employee share of \$201,572 which was assumed by the County) was equal to the County's required and actual contributions.

#### Three-Year Trend Information for County - Primary Government

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2008	\$ 310,415	100%	\$ -
June 30, 2009	382,383	100%	-
June 30, 2010	381,778	100%	-

(1) Employer portion only

## COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2010 (Continued)

### Note 11—Defined Benefit Pension Plan: (Continued)

#### C. Annual Pension Cost: (Continued)

##### Primary Government: (Continued)

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

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

For fiscal year 2010, School Board's annual pension cost of \$80,801 (does not include employee share of \$56,268 which was assumed by the School Board) was equal to the School Board's required and actual contributions.

#### **Three-Year Trend Information for County - Primary Government**

<b>Fiscal Year Ending</b>		<b>Annual Pension Cost (APC) (1)</b>	<b>Percentage of APC Contributed</b>		<b>Net Pension Obligation</b>
School Board:					
Non-Professional:					
June 30, 2008	\$	78,478	100%	\$	-
June 30, 2009		81,639	100%		-
June 30, 2010		80,801	100%		-

(1) Employer portion only

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

**Note 11—Defined Benefit Pension Plan: (Continued)**

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**D. Funded Status and Funding Progress**

Primary Government

As of June 30, 2009, the most recent actuarial valuation date, the plan was 87.31% funded. The actuarial accrued liability for benefits was \$13,917,444, and the actuarial value of assets was \$12,150,634, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,766,810. The covered payroll (annual payroll of active employees covered by the plan) was \$4,002,692, and ratio of the UAAL to the covered payroll was 44.14%.

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

As of June 30, 2009, the most recent actuarial valuation date, the plan was 92.73% funded. The actuarial accrued liability for benefits was \$2,350,923, and the actuarial value of assets was \$2,180,091, resulting in an unfunded actuarial accrued liability (UAAL) of \$170,832. The covered payroll (annual payroll of active employees covered by the plan) was \$1,155,429, and ratio of the UAAL to the covered payroll was 14.79%.

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

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

Plan Description

The Clarke County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. That report may be obtained by writing to the System at P.O. Box 2500, Richmond, Virginia 23218-2500 or a copy may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf>.

Funding Policy

Plan members are required to contribute 5.0% of their annual covered salary and Clarke County School Board is required to contribute at an actuarially determined rate. The current rate is 8.81% of annual covered payroll. The contribution requirements of plan members and Clarke County School Board are established and may be amended by the VRS Board of Trustees. The School Board's contributions to VRS for the years ending June 30, 2010, 2009, and 2008 were \$938,073, \$965,647, and \$1,077,874 respectively, equal to the required contributions for each year.

## COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2010 (Continued)

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### Note 12—Litigation:

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At June 30, 2010, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

### Note 13—Risk Management:

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

### Note 14—Conduit Debt:

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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, 2010:

Description	Original Issue	Outstanding June 30, 2010
Heritage Child Development Center, Inc.	\$ 450,000	\$ 257,327
Winchester Medical Center, Inc.	70,000,000	70,000,000
Grafton School, Inc.	13,425,000	9,225,000
Powhatan School, Inc.	3,500,000	2,180,000
R-1 Berryville Town bond	2,327,000	2,298,972
R-2 Clarke County bond	4,822,000	3,751,490
	<u>\$ 94,524,000</u>	<u>\$ 87,712,789</u>

## COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2010 (Continued)

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### Note 15—Designated Fund Balances:

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Fund balances have been designated for the following purposes:

Liquidity Designation	\$ 2,949,252
Stabilization Designation	737,313
Continuing Appropriations for Capital Projects	4,955,633
Energy Efficiency	200,000
School Capital and Debt	1,500,000
Parks Master Plan Implementation	100,000
Government Construction and Debt	1,000,000
Property Acquisition	265,000
Conservation Easements	153,462
Government Savings Reserve	400,000
Community Facilities	325,000
Comprehensive Services Act Reserve	262,868
Senior Center and Park Office	400,000
School Operating Carryover	645,165
Landfill Costs	50,000
FY 2011 Original Budget Surplus	<u>(354,405)</u>
Total	<u>\$ 13,589,288</u>

### Note 16—Surety Bonds:

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

## COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements  
June 30, 2010 (Continued)

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### Note 17—Post Employment Benefits Other Than Pensions:

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

### Note 18—Note Receivable:

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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, 2010, \$33,778 of this note was outstanding. Future payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 2,500	\$ 995
2012	2,576	919
2013	2,653	841
2014	2,734	761
2015	2,816	678
2016-2020	15,409	2,062
2021-2023	<u>5,090</u>	<u>154</u>
Total	\$ <u><u>33,778</u></u>	\$ <u><u>6,410</u></u>



### **REQUIRED SUPPLEMENTARY INFORMATION**

Note to Required Supplementary Information:

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

## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>REVENUES</b>				
General property taxes	\$ 16,829,541	\$ 16,829,541	\$ 17,169,972	\$ 340,431
Other local taxes	1,639,900	1,639,900	1,667,495	27,595
Permits, privilege fees, and regulatory licenses	264,616	264,616	231,078	(33,538)
Fines and forfeitures	298,000	298,000	224,547	(73,453)
Revenue from the use of money and property	105,095	105,095	144,726	39,631
Charges for services	760,915	785,916	592,373	(193,543)
Miscellaneous	11,551	11,551	3,629	(7,922)
Recovered costs	95,742	97,489	118,760	21,271
Intergovernmental revenues:				
Commonwealth	4,337,501	4,348,501	4,237,365	(111,136)
Federal	168,501	194,900	196,718	1,818
Total revenues	\$ 24,511,362	\$ 24,575,509	\$ 24,586,663	\$ 11,154
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,396,363	\$ 1,396,837	\$ 1,269,798	\$ 127,039
Judicial administration	457,359	466,087	435,732	30,355
Public safety	3,432,027	3,458,132	3,275,887	182,245
Public works	1,210,959	1,210,959	796,207	414,752
Health and welfare	347,092	347,092	345,639	1,453
Education	10,966,210	11,294,186	11,057,812	236,374
Parks, recreation, and cultural	1,003,135	1,022,957	887,006	135,951
Community development	747,293	845,268	685,772	159,496
Nondepartmental	76,744	70,901	180	70,721
Total expenditures	\$ 19,637,182	\$ 20,112,419	\$ 18,754,033	\$ 1,358,386
Excess (deficiency) of revenues over (under) expenditures	\$ 4,874,180	\$ 4,463,090	\$ 5,832,630	\$ 1,369,540
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 59,000	\$ 59,000	\$ -	\$ (59,000)
Transfers out	(5,249,028)	(5,558,942)	(5,679,506)	(120,564)
Total other financing sources and uses	\$ (5,190,028)	\$ (5,499,942)	\$ (5,679,506)	\$ (179,564)
Net change in fund balances	\$ (315,848)	\$ (1,036,852)	\$ 153,124	\$ 1,189,976
Fund balances - beginning	14,001,758	14,001,758	14,001,758	-
Fund balances - ending	\$ 13,685,910	\$ 12,964,906	\$ 14,154,882	\$ 1,189,976

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Recovered costs	-	-	41,724	41,724
Intergovernmental revenues:				
Commonwealth	324,122	324,122	261,888	(62,234)
Federal	663,212	663,212	535,869	(127,343)
Total revenues	\$ 987,334	\$ 987,334	\$ 839,481	\$ (147,853)
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ 1,378,727	\$ 1,421,814	\$ 1,273,077	\$ 148,737
Total expenditures	\$ 1,378,727	\$ 1,421,814	\$ 1,273,077	\$ 148,737
Excess (deficiency) of revenues over (under) expenditures	\$ (391,393)	\$ (434,480)	\$ (433,596)	\$ 884
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 391,393	\$ 434,480	\$ 433,596	\$ (884)
Total other financing sources and uses	\$ 391,393	\$ 434,480	\$ 433,596	\$ (884)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

## Required Supplementary Information

## Schedule of Pension Funding Progress for the Virginia Retirement System

Last Three Fiscal Years

## County:

Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued (UAAL) (c)	Funded Ratio (d)	Annual Annual Covered Payroll (e)	UAAL as % of Payroll (f)
			(b) - (a)	(a) / (b)		(c) / (e)
6/30/2009	\$ 12,150,634	\$ 13,917,444	1,766,810	87.31%	\$ 4,002,692	44.14%
6/30/2008	11,703,932	13,374,800	1,670,868	87.51%	3,892,436	42.93%
6/30/2007	10,534,745	12,203,950	1,669,205	86.32%	3,737,797	44.66%

## School Board Non-Professionals:

Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued (UAAL) (c)	Funded Ratio (d)	Annual Annual Covered Payroll (e)	UAAL as % of Payroll (f)
			(b) - (a)	(a) / (b)		(c) / (e)
6/30/2009	\$ 2,180,091	\$ 2,350,923	170,832	92.73%	\$ 1,155,429	14.79%
6/30/2008	1,952,193	2,074,432	122,239	94.11%	1,167,985	10.47%
6/30/2007	1,672,020	1,835,472	163,452	91.09%	1,170,712	13.96%

**OTHER SUPPLEMENTARY INFORMATION**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 49,474	\$ 552,690	\$ -	\$ 602,164
Due from other funds	1,704	165,797	-	167,501
Due from other governmental units	131,963	11,640	-	143,603
Prepaid items	-	127	-	127
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	-	44,875	44,875
Total assets	<u>\$ 183,141</u>	<u>\$ 730,254</u>	<u>\$ 44,875</u>	<u>\$ 958,270</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 108,285	\$ 177,437	\$ -	\$ 285,722
Due to other funds	<u>25,491</u>	<u>-</u>	<u>-</u>	<u>25,491</u>
Total liabilities	<u>\$ 133,776</u>	<u>\$ 177,437</u>	<u>\$ -</u>	<u>\$ 311,213</u>
Fund balances:				
Reserved for:				
Animal care expenditures	\$ -	\$ -	\$ 12,381	\$ 12,381
Parks and recreation expenditures	-	-	32,494	32,494
Unreserved:				
Undesignated	<u>\$ 49,365</u>	<u>\$ 552,817</u>	<u>\$ -</u>	<u>\$ 602,182</u>
Total fund balances	<u>\$ 49,365</u>	<u>\$ 552,817</u>	<u>\$ 44,875</u>	<u>\$ 647,057</u>
Total liabilities and fund balances	<u>\$ 183,141</u>	<u>\$ 730,254</u>	<u>\$ 44,875</u>	<u>\$ 958,270</u>

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

## Nonmajor Governmental Funds

For the Year Ended June 30, 2010

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Other local taxes	\$ 14,759	\$ -	\$ -	\$ -	\$ 14,759
Revenue from the use of money and property	178	-	654	145	977
Charges for services	-	9,910	-	-	9,910
Miscellaneous	20,752	-	1,275	231	22,258
Intergovernmental revenues:					
Commonwealth	1,962,768	-	47,544	-	2,010,312
Federal	2,620	-	116,102	-	118,722
Total revenues	\$ 2,001,077	\$ 9,910	\$ 165,575	\$ 376	\$ 2,176,938
<b>EXPENDITURES</b>					
Current:					
Public safety	\$ 11,986	\$ -	\$ -	\$ -	\$ 11,986
Health and welfare	997,703	-	-	-	997,703
Community development	1,831,893	-	-	-	1,831,893
Nondepartmental	505,981	-	-	-	505,981
Capital projects	-	-	553,063	-	553,063
Debt service:					
Principal retirement	-	205,889	-	-	205,889
Interest and other fiscal charges	-	149,311	-	-	149,311
Total expenditures	\$ 3,347,563	\$ 355,200	\$ 553,063	\$ -	\$ 4,255,826
Excess (deficiency) of revenues over (under) expenditures	\$ (1,346,486)	\$ (345,290)	\$ (387,488)	\$ 376	\$ (2,078,888)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 1,370,916	\$ 345,290	\$ 279,924	\$ -	\$ 1,996,130
Issuance of lease revenue bond	-	-	109,493	-	109,493
Total other financing sources and uses	\$ 1,333,372	\$ 345,290	\$ 389,417	\$ -	\$ 2,068,079
Net change in fund balances	\$ (13,114)	\$ -	\$ 1,929	\$ 376	\$ (10,809)
Fund balances - beginning	62,479	-	550,888	44,499	657,866
Fund balances - ending	\$ 49,365	\$ -	\$ 552,817	\$ 44,875	\$ 647,057

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2010

	CSA Fund	Joint Administrative Services Fund	Drug Enforcement Fund	Conservation Fund	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 25,061	\$ 24,413	\$ 49,474
Due from other funds	-	1,704	-	-	1,704
Due from other governmental units	131,963	-	-	-	131,963
Total assets	<u>\$ 131,963</u>	<u>\$ 1,704</u>	<u>\$ 25,061</u>	<u>\$ 24,413</u>	<u>\$ 183,141</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 106,472	\$ 1,704	\$ 65	\$ 44	\$ 108,285
Due to other funds	25,491	-	-	-	25,491
Total liabilities	<u>\$ 131,963</u>	<u>\$ 1,704</u>	<u>\$ 65</u>	<u>\$ 44</u>	<u>\$ 133,776</u>
Fund balances:					
Unreserved:					
Undesignated	\$ -	\$ -	\$ 24,996	\$ 24,369	\$ 49,365
Total fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,996</u>	<u>\$ 24,369</u>	<u>\$ 49,365</u>
Total liabilities and fund balances	<u>\$ 131,963</u>	<u>\$ 1,704</u>	<u>\$ 25,061</u>	<u>\$ 24,413</u>	<u>\$ 183,141</u>



Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2010

	CSA Fund	Joint Administrative Services Fund	Drug Enforcement Fund	Conservation Fund	Total
<b>REVENUES</b>					
Other local taxes	\$ -	\$ -	\$ -	\$ 14,759	\$ 14,759
Revenue from the use of money and property	-	-	178	-	178
Miscellaneous	16,730	-	4,022	-	20,752
Intergovernmental revenues:					
Commonwealth	520,166	-	4,748	1,437,854	1,962,768
Federal	-	-	2,620	-	2,620
Total revenues	\$ 536,896	\$ -	\$ 11,568	\$ 1,452,613	\$ 2,001,077
<b>EXPENDITURES</b>					
Current:					
Public safety	\$ -	\$ -	\$ 11,986	\$ -	\$ 11,986
Health and welfare	997,703	-	-	-	997,703
Community development	-	-	-	1,831,893	1,831,893
Nondepartmental	-	505,981	-	-	505,981
Total expenditures	\$ 997,703	\$ 505,981	\$ 11,986	\$ 1,831,893	\$ 3,347,563
Excess (deficiency) of revenues over (under) expenditures	\$ (460,807)	\$ (505,981)	\$ (418)	\$ (379,280)	\$ (1,346,486)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 460,807	\$ 505,981	\$ -	\$ 404,128	\$ 1,370,916
Total other financing sources and uses	\$ 460,807	\$ 505,981	\$ -	\$ 366,584	\$ 1,333,372
Net change in fund balances	\$ -	\$ -	\$ (418)	\$ (12,696)	\$ (13,114)
Fund balances - beginning	-	-	25,414	37,065	62,479
Fund balances - ending	\$ -	\$ -	\$ 24,996	\$ 24,369	\$ 49,365

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, 2010

	CSA				Joint Administrative Services Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-	-	-	-	-
Miscellaneous	-	-	16,730	16,730	-	-	-	-
Intergovernmental revenues:								
Commonwealth	443,261	664,714	520,166	(144,548)	-	-	-	-
Federal	-	-	-	-	-	-	-	-
Total revenues	\$ 443,261	\$ 664,714	\$ 536,896	\$ (127,818)	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>								
Current:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health and welfare	906,935	1,281,819	997,703	284,116	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	523,241	523,241	505,981	17,260
Total expenditures	\$ 906,935	\$ 1,281,819	\$ 997,703	\$ 284,116	\$ 523,241	\$ 523,241	\$ 505,981	\$ 17,260
Excess (deficiency) of revenues over (under) expenditures	\$ (463,674)	\$ (617,105)	\$ (460,807)	\$ 156,298	\$ (523,241)	\$ (523,241)	\$ (505,981)	\$ 17,260
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	\$ 463,674	\$ 617,105	\$ 460,807	\$ (156,298)	\$ 523,241	\$ 523,241	\$ 505,981	\$ (17,260)
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	\$ 463,674	\$ 617,105	\$ 460,807	\$ (156,298)	\$ 523,241	\$ 523,241	\$ 505,981	\$ (17,260)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Drug Enforcement Fund				Conservation Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,759	\$ 14,759
-	-	178	178	-	-	-	-
-	-	4,022	4,022	-	-	-	-
-	-	4,748	4,748	146,000	146,000	1,437,854	1,291,854
-	-	2,620	2,620	-	-	-	-
\$ -	\$ -	\$ 11,568	\$ 11,568	\$ 146,000	\$ 146,000	\$ 1,452,613	\$ 1,306,613
\$ -	\$ -	\$ 11,986	\$ (11,986)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	299,134	1,831,893	(1,532,759)
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 11,986	\$ (11,986)	\$ 292,000	\$ 299,134	\$ 1,831,893	\$ (1,532,759)
\$ -	\$ -	\$ (418)	\$ (418)	\$ (146,000)	\$ (153,134)	\$ (379,280)	\$ (226,146)
\$ -	\$ -	\$ -	\$ -	\$ 146,000	\$ 153,134	\$ 404,128	\$ 250,994
-	-	-	-	-	-	(37,544)	(37,544)
\$ -	\$ -	\$ -	\$ -	\$ 146,000	\$ 153,134	\$ 366,584	\$ 213,450
\$ -	\$ -	\$ (418)	\$ (418)	\$ -	\$ -	\$ (12,696)	\$ (12,696)
-	-	25,414	25,414	-	-	37,065	37,065
\$ -	\$ -	\$ 24,996	\$ 24,996	\$ -	\$ -	\$ 24,369	\$ 24,369

Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Debt Service Funds  
For the Year Ended June 30, 2010

	<b>Primary Government Debt Service Fund</b>
	<u>                    </u>
<b>REVENUES</b>	
Revenue from the use of money and property	\$ -
Charges for services	9,910
Intergovernmental revenues:	
Commonwealth	<u>-</u>
Total revenues	\$ <u>9,910</u>
<b>EXPENDITURES</b>	
Debt service:	
Principal retirement	\$ 205,889
Interest and other fiscal charges	<u>149,311</u>
Total expenditures	\$ <u>355,200</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(345,290)</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers in	\$ <u>345,290</u>
Total other financing sources and uses	\$ <u>345,290</u>
Net change in fund balances	\$ -
Fund balances - beginning	<u>-</u>
Fund balances - ending	<u><u>-</u></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Nonmajor Debt Service Funds  
 For the Year Ended June 30, 2010

	Primary Government Debt Service Fund			
	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	9,910	9,910
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	\$ -	\$ -	\$ 9,910	\$ 9,910
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	\$ 237,186	\$ 237,186	\$ 205,889	\$ 31,297
Interest and other fiscal charges	239,490	239,490	149,311	90,179
Total expenditures	\$ 476,676	\$ 476,676	\$ 355,200	\$ 121,476
Excess (deficiency) of revenues over (under) expenditures	\$ (476,676)	\$ (476,676)	\$ (345,290)	\$ 131,386
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 476,676	\$ 476,676	\$ 345,290	\$ (131,386)
Total other financing sources and uses	\$ 476,676	\$ 476,676	\$ 345,290	\$ (131,386)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 June 30, 2010

	<b>Parks Construction Fund</b>	<b>County Capital Projects Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 66,685	\$ 486,005	\$ 552,690
Due from other funds	-	165,797	165,797
Due from other governmental units	-	11,640	11,640
Prepaid items	-	127	127
Total assets	<u>\$ 66,685</u>	<u>\$ 663,569</u>	<u>\$ 730,254</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ 177,437	\$ 177,437
Total liabilities	<u>\$ -</u>	<u>\$ 177,437</u>	<u>\$ 177,437</u>
Fund balances:			
Unreserved:			
Undesignated	\$ 66,685	\$ 486,132	\$ 552,817
Total fund balances	<u>\$ 66,685</u>	<u>\$ 486,132</u>	<u>\$ 552,817</u>
Total liabilities and fund balances	<u>\$ 66,685</u>	<u>\$ 663,569</u>	<u>\$ 730,254</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Capital Projects Funds  
For the Year Ended June 30, 2010

	Parks Construction Fund	County Capital Projects Fund	Total
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 654	\$ -	\$ 654
Miscellaneous	1,275	-	1,275
Intergovernmental revenues:			
Commonwealth	-	47,544	47,544
Federal	-	116,102	116,102
Total revenues	\$ 1,929	\$ 163,646	\$ 165,575
<b>EXPENDITURES</b>			
Capital projects	\$ -	\$ 553,063	\$ 553,063
Total expenditures	\$ -	\$ 553,063	\$ 553,063
Excess (deficiency) of revenues over (under) expenditures	\$ 1,929	\$ (389,417)	\$ (387,488)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ -	\$ 279,924	\$ 279,924
Issuance of lease revenue bond	-	109,493	109,493
Total other financing sources and uses	\$ -	\$ 389,417	\$ 389,417
Net change in fund balances	\$ 1,929	\$ -	\$ 1,929
Fund balances - beginning	64,756	486,132	550,888
Fund balances - ending	\$ 66,685	\$ 486,132	\$ 552,817

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, 2010

	Parks Construction Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 654	\$ 654
Miscellaneous	-	-	1,275	1,275
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	\$ -	\$ -	\$ 1,929	\$ 1,929
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 1,929	\$ 1,929
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Issuance of debt	-	-	-	-
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 1,929	\$ 1,929
Fund balances - beginning	-	-	64,756	64,756
Fund balances - ending	\$ -	\$ -	\$ 66,685	\$ 66,685



County Capital Projects Fund				
Budgeted Amounts		Actual	Variance with Final Budget	
Original	Final		Positive	(Negative)
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
-	-	47,544	47,544	
25,000	215,950	116,102	(99,848)	
\$ 25,000	\$ 215,950	\$ 163,646	\$ (52,304)	
\$ 259,723	\$ 398,173	\$ 553,063	\$ -	
\$ 259,723	\$ 398,173	\$ 553,063	\$ -	
\$ (234,723)	\$ (182,223)	\$ (389,417)	\$ (52,304)	
\$ 234,723	\$ 182,223	\$ 279,924	\$ 97,701	
-	-	109,493	109,493	
\$ 234,723	\$ 182,223	\$ 389,417	\$ 207,194	
\$ -	\$ -	\$ -	\$ 154,890	
-	-	486,132	486,132	
\$ -	\$ -	\$ 486,132	\$ 641,022	

Combining Balance Sheet  
 Nonmajor Permanent Funds  
 June 30, 2010

	Animal Care Fund	Parks and Recreation Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	\$ 12,381	\$ 32,494	\$ 44,875
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	\$ 12,381	\$ 32,494	\$ 44,875
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>LIABILITIES AND FUND BALANCES</b>			
Total liabilities	\$ -	\$ -	\$ -
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balances:			
Reserved for:			
Animal care expenditures	\$ 12,381	\$ -	\$ 12,381
Parks and recreation expenditures	-	32,494	32,494
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	\$ 12,381	\$ 32,494	\$ 44,875
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balances	\$ 12,381	\$ 32,494	\$ 44,875
	<u>                    </u>	<u>                    </u>	<u>                    </u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Permanent Funds  
 For the Year Ended June 30, 2010

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	Animal Care Trust Fund	Parks and Recreation Trust Fund	Total
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 31	\$ 114	\$ 145
Miscellaneous	231	-	231
Total revenues	\$ 262	\$ 114	\$ 376
<b>EXPENDITURES</b>			
Total expenditures	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ 262	\$ 114	\$ 376
Net change in fund balances	\$ 262	\$ 114	\$ 376
Fund balances - beginning	12,119	32,380	44,499
Fund balances - ending	\$ 12,381	\$ 32,494	\$ 44,875

## Combining Statement of Fiduciary Net Assets

## Fiduciary Funds

June 30, 2010

	Agency Funds				
	Special Welfare	Undistributed Local Sales Tax Fund	Cafeteria Plan Withholding Fund	Unemployment Compensation Benefits Fund	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 38,925	\$ -	\$ 52,367	\$ -	\$ 91,292
Due from other governments	-	133,893	-	-	133,893
Due from other funds	-	-	-	1,576	1,576
Total assets	<u>\$ 38,925</u>	<u>\$ 133,893</u>	<u>\$ 52,367</u>	<u>\$ 1,576</u>	<u>\$ 226,761</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 1,576	\$ 1,576
Sales tax payable to other towns	-	20,954	-	-	20,954
Due to other funds	-	112,939	-	-	112,939
Amounts held for employees	-	-	52,367	-	52,367
Amounts held for social services clients	38,925	-	-	-	38,925
Total liabilities	<u>\$ 38,925</u>	<u>\$ 133,893</u>	<u>\$ 52,367</u>	<u>\$ 1,576</u>	<u>\$ 226,761</u>
<b>NET ASSETS</b>					
Total net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and net assets	<u>\$ 38,925</u>	<u>\$ 133,893</u>	<u>\$ 52,367</u>	<u>\$ 1,576</u>	<u>\$ 226,761</u>

Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2009

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Special welfare:</b>				
Assets:				
Cash and cash equivalents	\$ 43,210	\$ 24,356	\$ 28,641	\$ 38,925
Liabilities:				
Amounts held for social service clients	\$ 43,210	\$ 24,356	\$ 28,641	\$ 38,925
<b>Undistributed local sales tax:</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ 874,283	\$ 874,283	\$ -
Due from other governments	166,850	874,283	907,240	133,893
Total assets	\$ 166,850	\$ 1,748,566	\$ 1,781,523	\$ 133,893
Liabilities:				
Sales tax payable to other towns	\$ 26,112	\$ 131,667	\$ 136,825	\$ 20,954
Due to general fund	140,738	709,659	737,458	112,939
Total liabilities	\$ 166,850	\$ 841,326	\$ 874,283	\$ 133,893
<b>Cafeteria plan withholdings:</b>				
Assets:				
Cash and cash equivalents	\$ 65,452	\$ 122,975	\$ 136,060	\$ 52,367
Liabilities:				
Accounts payable	\$ 725	\$ 23,159	\$ 23,884	\$ -
Accrued liabilities	64,727	122,975	135,335	52,367
Total liabilities	\$ 65,452	\$ 146,134	\$ 159,219	\$ 52,367
<b>Unemployment compensation benefits:</b>				
Assets:				
Due from other funds	\$ 8,718	\$ 7,686	\$ 14,828	\$ 1,576
Liabilities:				
Accounts payable	\$ 8,718	\$ 7,686	\$ 14,828	\$ 1,576
<b>Totals -- All agency funds</b>				
Assets:				
Cash and cash equivalents	\$ 108,662	\$ 1,021,614	\$ 1,038,984	\$ 91,292
Accounts receivable	166,850	874,283	907,240	133,893
Due from other funds	8,718	7,686	14,828	1,576
Total assets	\$ 284,230	\$ 1,903,583	\$ 1,961,052	\$ 226,761
Liabilities:				
Amounts held for social service clients	\$ 43,210	\$ 24,356	\$ 28,641	\$ 38,925
Sales tax payable to other towns	26,112	131,667	136,825	20,954
Accrued liabilities	64,727	122,975	135,335	52,367
Due to general fund	140,738	709,659	737,458	112,939
Accounts payable	9,443	30,845	38,712	1,576
Total liabilities	\$ 284,230	\$ 1,019,502	\$ 1,076,971	\$ 226,761

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**Discretely Presented Component Unit-School Board**

Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2010

	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	\$ 1,929,911	\$ 47,995	\$ -	\$ 3,134	\$ 1,981,040
Receivables (net of allowance for uncollectibles):					
Accounts receivable	81,198	-	-	-	81,198
Interest receivable	-	-	33,786	-	33,786
Due from primary government	-	-	54,404	-	54,404
Due from other governmental units	1,357,215	10,593	35,275	-	1,403,083
Prepaid items	3,495	-	-	-	3,495
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	32,140,020	-	32,140,020
Total assets	<u>\$ 3,371,819</u>	<u>\$ 58,588</u>	<u>\$ 32,263,485</u>	<u>\$ 3,134</u>	<u>\$ 35,697,026</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Reconciled overdraft	\$ -	\$ -	\$ 213,133	\$ -	\$ 213,133
Accounts payable	184,537	12	109,269	-	293,818
Accrued liabilities	1,932,906	58,576	-	-	1,991,482
Due to primary government	<u>1,253,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,253,876</u>
Total liabilities	<u>\$ 3,371,319</u>	<u>\$ 58,588</u>	<u>\$ 322,402</u>	<u>\$ -</u>	<u>\$ 3,752,309</u>
Fund balances:					
Reserved for:					
Construction	\$ -	\$ -	\$ 31,941,083	\$ -	\$ 31,941,083
Unreserved:					
Undesignated	<u>500</u>	<u>-</u>	<u>-</u>	<u>3,134</u>	<u>\$ 3,634</u>
Total fund balances	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 31,941,083</u>	<u>\$ 3,134</u>	<u>\$ 31,944,717</u>
Total liabilities and fund balances	<u>\$ 3,371,819</u>	<u>\$ 58,588</u>	<u>\$ 32,263,485</u>	<u>\$ 3,134</u>	<u>\$ 35,697,026</u>
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:					
Total fund balances per above				\$ 31,944,717	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					11,995,224
Unspent bond proceeds used for construction by the component unit school board and other assets and liabilities are reported as assets and liabilities of the primary government on the statement of net assets (Note 6).					(32,140,020)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					(503,256)
Net assets of governmental activities				\$ 11,296,665	



## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

## Governmental Funds - Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2010

	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	\$ 45,332	\$ 17	\$ -	\$ 559	\$ 45,908
Charges for services	173,142	428,102	-	-	601,244
Miscellaneous	149,331	-	-	-	149,331
Recovered costs	91,999	-	-	-	91,999
Intergovernmental revenues:					
Local government	10,211,411	-	831,358	-	11,042,769
Commonwealth	6,822,693	9,443	204,341	-	7,036,477
Federal	1,511,511	209,505	146,799	-	1,867,815
Total revenues	<u>\$ 19,005,419</u>	<u>\$ 647,067</u>	<u>\$ 1,182,498</u>	<u>\$ 559</u>	<u>\$ 20,835,543</u>
<b>EXPENDITURES</b>					
Current:					
Education	\$ 19,006,151	\$ 724,035	\$ -	\$ -	\$ 19,730,186
Capital projects	-	-	2,588,597	-	2,588,597
Total expenditures	<u>\$ 19,006,151</u>	<u>\$ 724,035</u>	<u>\$ 2,588,597</u>	<u>\$ -</u>	<u>\$ 22,318,783</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (732)</u>	<u>\$ (76,968)</u>	<u>\$ (1,406,099)</u>	<u>\$ 559</u>	<u>\$ (1,483,240)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 77,700	\$ 76,968	\$ -	\$ -	\$ 154,668
Transfers out	(76,968)	-	-	(77,700)	(154,668)
Premium on VPSA bonds	-	-	165,679	-	165,679
Issuance of VPSA bonds	-	-	9,625,000	-	9,625,000
Total other financing sources and uses	<u>\$ 732</u>	<u>\$ 76,968</u>	<u>\$ 9,790,679</u>	<u>\$ (77,700)</u>	<u>\$ 9,790,679</u>
Net change in fund balances	\$ -	\$ -	\$ 8,384,580	\$ (77,141)	\$ 8,307,439
Fund balances - beginning	500	-	23,556,503	80,275	23,637,278
Fund balances - ending	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 31,941,083</u>	<u>\$ 3,134</u>	<u>\$ 31,944,717</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 \$ 8,307,439

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

2,412,174

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items (Note 6).

(9,953,550)

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.

(7,439)

Change in net assets of governmental activities

\$ 758,624

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, 2010

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ 39,000	\$ 39,000	\$ 45,332	\$ 6,332
Charges for services	163,086	163,086	173,142	10,056
Miscellaneous	70,248	70,248	149,331	79,083
Recovered costs	40,200	40,200	91,999	51,799
Intergovernmental revenues:				
Local government	10,612,582	10,440,558	10,211,411	(229,147)
Commonwealth	7,392,839	7,392,839	6,822,693	(570,146)
Federal	1,040,159	1,726,236	1,511,511	(214,725)
Total revenues	\$ 19,358,114	\$ 19,872,167	\$ 19,005,419	\$ (866,748)
EXPENDITURES				
Current:				
Education	\$ 19,358,114	\$ 19,872,167	\$ 19,006,151	\$ 866,016
Total expenditures	\$ 19,358,114	\$ 19,872,167	\$ 19,006,151	\$ 866,016
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (732)	\$ (732)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 77,700	\$ 77,700
Transfers out	-	-	(76,968)	(76,968)
Total other financing sources and uses	\$ -	\$ -	\$ 732	\$ 732
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	500	500	500	-
Fund balances - ending	\$ 500	\$ 500	\$ 500	\$ -

School Food Service Fund				
Budgeted Amounts			Variance with	
Original	Final	Actual	Final Budget	Positive
			(Negative)	
\$ 315	\$ 315	\$ 17	\$ (298)	
608,511	608,511	428,102	(180,409)	
-	-	-	-	
-	-	-	-	
-	-	-	-	
9,755	9,755	9,443	(312)	
147,000	147,000	209,505	62,505	
\$ 765,581	\$ 765,581	\$ 647,067	\$ (118,514)	
\$ 765,581	\$ 765,581	\$ 724,035	\$ 41,546	
\$ 765,581	\$ 765,581	\$ 724,035	\$ 41,546	
\$ -	\$ -	\$ (76,968)	\$ (76,968)	
\$ -	\$ -	\$ 76,968	\$ 76,968	
\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ 76,968	\$ 76,968	
\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	

## Balance Sheet

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

June 30, 2010

	<u>School Capital Project Proffers Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>3,134</u>
Total assets	\$ <u><u>3,134</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	\$ <u>-</u>
Total liabilities	\$ <u>-</u>
Fund balances:	
Unreserved:	
Undesignated	\$ <u>3,134</u>
Total fund balances	\$ <u>3,134</u>
Total liabilities and fund balances	\$ <u><u>3,134</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, 2010

	<b>School Capital Project Proffers Fund</b>
<b>REVENUES</b>	
Revenue from the use of money and property	\$ 559
Miscellaneous	-
Total revenues	<u>\$ 559</u>
<b>EXPENDITURES</b>	
Current:	
Education	\$ -
Total expenditures	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 559</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers out	\$ (77,700)
Net change in fund balances	\$ (77,141)
Fund balances - beginning	<u>80,275</u>
Fund balances - ending	<u><u>\$ 3,134</u></u>

COUNTY OF CLARKE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Nonmajor and Major Capital Projects Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2010

	Capital Projects Proffers Fund			Variance with Final Budget
	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 559	\$ 559
Recovered costs	-	-	-	-
Intergovernmental revenues:				
Local government	-	-	-	-
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	\$ -	\$ -	\$ 559	\$ 559
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 559	\$ 559
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (77,700)	\$ (77,700)
Premium on VPSA bonds	-	-	-	-
Issuance of VPSA bonds	-	-	-	-
Total other financing sources and uses	\$ -	\$ -	\$ (77,700)	\$ (77,700)
Net change in fund balances	\$ -	\$ -	\$ (77,141)	\$ (77,141)
Fund balances - beginning	80,275	80,275	80,275	-
Fund balances - ending	\$ 80,275	\$ 80,275	\$ 3,134	\$ (77,141)

School Capital Projects Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
338,585	838,585	831,358	(7,227)
180,000	180,000	204,341	24,341
-	-	146,799	146,799
\$ 518,585	\$ 1,018,585	\$ 1,182,498	\$ 163,913
\$ 518,585	\$ 10,807,238	\$ 2,588,597	\$ 8,218,641
\$ 518,585	\$ 10,807,238	\$ 2,588,597	\$ 8,218,641
\$ -	\$ (9,788,653)	\$ (1,406,099)	\$ 8,382,554
\$ -	\$ -	\$ -	\$ -
-	-	165,679	165,679
-	9,788,653	9,625,000	(163,653)
-	\$ 9,788,653	\$ 9,790,679	\$ 2,026
\$ -	\$ -	\$ 8,384,580	\$ 8,384,580
23,556,503	23,556,503	23,556,503	-
\$ 23,556,503	\$ 23,556,503	\$ 31,941,083	\$ 8,384,580

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## **Discretely Presented Component Unit – Sanitary Authority**

Statement of Fund Net Assets  
Discretely Presented Component Unit - Sanitary Authority  
As of June 30, 2010

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,195,717	\$ 1,133,083	\$ 2,328,800
Accounts receivable (net of allowance for uncollectible accounts)	38,431	50,936	89,367
Prepaid expenses	5,877	5,877	11,754
Total current assets	\$ 1,240,025	\$ 1,189,896	\$ 2,429,921
Noncurrent assets:			
Capital assets:			
Land	\$ 13,200	\$ -	\$ 13,200
Utility plant in service	4,691,719	1,214,146	5,905,865
Less accumulated depreciation	(1,749,480)	(191,170)	(1,940,650)
Sub-total	\$ 2,955,439	\$ 1,022,976	\$ 3,978,415
Construction work in progress	100,320	5,377,592	5,477,912
Total capital assets	\$ 3,055,759	\$ 6,400,568	\$ 9,456,327
Total noncurrent assets	\$ 3,055,759	\$ 6,400,568	\$ 9,456,327
Total assets	\$ 4,295,784	\$ 7,590,464	\$ 11,886,248
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 25,867	\$ 222,177	\$ 248,044
Deferred revenue	11,283	-	11,283
Bonds payable - current portion	74,915	216,013	290,928
Total current liabilities	\$ 112,065	\$ 438,190	\$ 550,255
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 1,517,681	\$ 3,746,991	\$ 5,264,672
Total noncurrent liabilities	\$ 1,517,681	\$ 3,746,991	\$ 5,264,672
Total liabilities	\$ 1,629,746	\$ 4,185,181	\$ 5,814,927
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 1,463,163	\$ 2,437,564	\$ 3,900,727
Unrestricted	1,202,875	967,719	2,170,594
Total net assets	\$ 2,666,038	\$ 3,405,283	\$ 6,071,321
Total liabilities and net assets	\$ 4,295,784	\$ 7,590,464	\$ 11,886,248

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Discretely Presented Component Unit - Sanitary Authority  
For the Year Ended June 30, 2010

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services:			
Customer service charges	\$ 193,123	\$ 216,663	\$ 409,786
Connection fees	4,470	1,163	5,633
Miscellaneous	1,972	982	2,954
Total operating revenues	\$ 199,565	\$ 218,808	\$ 418,373
<b>OPERATING EXPENSES</b>			
Insurance	\$ 6,991	\$ 6,991	\$ 13,982
Miscellaneous	5,457	3,571	9,028
Office supplies and expenses	7,822	3,711	11,533
Plant maintenance	3,724	30,154	33,878
Pipeline repairs	3,923	-	3,923
Pumphouse supplies and repairs	6,127	-	6,127
Pump station maintenance	-	3,571	3,571
Grinder pump maintenance	-	15,197	15,197
Operating supplies / small equipment	16,113	16,353	32,466
Professional services	87,973	118,068	206,041
Salaries and wages	15,091	15,091	30,182
Benefits	4,595	4,595	9,190
Testing services	3,788	7,644	11,432
Utilities	15,286	40,520	55,806
Depreciation	128,282	31,191	159,473
Total operating expenses	\$ 305,172	\$ 296,657	\$ 601,829
Operating income (loss)	\$ (105,607)	\$ (77,849)	\$ (183,456)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	\$ 11,048	\$ 7,062	\$ 18,110
Tower rental	110,725	-	110,725
County operating subsidy	-	30,000	30,000
Interest expense	(21,043)	(16,875)	(37,918)
Total nonoperating revenues (expenses)	\$ 100,730	\$ 20,187	\$ 120,917
Income before contributions and transfers	\$ (4,877)	\$ (57,662)	\$ (62,539)
Contributed capital - grant income	\$ -	\$ 1,259,435	\$ 1,259,435
Contributed capital - availability fees	367,800	309,825	677,625
Change in net assets	\$ 362,923	\$ 1,511,598	\$ 1,874,521
Total net assets - beginning	2,303,115	1,893,685	4,196,800
Total net assets - ending	\$ 2,666,038	\$ 3,405,283	\$ 6,071,321

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

Statement of Cash Flows  
Discretely Presented Component Unit - Sanitary Authority  
For the Year Ended June 30, 2010

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 217,983	\$ 209,826	\$ 427,809
Payments to suppliers	(158,442)	(364,252)	(522,694)
Payments to and on behalf of employees	(19,686)	(19,686)	(39,372)
Net cash provided (used) by operating activities	\$ 39,855	\$ (174,112)	\$ (134,257)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Tower rental	\$ 110,725	\$ -	\$ 110,725
Operating subsidy from Clarke County	-	30,000	30,000
Net cash provided (used) by noncapital financing activities	\$ 110,725	\$ 30,000	\$ 140,725
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of property, plant and equipment	\$ (67,119)	\$ (3,741,581)	\$ (3,808,700)
Capital contributions	367,800	1,569,260	1,937,060
Retirements of long-term indebtedness	(73,931)	(117,609)	(191,540)
Proceeds from indebtedness	-	2,841,866	2,841,866
Interest payments	(21,043)	(16,875)	(37,918)
Net cash provided (used) by capital and related financing activities	\$ 205,707	\$ 535,061	\$ 740,768
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends received	\$ 11,048	\$ 7,062	\$ 18,110
Net cash provided (used) by investing activities	\$ 11,048	\$ 7,062	\$ 18,110
Net increase (decrease) in cash and cash equivalents	\$ 367,335	\$ 398,011	\$ 765,346
Cash and cash equivalents - beginning	828,382	735,072	1,563,454
Cash and cash equivalents - ending	\$ 1,195,717	\$ 1,133,083	\$ 2,328,800
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (105,607)	\$ (77,849)	\$ (183,456)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	128,282	31,191	159,473
(Increase) decrease in accounts receivable	7,135	(8,982)	(1,847)
(Increase) decrease in prepaid expenses	(5,877)	(5,877)	(11,754)
Increase (decrease) in accounts payable	4,639	(112,595)	(107,956)
Increase (decrease) deferred revenue	11,283	-	11,283
Total adjustments	\$ 145,462	\$ (96,263)	\$ 49,199
Net cash provided (used) by operating activities	\$ 39,855	\$ (174,112)	\$ (134,257)

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

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

## Statement of Fund Net Assets

Discretely Presented Component Unit - Industrial Development Authority

As of June 30, 2010

	<u>Industrial Development Authority</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ <u>138,246</u>
Total assets	\$ <u><u>138,246</u></u>
<b>NET ASSETS</b>	
Unrestricted	<u>138,246</u>
Total net assets	\$ <u>138,246</u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2010

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	<b>Industrial Development Authority</b>
<b>OPERATING REVENUES</b>	
Miscellaneous revenue	\$ <u>11,073</u>
Total operating revenues	\$ <u>11,073</u>
<b>OPERATING EXPENSES</b>	
Contribution to Lord Fairfax Small Business Park	\$ 3,500
Professional services	3,676
Board members' fee	1,350
Insurance	1,495
Miscellaneous	<u>11</u>
Total operating expenses	\$ <u>10,032</u>
Operating income (loss)	\$ <u>1,041</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Unrealized gain (loss) on investments	\$ <u>18,013</u>
Total nonoperating revenues (expenses)	\$ <u>18,013</u>
Change in net assets	\$ 19,054
Total net assets - beginning	<u>119,192</u>
Total net assets - ending	\$ <u><u>138,246</u></u>

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

## Statement of Cash Flows

Discretely Presented Component Unit - Industrial Development Authority

For the Year Ended June 30, 2010

	<u>Industrial Development Authority</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 11,073
Payments to suppliers	<u>(10,032)</u>
Net cash provided (used) by operating activities	\$ <u>1,041</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Unrealized gain (loss) on investments	\$ <u>18,013</u>
Net cash provided (used) by investing activities	\$ <u>18,013</u>
Net increase (decrease) in cash and cash equivalents	\$ 19,054
Cash and cash equivalents - beginning	<u>119,192</u>
Cash and cash equivalents - ending	<u><u>\$ 138,246</u></u>

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



## **Supporting Schedules**

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Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010

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	\$ 13,045,585	\$ 13,045,585	\$ 13,185,914	\$ 140,329
Real and personal public service corporation taxes	225,122	225,122	287,417	62,295
Personal property taxes	3,047,881	3,047,881	3,159,138	111,257
Mobile home taxes	893	893	82	(811)
Machinery and tools taxes	268,029	268,029	254,571	(13,458)
Proceeds from delinquent land sales	60,000	60,000	56,395	(3,605)
Penalties	117,151	117,151	138,188	21,037
Interest	64,880	64,880	88,267	23,387
Total general property taxes	\$ 16,829,541	\$ 16,829,541	\$ 17,169,972	\$ 340,431
Other local taxes:				
Local sales and use taxes	\$ 762,030	\$ 762,030	\$ 737,458	\$ (24,572)
Consumers' utility taxes	372,571	372,571	372,949	378
Consumption taxes	34,779	34,779	39,860	5,081
Motor vehicle licenses	279,230	279,230	290,976	11,746
Taxes on recordation and wills	151,280	151,280	169,063	17,783
Franchise license taxes	-	-	16,921	16,921
Transient occupancy taxes	17,562	17,562	16,058	(1,504)
Business license taxes	22,448	22,448	24,210	1,762
Total other local taxes	\$ 1,639,900	\$ 1,639,900	\$ 1,667,495	\$ 27,595
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 12,050	\$ 12,050	\$ 10,568	\$ (1,482)
Land use application fees	36,300	36,300	2,600	(33,700)
Animal shelter fees	9,711	9,711	5,852	(3,859)
Building and related permits	131,169	131,169	117,843	(13,326)
Zoning and subdivision	65,600	65,600	83,795	18,195
Transfer fees	614	614	435	(179)
Signs permits and inspection fees	772	772	-	(772)
Weapons permits	5,500	5,500	4,289	(1,211)
Excess clerk fees	2,000	2,000	496	(1,504)
Other permits and fees	900	900	5,200	4,300
Total permits, privilege fees, and regulatory licenses	\$ 264,616	\$ 264,616	\$ 231,078	\$ (33,538)

## Schedule of Revenues - Budget and Actual

## Governmental Funds

For the Year Ended June 30, 2010 (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)				
Fines and forfeitures:				
Court fines and forfeitures	\$ 298,000	\$ 298,000	\$ 224,547	\$ (73,453)
Total fines and forfeitures	\$ 298,000	\$ 298,000	\$ 224,547	\$ (73,453)
Revenue from use of money and property:				
Revenue from use of money	\$ 30,187	\$ 30,187	\$ 69,855	\$ 39,668
Revenue from use of property	74,908	74,908	74,871	(37)
Total revenue from use of money and property	\$ 105,095	\$ 105,095	\$ 144,726	\$ 39,631
Charges for services:				
Sheriff's fees	\$ 800	\$ 800	\$ 796	\$ (4)
Charges for emergency medical services	39,600	39,600	33,390	(6,210)
Charges for courthouse security	45,000	45,000	52,633	7,633
Charges for jail processing	1,500	1,500	1,152	(348)
Court appointed attorney	160	160	545	385
Charges for other localities	106,706	131,706	62,300	(69,406)
Charges for Commonwealth's Attorney	554	554	401	(153)
Charges for planning and community development	12,171	12,171	1,965	(10,206)
Charges for parks and recreation	471,081	471,081	370,761	(100,320)
Charges for engineer's fees/biosolids applications	63,642	63,642	43,221	(20,421)
Other charges for services	19,701	19,702	25,209	5,507
Total charges for services	\$ 760,915	\$ 785,916	\$ 592,373	\$ (193,543)
Miscellaneous revenue:				
Miscellaneous	\$ 11,551	\$ 11,551	\$ 3,629	\$ (7,922)
Total miscellaneous revenue	\$ 11,551	\$ 11,551	\$ 3,629	\$ (7,922)
Recovered costs:				
Gas tax refund	\$ 28,162	\$ 28,162	\$ 18,017	\$ (10,145)
Insurance recovery	12,205	12,205	14,889	2,684
Gifts & donations in lieu of taxes	2,500	2,500	2,500	-
Sale of salvage and surplus property	6,000	6,000	2,412	(3,588)
Loan repayment	16,875	18,622	18,622	-
Recycling rebate	30,000	30,000	62,320	32,320
Total recovered costs	\$ 95,742	\$ 97,489	\$ 118,760	\$ 21,271
Total revenue from local sources	\$ 20,005,360	\$ 20,032,108	\$ 20,152,580	\$ 120,472

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (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 the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 16,676	\$ 16,676	\$ -	\$ (16,676)
Mobile home titling tax	-	-	45	45
Taxes on deeds	110,198	110,198	116,593	6,395
Quarterly rental tax	2,154	2,154	2,532	378
Communications tax	447,138	447,138	449,599	2,461
Personal property tax relief funds	2,483,842	2,483,842	2,483,842	-
Total noncategorical aid	\$ 3,060,008	\$ 3,060,008	\$ 3,052,611	\$ (7,397)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 188,814	\$ 188,814	\$ 182,638	\$ (6,176)
Sheriff	780,095	780,095	706,339	(73,756)
Commissioner of revenue	94,296	94,296	89,089	(5,207)
Treasurer	104,338	104,338	95,884	(8,454)
Registrar/electoral board	48,521	48,521	40,962	(7,559)
Clerk of the Circuit Court	6,481	6,481	10,373	3,892
Total shared expenses	\$ 1,222,545	\$ 1,222,545	\$ 1,125,285	\$ (97,260)
Other categorical aid:				
Fire programs fund	\$ 37,071	\$ 37,071	\$ 40,323	\$ 3,252
Litter control grant	6,337	6,337	5,125	(1,212)
Virginia Commission for the Arts	2,000	2,000	2,000	-
Division of historic landmarks	-	11,000	-	(11,000)
State criminal alien assistance	-	-	7,149	
Other categorical aid	9,540	9,540	4,872	(4,668)
Total other categorical aid	\$ 54,948	\$ 65,948	\$ 59,469	\$ (13,628)
Total categorical aid	\$ 1,277,493	\$ 1,288,493	\$ 1,184,754	\$ (110,888)
Total revenue from the Commonwealth	\$ 4,337,501	\$ 4,348,501	\$ 4,237,365	\$ (118,285)

## Schedule of Revenues - Budget and Actual

## Governmental Funds

For the Year Ended June 30, 2010 (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 the federal government:				
Payments in lieu of taxes	\$ 4,815	\$ 4,815	\$ 5,554	\$ 739
Categorical aid:				
Crime victim assistance	\$ 38,259	\$ 41,320	\$ 38,257	\$ (3,063)
Violence against women formula grants	27,738	27,738	27,150	(588)
ARRA - Byrne justice memorial assistance grant	-	23,338	36,100	12,762
DMV CPSF grant	3,000	3,000	-	(3,000)
Local law enforcement block grant	23,338	23,338	-	(23,338)
Gang free schools and communities	59,300	59,300	69,993	10,693
Bulletproof vest grant	5,051	5,051	6,693	1,642
Speed control 402	7,000	7,000	12,971	5,971
Total categorical aid	\$ 163,686	\$ 190,085	\$ 191,164	\$ 1,079
Total revenue from the federal government	\$ 168,501	\$ 194,900	\$ 196,718	\$ 1,818
Total General Fund	\$ 24,511,362	\$ 24,575,509	\$ 24,586,663	\$ 4,005
<b>Special Revenue Funds:</b>				
<b>Virginia Public Assistance Fund:</b>				
Revenue from local sources:				
Recovered costs:				
Payments from other jurisdictions	\$ -	\$ -	\$ 39,863	\$ 39,863
Expenditure refunds	-	-	1,861	1,861
Total recovered costs	\$ -	\$ -	\$ 41,724	\$ 41,724
Total revenue from local sources	\$ -	\$ -	\$ 41,724	\$ 41,724
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 324,122	\$ 324,122	\$ 261,888	\$ (62,234)
Total categorical aid	\$ 324,122	\$ 324,122	\$ 261,888	\$ (62,234)
Total revenue from the Commonwealth	\$ 324,122	\$ 324,122	\$ 261,888	\$ (62,234)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 663,212	\$ 663,212	\$ 535,869	\$ (127,343)
Total categorical aid	\$ 663,212	\$ 663,212	\$ 535,869	\$ (127,343)
Total revenue from the federal government	\$ 663,212	\$ 663,212	\$ 535,869	\$ (127,343)
Total Virginia Public Assistance Fund	\$ 987,334	\$ 987,334	\$ 839,481	\$ (147,853)

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (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>Comprehensive services fund:</b>				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 16,730	\$ 16,730
Total miscellaneous revenue	\$ -	\$ -	\$ 16,730	\$ 16,730
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive services	\$ 443,261	\$ 664,714	\$ 520,166	\$ (144,548)
Total categorical aid	\$ 443,261	\$ 664,714	\$ 520,166	\$ (144,548)
Total revenue from the Commonwealth	\$ 443,261	\$ 664,714	\$ 520,166	\$ (144,548)
Total comprehensive services fund	\$ 443,261	\$ 664,714	\$ 536,896	\$ (127,818)
<b>Drug Enforcement Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 178	\$ 178
Total revenue from use of money and property	\$ -	\$ -	\$ 178	\$ 178
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ -	\$ 4,022	\$ 4,022
Total miscellaneous revenue	\$ -	\$ -	\$ 4,022	\$ 4,022
Total revenue from local sources	\$ -	\$ -	\$ 4,200	\$ 4,200
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 4,748	\$ 4,748
Total revenue from the Commonwealth	\$ -	\$ -	\$ 4,748	\$ 4,748
Revenue from the federal government:				
Categorical aid:				
Edward Byrne memorial grant	\$ -	\$ -	\$ 2,620	\$ 2,620
Total revenue from the federal government	\$ -	\$ -	\$ 2,620	\$ 2,620
Total drug enforcement fund	\$ -	\$ -	\$ 11,568	\$ 11,568

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (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>Conservation Fund:</b>				
Revenue from local sources:				
Other local taxes:				
Other local taxes	\$ -	\$ -	\$ 14,759	\$ 14,759
Total other local taxes	\$ -	\$ -	\$ 14,759	\$ 14,759
Total revenue from local sources	\$ -	\$ -	\$ 14,759	\$ 14,759
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	\$ 146,000	\$ 146,000	\$ 1,437,854	\$ 1,291,854
Total revenue from the Commonwealth	\$ 146,000	\$ 146,000	\$ 1,437,854	\$ 1,291,854
Total conservation fund	\$ 146,000	\$ 146,000	\$ 1,452,613	\$ 1,306,613
<b>Debt Service Fund:</b>				
<b>School Debt Service Fund</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 218,069	\$ 218,069	\$ 175,894	\$ (42,175)
Total revenue from use of money and property	\$ 218,069	\$ 218,069	\$ 175,894	\$ (42,175)
Total revenue from local sources	\$ 218,069	\$ 218,069	\$ 175,894	\$ (42,175)
Revenue from the Commonwealth:				
Noncategorical aid:				
Lottery payments	\$ 38,051	\$ 38,051	\$ 48,042	\$ 9,991
Total noncategorical aid	\$ 38,051	\$ 38,051	\$ 48,042	\$ 9,991
Total revenue from the Commonwealth	\$ 38,051	\$ 38,051	\$ 48,042	\$ 9,991
Revenue from the federal government:				
Categorical aid:				
Other categorical aid	\$ 139,039	\$ -	\$ -	\$ -
Total School Debt Service Fund	\$ 395,159	\$ 256,120	\$ 223,936	\$ (32,184)
<b>General Debt Service Fund:</b>				
Revenue from local sources:				
Charges for services:				
Charges for services	\$ -	\$ -	\$ 9,910	\$ 9,910
Total charges for services	\$ -	\$ -	\$ 9,910	\$ 9,910
Total revenue from local sources	\$ -	\$ -	\$ 9,910	\$ 9,910
Total General Debt Service Fund	\$ -	\$ -	\$ 9,910	\$ 9,910



Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Capital Projects Fund:</b>				
<b>County Capital Projects Fund:</b>				
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	\$ -	\$ -	\$ 47,544	\$ 47,544
Total revenue from the Commonwealth	\$ -	\$ -	\$ 47,544	\$ 47,544
Revenue from the federal government:				
Categorical aid:				
Emergency management performance grant	\$ 25,000	\$ 25,000	\$ 21,537	\$ (3,463)
ARRA RLEA rural justice grant	-	190,950	94,565	(96,385)
Total categorical aid	\$ 25,000	\$ 215,950	\$ 116,102	\$ (99,848)
Total revenue from the federal government	\$ 25,000	\$ 215,950	\$ 116,102	\$ (99,848)
Total County Capital Projects Fund	\$ 25,000	\$ 215,950	\$ 163,646	\$ (52,304)
<b>Parks Construction Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 654	\$ 654
Total revenue from use of money and property	\$ -	\$ -	\$ 654	\$ 654
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 1,025	\$ 1,025
Gifts and donations	-	-	250	250
Total miscellaneous revenue	\$ -	\$ -	\$ 1,275	\$ 1,275
Total revenue from local sources	\$ -	\$ -	\$ 1,929	\$ 1,929
Total Parks Construction Fund:	\$ -	\$ -	\$ 1,929	\$ 1,929
<b>Permanent Funds:</b>				
<b>Animal Care Fund:</b>				
Revenue from local sources:				
Revenue from use of money:				
Revenue from the use of money	\$ -	\$ -	\$ 31	\$ 31
Total revenue from use of money	\$ -	\$ -	\$ 31	\$ 31

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Permanent Funds: (Continued)</b>				
<b>Animal Care Fund: (Continued)</b>				
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ -	\$ 231	\$ 231
Total miscellaneous revenue	\$ -	\$ -	\$ 231	\$ 231
Total Animal Care Fund	\$ -	\$ -	\$ 262	\$ 262
<b>Parks and Recreation Fund:</b>				
Revenue from local sources:				
Revenue from use of money:				
Revenue from the use of money	\$ -	\$ -	\$ 114	\$ 114
Total revenue from local sources	\$ -	\$ -	\$ 114	\$ 114
Total Parks and Recreation Fund	\$ -	\$ -	\$ 114	\$ 114
Total Primary Government	\$ 26,508,116	\$ 26,845,627	\$ 27,827,018	\$ 974,242
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 39,000	\$ 39,000	\$ 45,332	\$ 6,332
Charges for services:				
Tuition	\$ 133,586	\$ 133,586	\$ 129,100	\$ (4,486)
Town of Berryville Crossing	5,000	5,000	5,000	-
Facility use fees	24,500	24,500	39,042	14,542
Total charges for services	\$ 163,086	\$ 163,086	\$ 173,142	\$ 10,056
Miscellaneous revenue:				
Other miscellaneous	\$ 53,950	\$ 53,950	\$ 125,531	\$ 71,581
Private gifts and donations	16,298	16,298	23,800	7,502
Total miscellaneous revenue	\$ 70,248	\$ 70,248	\$ 149,331	\$ 79,083
Recovered costs:				
Rebates and refunds	\$ 24,600	\$ 24,600	\$ 88,298	\$ 63,698
Insurance recoveries	10,600	10,600	-	(10,600)
Sale of equipment	5,000	5,000	3,701	(1,299)
Total recovered costs	\$ 40,200	\$ 40,200	\$ 91,999	\$ 51,799
Total revenue from local sources	\$ 312,534	\$ 312,534	\$ 459,804	\$ 147,270

## Schedule of Revenues - Budget and Actual

## Governmental Funds

For the Year Ended June 30, 2010 (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 Funds: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Clarke, Virginia	\$ 10,612,582	\$ 10,440,558	\$ 10,211,411	\$ (229,147)
Total revenues from local governments	\$ 10,612,582	\$ 10,440,558	\$ 10,211,411	\$ (229,147)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,869,628	\$ 1,869,628	\$ 1,784,210	\$ (85,418)
At risk payments	8,179	8,179	7,990	(189)
Adult education	2,443	2,443	-	(2,443)
Lottery revenue	38,051	38,051	48,042	9,991
Basic school aid	4,194,092	4,194,092	3,826,271	(367,821)
Foster home children	42,012	42,012	25,843	(16,169)
Gifted and talented children	38,524	38,524	38,284	(240)
Homebound education	427	427	1,787	1,360
Preschool At-Risk	15,000	15,000	15,000	-
Special education - soq	309,866	309,866	307,935	(1,931)
Enrollment loss	-	-	9,363	9,363
Special education - foster children	-	-	18,005	18,005
Vocational education - soq	72,023	72,023	71,574	(449)
Vocational equipment	2,527	2,527	4,923	2,396
Vocational - occupational	17,676	17,676	12,692	(4,984)
Textbook payments	99,253	99,253	-	(99,253)
Remedial education	31,824	31,824	31,626	(198)
Share of fringe benefits	484,898	484,898	413,632	(71,266)
Remedial summer school	22,466	22,466	25,909	3,443
Regional program tuition	45,011	45,011	88,956	43,945
Industry certification program	-	-	1,692	1,692
Mentor teacher program	1,781	1,781	371	(1,410)
SOL algebra readiness	4,993	4,993	4,993	-
Early intervention	12,223	12,223	13,445	1,222
ISAEF	7,859	7,859	7,859	-
English as a second language	18,183	18,183	10,470	(7,713)
E-Rate	40,000	40,000	38,946	(1,054)
Other categorical aid	13,900	13,900	12,875	(1,025)
Total categorical aid	\$ 7,392,839	\$ 7,392,839	\$ 6,822,693	\$ (570,146)
Total revenue from the Commonwealth	\$ 7,392,839	\$ 7,392,839	\$ 6,822,693	\$ (570,146)

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (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 Funds: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Revenue from the federal government:				
Categorical aid:				
Title I part A: Grants to local educational agencies	\$ 163,272	\$ 163,272	\$ 157,274	\$ (5,998)
Title I part A: Grants to local educational agencies - ARRA	-	100,245	43,786	(56,459)
Title II part A: Improving teacher quality	67,065	67,065	64,747	(2,318)
Title V part A: State grants for innovative programs	-	-	(56)	(56)
Title II part D: Education technology state grants	1,969	1,969	612	(1,357)
Title II part D: Education technology state grants - ARRA	-	5,157	-	(5,157)
Title III, Part A: English language acquisition grants	5,886	5,886	6,444	558
Safe and drug free schools and communities	4,951	4,951	4,816	(135)
Vocational education basic grants to states	22,146	22,146	22,140	(6)
Title VI-B: Special education grants to states	376,552	376,552	354,075	(22,477)
Title VI-B: Special education grants to states - ARRA	-	427,251	302,140	(125,111)
Special education preschool handicapped grant	13,430	13,430	19,205	5,775
Special education preschool handicapped grant - ARRA	-	14,385	12,402	(1,983)
State fiscal stabilization grants - ARRA	384,888	523,927	523,926	(1)
Total categorical aid	\$ 1,040,159	\$ 1,726,236	\$ 1,511,511	\$ (214,725)
Total revenue from the federal government	\$ 1,040,159	\$ 1,726,236	\$ 1,511,511	\$ (214,725)
Total School Operating Fund	\$ 19,358,114	\$ 19,872,167	\$ 19,005,419	\$ (866,748)
<b>School Food Service Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 315	\$ 315	\$ 17	\$ (298)
Total revenue from use of money and property	\$ 315	\$ 315	\$ 17	\$ (298)
Charges for services:				
Cafeteria sales	\$ 608,511	\$ 608,511	\$ 428,102	\$ (180,409)
Total charges for services	\$ 608,511	\$ 608,511	\$ 428,102	\$ (180,409)
Total revenue from local sources	\$ 608,826	\$ 608,826	\$ 428,119	\$ (180,707)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 9,755	\$ 9,755	\$ 9,443	\$ (312)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 147,000	\$ 147,000	\$ 209,505	\$ 62,505
Total categorical aid	147,000	147,000	209,505	62,505
Total revenue from the federal government	147,000	147,000	209,505	62,505
Total School Food Service Fund	\$ 765,581	\$ 765,581	\$ 647,067	\$ (118,514)

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (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>Capital Projects Funds:</b>				
<b>School Capital Projects Fund:</b>				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Clarke , Virginia	\$ 338,585	\$ 838,585	\$ 831,358	\$ (7,227)
Revenue from the Commonwealth:				
Categorical aid:				
Instructional technology grant	\$ 180,000	\$ 180,000	\$ 204,341	\$ 24,341
Total revenue from the Commonwealth	\$ 180,000	\$ 180,000	\$ 204,341	\$ 24,341
Revenue from the federal government:				
Categorical aid:				
COPS grant	\$ -	\$ -	\$ 146,799	\$ 146,799
Total revenue from the federal government	\$ -	\$ -	\$ 146,799	\$ 146,799
Total School Capital Projects Fund	\$ 518,585	\$ 1,018,585	\$ 1,182,498	\$ 163,913
<b>School Capital Projects Proffers Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 559	\$ 559
Total revenue from use of money and property	\$ -	\$ -	\$ 559	\$ 559
Total revenue from local sources	\$ -	\$ -	\$ 559	\$ 559
Total School Capital Projects Proffers Fund	\$ -	\$ -	\$ 559	\$ 559
Total Discretely Presented Component Unit - School Board	\$ 20,642,280	\$ 21,656,333	\$ 20,835,543	\$ (820,790)

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

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	\$ 66,680	\$ 66,680	\$ 52,332	\$ 14,348
General and financial administration:				
County administrator	\$ 263,452	\$ 263,452	\$ 257,905	\$ 5,547
Legal services	73,822	73,822	65,963	7,859
Commissioner of revenue	248,274	248,274	238,838	9,436
Assessor	65,504	65,979	64,140	1,839
Equalization board	12,918	12,918	4,350	8,568
Data processing	288,606	288,605	232,393	56,212
Treasurer	277,963	277,963	273,348	4,615
Total general and financial administration	\$ 1,230,539	\$ 1,231,013	\$ 1,136,937	\$ 94,076
Board of elections:				
Registrar	\$ 66,624	\$ 66,624	\$ 58,964	\$ 7,660
Electoral board and officials	32,520	32,520	21,565	10,955
Total board of elections	\$ 99,144	\$ 99,144	\$ 80,529	\$ 18,615
Total general government administration	\$ 1,396,363	\$ 1,396,837	\$ 1,269,798	\$ 127,039
Judicial administration:				
Courts:				
Circuit court	\$ 18,180	\$ 18,180	\$ 11,693	\$ 6,487
General district court	9,821	9,821	9,391	430
Magistrate	1,350	1,350	720	630
Juvenile and domestic relations court	5,650	7,737	7,590	147
Clerk of the circuit court	96,790	96,790	83,855	12,935
Victim Witness Program	40,638	41,619	41,619	-
Division of court services	3,500	3,500	1,404	2,096
Blue Ridge legal services	2,000	2,000	2,000	-
Total courts	\$ 177,929	\$ 180,997	\$ 158,272	\$ 22,725
Commonwealth's attorney:				
Commonwealth's attorney	\$ 279,430	\$ 285,090	\$ 277,460	\$ 7,630
Total commonwealth's attorney	\$ 279,430	\$ 285,090	\$ 277,460	\$ 7,630
Total judicial administration	\$ 457,359	\$ 466,087	\$ 435,732	\$ 30,355

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (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	\$ 1,640,079	\$ 1,587,347	\$ 1,557,152	\$ 30,195
Criminal justice training	15,162	15,485	15,485	-
Drug task force	12,000	11,677	8,912	2,765
Total law enforcement and traffic control	<u>\$ 1,667,241</u>	<u>\$ 1,614,509</u>	<u>\$ 1,581,549</u>	<u>\$ 32,960</u>
Fire and rescue services:				
Emergency services board	\$ 369,003	\$ 369,003	\$ 350,633	\$ 18,370
Communications	381,898	477,358	411,201	66,157
Fire and rescue departments	267,611	267,611	266,264	1,347
Lord Fairfax Emergency Medical Services	4,929	4,929	4,929	-
Forestry services	3,576	3,576	2,231	1,345
Total fire and rescue services	<u>\$ 1,027,017</u>	<u>\$ 1,122,477</u>	<u>\$ 1,035,258</u>	<u>\$ 87,219</u>
Correction and detention:				
Regional jail	\$ 414,298	\$ 397,675	\$ 397,675	\$ -
Juvenile detention home	42,988	42,988	40,285	2,703
Probation office	2,050	2,050	719	1,331
Total correction and detention	<u>\$ 459,336</u>	<u>\$ 442,713</u>	<u>\$ 438,679</u>	<u>\$ 4,034</u>
Inspections:				
Building	\$ 139,609	\$ 139,609	\$ 130,688	\$ 8,921
Total inspections	<u>\$ 139,609</u>	<u>\$ 139,609</u>	<u>\$ 130,688</u>	<u>\$ 8,921</u>
Other protection:				
Animal control	\$ 138,524	\$ 138,524	\$ 89,613	\$ 48,911
Medical examiner	300	300	100	200
Total other protection	<u>\$ 138,824</u>	<u>\$ 138,824</u>	<u>\$ 89,713</u>	<u>\$ 49,111</u>
Total public safety	<u>\$ 3,432,027</u>	<u>\$ 3,458,132</u>	<u>\$ 3,275,887</u>	<u>\$ 182,245</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 180,000	\$ 179,275	\$ 177,654	\$ 1,621
Sanitation	39,200	39,200	38,882	318
Litter control program	6,337	7,062	5,930	1,132
Total sanitation and waste removal	<u>\$ 225,537</u>	<u>\$ 225,537</u>	<u>\$ 222,466</u>	<u>\$ 3,071</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (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	\$ 985,422	\$ 985,422	\$ 573,741	\$ 411,681
Total maintenance of general buildings and grounds	\$ 985,422	\$ 985,422	\$ 573,741	\$ 411,681
Total public works	\$ 1,210,959	\$ 1,210,959	\$ 796,207	\$ 414,752
Health and welfare:				
Health:				
Supplement of local health department	\$ 199,000	\$ 199,000	\$ 199,000	\$ -
Our Health	6,500	6,500	6,500	-
Total health	\$ 205,500	\$ 205,500	\$ 205,500	\$ -
Mental health and mental retardation:				
Northwestern Community Services	\$ 82,000	\$ 82,000	\$ 82,000	\$ -
Northwestern Health Systems	746	746	-	746
Concern Hotline	1,000	1,000	1,000	-
NW Works	1,000	1,000	1,000	-
Total mental health and mental retardation	\$ 84,746	\$ 84,746	\$ 84,000	\$ 746
Welfare:				
Shenandoah area on aging	\$ 35,000	\$ 35,000	\$ 35,000	\$ -
Loudoun County Transportation Association	17,639	17,639	17,639	-
Abused women's shelter	2,500	2,500	2,500	-
Independent living center	1,000	1,000	1,000	-
Disability services	707	707	-	707
Total welfare	\$ 56,846	\$ 56,846	\$ 56,139	\$ 707
Total health and welfare	\$ 347,092	\$ 347,092	\$ 345,639	\$ 1,453
Education:				
Other instructional costs:				
Contribution to Clarke County Public Schools	\$ 10,951,167	\$ 11,279,143	\$ 11,042,769	\$ 236,374
Lord Fairfax Community College	15,043	15,043	15,043	-
Total education	\$ 10,966,210	\$ 11,294,186	\$ 11,057,812	\$ 236,374
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 343,328	\$ 343,328	\$ 327,063	\$ 16,265
Recreation center	103,153	103,153	92,385	10,768
Swimming pool	85,291	85,291	70,095	15,196
Concession stand	-	19,822	17,786	2,036
Programs	285,244	285,244	193,558	91,686
Total parks and recreation	\$ 817,016	\$ 836,838	\$ 700,887	\$ 135,951



## Schedule of Expenditures - Budget and Actual

## Governmental Funds

For the Year Ended June 30, 2010 (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	\$ 4,000	\$ 4,000	\$ 4,000	\$ -
Total cultural enrichment	\$ 4,000	\$ 4,000	\$ 4,000	\$ -
Library:				
Contribution to Handley library	\$ 182,119	\$ 182,119	\$ 182,119	\$ -
Total library	\$ 182,119	\$ 182,119	\$ 182,119	\$ -
Total parks, recreation, and cultural	\$ 1,003,135	\$ 1,022,957	\$ 887,006	\$ 135,951
Community development:				
Planning and community development:				
Planning administration	\$ 468,544	\$ 468,544	\$ 453,107	\$ 15,437
Help with housing	7,200	7,200	7,200	-
Board of zoning appeals	3,620	3,620	847	2,773
Office of Economic Development	60,000	77,500	18,976	58,524
Berryville Development Authority	18,800	18,800	1,340	17,460
Small business development center	2,000	2,000	2,000	-
Blandy Experimental Farm	4,000	4,000	4,000	-
Planning commission	55,117	55,117	24,581	30,536
Berryville main street program	-	60,000	60,000	-
Board of septic appeals	2,739	2,739	1,396	1,343
Historic preservation	7,500	18,500	13,353	5,147
Northern Shenandoah Valley Regional Commission	10,692	12,810	12,810	-
Regional airport	5,000	5,000	5,000	-
Total planning and community development	\$ 645,212	\$ 735,830	\$ 604,610	\$ 131,220
Environmental management:				
Friends of the Shenandoah	\$ 4,000	\$ 4,000	\$ 4,000	\$ -
Lord Fairfax Soil and Water Conservation	9,500	9,500	9,500	-
Biosolids Application	13,642	20,999	20,999	-
Total environmental management	\$ 27,142	\$ 34,499	\$ 34,499	\$ -
Cooperative extension program:				
Cooperative extension service	\$ 71,939	\$ 71,939	\$ 43,663	\$ 28,276
Northern Virginia 4-H Center	3,000	3,000	3,000	-
Total cooperative extension program	\$ 74,939	\$ 74,939	\$ 46,663	\$ 28,276
Total community development	\$ 747,293	\$ 845,268	\$ 685,772	\$ 159,496

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Nondepartmental:				
Miscellaneous	\$ 31,744	\$ 46,376	\$ 180	\$ 46,196
Legal/professional services contingency	45,000	24,525	-	24,525
Total nondepartmental	\$ 76,744	\$ 70,901	\$ 180	\$ 70,721
Total General Fund	\$ 19,637,182	\$ 20,112,419	\$ 18,754,033	\$ 1,358,386
<b>Special Revenue Funds:</b>				
<b>Virginia Public Assistance Fund:</b>				
Health and welfare:				
Welfare and social services:				
Public assistance and welfare administration	\$ 1,378,727	\$ 1,421,814	\$ 1,273,077	\$ 148,737
Total health and welfare	\$ 1,378,727	\$ 1,421,814	\$ 1,273,077	\$ 148,737
Total Virginia Public Assistance Fund	\$ 1,378,727	\$ 1,421,814	\$ 1,273,077	\$ 148,737
<b>Comprehensive Services Fund:</b>				
Health and welfare:				
Welfare and social services:				
Program expenditures	\$ 906,935	\$ 1,281,819	\$ 997,703	\$ 284,116
Total health and welfare	\$ 906,935	\$ 1,281,819	\$ 997,703	\$ 284,116
Total CSA Fund	\$ 906,935	\$ 1,281,819	\$ 997,703	\$ 284,116
<b>Joint Administrative Services Fund:</b>				
Joint Services:				
Joint Services:				
Operations	\$ 523,241	\$ 523,241	\$ 505,981	\$ 17,260
Total non-departmental	\$ 523,241	\$ 523,241	\$ 505,981	\$ 17,260
Total Joint Services Fund	\$ 523,241	\$ 523,241	\$ 505,981	\$ 17,260
<b>Drug Enforcement Fund:</b>				
Public Safety:				
Public Safety				
Operations	\$ -	\$ -	\$ 11,986	\$ (11,986)
Total public safety	\$ -	\$ -	\$ 11,986	\$ (11,986)
Total Drug Enforcement Fund	\$ -	\$ -	\$ 11,986	\$ (11,986)

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds: (Continued)</b>				
<b>Conservation Fund:</b>				
General Government Administration:				
Community Development				
Planning administration	\$ 292,000	\$ 299,134	\$ 1,831,893	\$ (1,532,759)
Total community development	\$ 292,000	\$ 299,134	\$ 1,831,893	\$ (1,532,759)
Total Conservation Fund	\$ 292,000	\$ 299,134	\$ 1,831,893	\$ (1,532,759)
<b>Debt Service Fund:</b>				
<b>School Debt Service Fund:</b>				
Debt service:				
Principal retirement	\$ 1,907,071	\$ 1,925,074	\$ 1,924,690	\$ 384
Interest and other fiscal charges	1,586,986	1,601,968	1,570,168	31,800
Total School Debt Service Fund	\$ 3,494,057	\$ 3,527,042	\$ 3,494,858	\$ 32,184
<b>Primary Government Debt Service Fund:</b>				
Debt service:				
Principal retirement	\$ 237,186	\$ 237,186	\$ 205,889	\$ 31,297
Interest and other fiscal charges	239,490	239,490	149,311	90,179
Total Primary Government Debt Service	\$ 476,676	\$ 476,676	\$ 355,200	\$ 121,476
<b>Capital Projects Fund:</b>				
<b>County Capital Projects Fund:</b>				
Capital projects expenditures:				
Communications equipment	\$ -	\$ -	\$ 12,033	\$ (12,033)
Administrative building	-	-	79,263	(79,263)
Sheriff's equipment	25,000	25,000	13,939	11,061
Emergency mangement grants	-	-	1,509	(1,509)
Sheriff's vehicles	32,279	32,279	38,569	(6,290)
Groundwater study	37,544	37,544	37,544	-
Circuit courthouse renovations	-	7,500	2,505	4,995
Technology and equipment improvements	-	53,750	55,096	(1,346)
Park and school sewer improvements	-	-	11,440	(11,440)
Reassessments	-	51,150	40,609	10,541
Greenway court preservation	-	-	15,486	(15,486)
The barns of Berryville	-	-	150,000	(150,000)
Recreation center additions	-	-	505	(505)
Sheriff's mobile data terminals	164,900	190,950	94,565	96,385
Total County Capital Projects Fund	\$ 259,723	\$ 398,173	\$ 553,063	\$ (154,890)
Total Primary Government	\$ 26,968,541	\$ 28,040,318	\$ 27,777,794	\$ 262,524

## Schedule of Expenditures - Budget and Actual

## Governmental Funds

For the Year Ended June 30, 2010 (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>Special revenue funds:</b>				
<b>School Operating Fund:</b>				
Education:				
Instruction	\$ 14,824,641	\$ 15,218,308	\$ 14,605,884	\$ 612,424
Administration, attendance and health	1,347,424	1,383,205	1,282,211	100,994
Pupil transportation services	1,162,608	1,193,481	1,151,460	42,021
Operation and maintenance services	2,023,441	2,077,173	1,966,596	110,577
Total School Operating Fund	<u>\$ 19,358,114</u>	<u>\$ 19,872,167</u>	<u>\$ 19,006,151</u>	<u>\$ 866,016</u>
<b>School Food Service Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 765,581	\$ 765,581	\$ 724,035	\$ 41,546
Total School Food Service Fund	<u>\$ 765,581</u>	<u>\$ 765,581</u>	<u>\$ 724,035</u>	<u>\$ 41,546</u>
<b>School Capital Projects Fund:</b>				
Capital projects expenditures:				
School furniture replacement	\$ 30,000	\$ 30,000	\$ 24,366	\$ 5,634
Uniform replacements and band instruments	15,000	15,000	14,969	31
Athletic equipment and uniforms	15,000	15,000	12,259	2,741
Attendance and health - technology	-	-	22,000	(22,000)
Bus purchases	71,307	71,307	68,607	2,700
School passenger vehicle	25,000	25,000	14,625	10,375
Truck and tractor	25,000	25,000	32,305	(7,305)
Facilities - technology	180,000	180,000	272,356	(92,356)
Building improvements	-	-	5,235	(5,235)
Lighting	25,000	25,000	26,073	(1,073)
School painting	18,000	18,000	80,000	(62,000)
HVAC	25,000	25,000	44,519	(19,519)
School roof repair	20,000	20,000	9,100	10,900
Communications equipment	-	-	9,150	(9,150)
Flooring replacements	19,278	19,278	16,305	2,973
Security improvements	50,000	50,000	137,035	(87,035)
CCHS practice football field renovations	-	-	2,501	(2,501)
CCHS softball parking lot	-	-	2,402	(2,402)
New high school	-	10,288,653	1,794,790	8,493,863
Total capital projects	<u>\$ 518,585</u>	<u>\$ 10,807,238</u>	<u>\$ 2,588,597</u>	<u>\$ 8,218,641</u>
Total School Capital Projects Fund	<u>\$ 518,585</u>	<u>\$ 10,807,238</u>	<u>\$ 2,588,597</u>	<u>\$ 8,218,641</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 20,642,280</u>	<u>\$ 31,444,986</u>	<u>\$ 22,318,783</u>	<u>\$ 9,126,203</u>

## Other Statistical Information

COUNTY OF CLARKE, VIRGINIA

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

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

(1) Information has only been available for 8 years.

Table 1

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	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long- Term Debt	Sanitary Authority	IDA	Total
\$	17,166,200	\$ 746,629	\$ 541,334	\$ 453,011	\$ 413,807	\$ 1,126,366	\$ 27,466,294
	17,835,673	834,924	784,509	583,183	479,537	6,376	28,078,167
	18,892,347	681,001	561,228	278,763	606,925	3,052	29,105,585
	19,290,683	892,222	689,568	397,908	507,662	17,786	29,788,743
	21,446,988	898,356	1,267,673	1,289,965	556,260	12,371	34,618,980
	22,132,397	961,293	1,096,427	1,761,950	633,795	18,030	35,914,977
	21,529,346	995,410	924,413	1,413,426	613,951	6,236	35,078,068
	21,883,310	980,707	2,475,922	1,679,649	639,747	10,032	37,159,254

COUNTY OF CLARKE, VIRGINIA

Government-Wide Revenues

Last Ten Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2002-03	\$ 1,865,163	\$ 10,338,854	\$ 265,586
2003-04	1,796,557	9,536,079	1,204,289
2004-05	2,110,112	10,277,896	595,496
2005-06	2,225,483	10,533,886	1,012,594
2006-07	2,235,396	11,865,571	1,137,027
2007-08	2,326,605	11,941,509	1,162,277
2008-09	2,045,018	12,366,784	574,420
2009-10	2,217,128	11,769,147	3,374,914

(1) Information has only been available for 8 years.

(2) Includes discretely presented component units.

(3) 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 (3)	Unrestricted revenues from money or property	Miscella- neous	Grants and Contributions Not Restricted to Specific Programs	Gain (Loss) on Disposal of Asset	Total
\$ 10,341,814	\$ 1,797,139	\$ 237,908	\$ 615,543	\$ 3,479,531	\$ (40,025)	\$ 28,901,513
10,963,220	1,830,593	219,256	457,279	1,959,463	298,570	28,265,306
12,047,914	2,254,173	319,583	417,991	2,471,192	541,325	31,035,682
12,435,828	2,536,599	412,710	401,202	3,405,339	90,651	33,054,292
15,104,767	2,457,607	1,265,352	480,258	2,728,288	-	37,274,266
16,045,705	2,350,951	1,757,156	448,435	2,957,252	-	38,989,890
16,834,336	2,222,936	744,769	440,076	2,976,959	-	38,205,298
17,174,992	1,682,254	403,628	295,794	3,106,207	(42,433)	39,981,631

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>
2000-01	\$ 1,059,895	\$ 264,435	\$ 1,667,897	\$ 883,396	\$ 1,746,494	\$ 14,330,390
2001-02	1,137,131	264,742	2,007,868	972,045	1,986,661	15,421,598
2002-03	874,242	289,362	1,967,080	1,036,982	2,229,399	15,625,975
2003-04	978,755	289,897	2,385,071	976,522	2,233,933	16,812,591
2004-05	1,052,796	326,410	2,612,682	1,097,103	2,264,177	17,702,813
2005-06	1,054,602	367,620	2,853,241	1,095,905	2,054,545	18,643,505
2006-07	1,148,248	419,882	3,101,165	1,145,874	2,581,195	19,688,323
2007-08	1,277,128	418,960	3,288,061	1,125,273	2,155,592	20,273,221
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

(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

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	<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>
\$	612,403	\$ 543,784	\$ -	\$ 1,616,073	\$ 4,352,163	\$ 27,076,930
	736,517	775,819	12,834	1,396,526	2,726,828	27,438,569
	695,862	556,199	341,466	1,366,663	1,676,545	26,659,775
	735,161	782,433	356,820	1,372,114	1,669,437	28,592,734
	772,119	680,165	373,123	1,356,963	1,514,423	29,752,774
	830,169	683,302	404,615	1,535,036	3,324,626	32,847,166
	828,018	1,244,788	429,871	1,460,101	4,595,984	36,643,449
	886,456	1,068,892	486,779	4,011,771	5,360,875	40,353,008
	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

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
2000-01	\$ 10,147,623	\$ 1,417,622	\$ 308,334	\$ 68,466	\$ 1,301,958	\$ 1,174,346
2001-02	9,999,370	1,570,852	437,384	61,861	412,569	1,215,904
2002-03	10,190,653	1,797,139	396,610	57,576	549,094	1,175,725
2003-04	10,659,908	1,830,593	472,820	73,207	1,144,134	957,639
2004-05	12,257,621	2,254,173	614,690	114,229	824,408	1,071,583
2005-06	13,146,490	2,641,776	570,681	140,977	546,121	1,202,341
2006-07	15,027,301	2,457,607	409,494	306,494	1,562,945	1,183,139
2007-08	16,150,133	2,350,951	432,043	238,256	1,749,052	1,316,037
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

(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

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

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
2000-01	\$ 11,804,679	\$ 11,248,305	95.29%	\$ 291,368	\$ 11,539,673	97.76%	\$ 1,340,673	11.36%
2001-02	11,765,659	11,602,614	98.61%	218,268	11,820,882	100.47%	1,133,172	9.63%
2002-03	12,184,755	11,957,442	98.13%	221,318	12,178,760	99.95%	860,509	7.06%
2003-04	12,423,985	12,330,542	99.25%	174,868	12,505,410	100.66%	1,325,734	10.67%
2004-05	13,604,747	13,463,299	98.96%	237,212	13,700,511	100.70%	939,476	6.91%
2005-06	15,599,814	15,894,611	101.89%	167,564	16,062,175	102.96%	1,060,745	6.80%
2006-07	16,926,279	17,029,772	100.61%	216,803	17,246,575	101.89%	1,416,900	8.37%
2007-08	18,057,673	17,846,889	98.83%	388,062	18,234,951	100.98%	1,206,020	6.68%
2008-09	18,811,655	18,342,029	97.50%	184,729	18,526,758	98.49%	1,806,318	9.60%
2009-10	19,462,691	19,093,650	98.10%	277,314	19,370,964	99.53%	1,834,072	9.42%

(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	
2000-01	\$ 815,052,011	\$ 94,720,626	\$ 19,476,145	\$ 39,032,073	\$ -	\$ 968,280,855
2001-02	908,343,957	97,154,771	16,953,691	37,638,577	-	1,060,090,996
2002-03	1,036,076,509	100,044,457	18,784,779	40,569,471	-	1,195,475,216
2003-04	1,064,502,206	107,050,697	22,578,269	41,351,924	-	1,235,483,096
2004-05	1,108,825,959	117,548,788	23,590,165	35,750,413	-	1,285,715,325
2005-06	1,739,594,473	129,289,703	22,324,393	33,449,538	-	1,924,658,107
2006-07	2,379,976,523	134,031,694	23,092,118	44,713,209	-	2,581,813,544
2007-08	2,441,782,816	147,619,698	23,665,552	46,902,741	-	2,659,970,807
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

(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)		Mobile Homes	Personal Property	Machinery and Tools	Public Utility	
	Real Estate					Real Estate (2)	Personal Property
2000-01	\$ 0.92	\$ 0.92	\$ 0.92	\$ 4.00	\$ 1.25	\$ 0.92	\$ 4.00
2001-02	0.74	0.74	0.74	4.00	1.25	0.74	4.00
2002-03	0.74	0.74	0.74	4.00	1.25	0.74	4.00
2003-04	0.74	0.74	0.74	4.00	1.25	0.74	4.00
2004-05	0.81	0.81	0.81	4.00	1.25	0.81	4.00
2005-06	.81/.45	.81/.45	.81/.45	4.00	1.25	.81/.45	4.00
2006-07	.45/.48	.45/.48	.45/.48	4.00	1.25	.45/.48	4.00
2007-08	.48/.50	.48/.50	.48/.50	4.00	1.25	.48/.50	4.00
2008-09	.50/.53	.50/.53	.50/.53	4.00/4.81	1.25	.50/.53	4.00
2009-10	.53/.62	.53/.62	.53/.62	4.81/4.83	1.25	0.53	4.00

(1) Per \$100 of assessed value.

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



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
2000-01	12,652	\$ 968,281	\$ 12,048,500	1.24%	\$ 952
2001-02	12,652	1,060,091	11,201,000	1.06%	885
2002-03	12,652	1,195,475	10,323,461	0.86%	816
2003-04	12,652	1,235,483	9,496,500	0.77%	751
2004-05	13,852	1,285,715	9,058,500	0.70%	654
2005-06	13,900	1,924,658	8,186,000	0.43%	589
2006-07	14,565	2,581,814	36,773,330	1.42%	2,525
2007-08	14,565	2,659,971	37,154,725	1.40%	2,551
2008-09	14,565	2,676,289	36,767,291	1.37%	2,524
2009-10	14,565	2,421,848	44,596,490	1.84%	3,062

(1) [www.fedstats.gov](http://www.fedstats.gov)

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

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

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**Compliance**

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Clarke, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County of Clarke, Virginia's basic financial statements and have issued our report thereon dated November 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control over Financial Reporting

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

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

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

### Compliance and Other Matters

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

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

*Robinson, Turner, Co. Associates*  
Charlottesville, Virginia  
November 29, 2010

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

## Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

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

### Compliance

We have audited County of Clarke, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Clarke, Virginia's major federal programs for the year ended June 30, 2010. County of Clarke, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of County of Clarke, Virginia's management. Our responsibility is to express an opinion on County of Clarke, Virginia's compliance based on our audit.

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

In our opinion, County of Clarke, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

### Internal Control Over Compliance

Management of County of Clarke, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered County of Clarke, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Clarke, Virginia's internal control over compliance.

### Internal Control Over Compliance: (Continued)

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

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

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

*Robinson, Farmer, & Associates*  
Charlottesville, Virginia  
November 29, 2010



Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Catalog Number	Pass-Through Entity Identifying Number	Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting safe and stable families	93.556	0950109/0950110	\$ 15,210
Temporary assistance for needy families (TANF)	93.558	0400109/0400110	77,455
Refugee and entrant assistance - state administered programs	93.566	0500109/0500110	365
Low-income home energy assistance	93.568	0600409/0600410	3,945
Child care and development block grant	93.575	0770109/0770110	43,077
Child care mandatory and matching funds of the child care and development fund	93.596	0760109/0760110	37,929
Child welfare services - state grants	93.645	0900109/0900110	243
Foster care - Title IV-E	93.658	1100109/1100110	66,778
Foster care - Title IV-E (ARRA)	93.658	1100109/1100110	1,047
Adoption assistance	93.659	1120109/1120110	10,530
Adoption assistance (ARRA)	93.659	1120109/1120110	638
Social services block grant	93.667	1000109/1000110	35,566
Chafee foster care independence program	93.674	9150109/9150110	498
Child care and development block grant (ARRA)	93.713	0740109/0780109	17,065
Children's health insurance program	93.767	0540109/0540110	5,954
Medical assistance program	93.778	1200109/1200110	80,530
Total Department of Health and Human Services			\$ 396,830
Department of Agriculture:			
Direct Payments:			
Community facilities loans and grants	10.766		\$ 109,493
Pass Through Payments:			
Department of Agriculture:			
Food distribution	10.555	10.555/2010	\$ 37,011
Department of Education:			
National school breakfast program	10.553	10.553/2010	153,562
National school lunch program	10.555	10.555/2010	18,932
Department of Social Services:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	0010109/0010110 0040109/0040110	134,665
State administrative matching grants for the supplemental nutrition assistance program (ARRA)	10.561	0010109/0010110 0040109/0040110	4,374
Total Department of Agriculture - pass-through payments			\$ 348,544
Total Department of Agriculture			\$ 458,037

Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Catalog Number	Pass-Through Entity Identifying Number	Expenditures
Department of the Interior:			
Direct payments:			
Payment in lieu of taxes	15.226		\$ 5,554
Department of Homeland Security:			
Pass Through Payments:			
State homeland security program	97.073	n/a	21,537
Department of Justice:			
Direct payments:			
Bulletproof vest partnership program	16.607		\$ 6,693
Public safety partnership and community policing grant	16.710		146,799
Assistance to rural law enforcement to combat crime and drugs competitive grant (ARRA)	16.810		94,565
Total Department of Justice - direct payments			\$ 248,057
Pass Through Payments:			
Department of Criminal Justice Service:			
Edward Byrne memorial formula grant program	16.579	n/a	\$ 2,620
Youth gang prevention	16.544	n/a	69,993
Edward Byrne memorial justice assistance grant (JAG) (ARRA)	16.803	09SUB9033	36,100
Violence against women formula grants	16.588	08WFAX0050	27,150
Crime victim assistance	16.575	08VAGX0017/09VAG0017	38,257
Total Department of Justice - pass-through payments			\$ 174,120
Total Department of Justice			\$ 422,177
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and community highway safety program	20.600	SC0959153/SC1050112	\$ 12,971
Total Department of Transportation			\$ 12,971
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to local educational agencies	84.010	S010A080046	157,274
Title I: Grants to local educational agencies (ARRA)	84.389	S389A090046	43,786
Special education grants to states	84.027	H027A090107	354,075
Special education grants to states (ARRA)	84.391	H391A090107	302,140
Special education - preschool grants	84.173	H173A080112	19,205
Special education - preschool grants (ARRA)	84.392	H392A090112	12,402
State fiscal stabilization fund - education state grants (ARRA)	84.394	S394A090047	523,926
English language acquisition grant	84.365	T365A080046	6,444
Career and technical education - basic grants to states	84.048	V048A070046	22,140
Safe and drug free schools and communities	84.186	Q186A090048	4,816
Education technology state grants	84.318	S318X070046	612
State grants for innovative programs	84.298	S298A070047	(56)
Improving teacher quality state grants	84.367	S367A070044	64,747
Total Department of Education			\$ 1,511,511
Total Federal Assistance			\$ 2,828,617

## COUNTY OF CLARKE, VIRGINIA

### Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2010

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#### Note 1 - General

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, 2010. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Clarke, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Clarke, Virginia.

#### Note 2 - Basis of Accounting

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

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

#### Note 3 - 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	\$ 196,718
Special Revenue Funds:	
Virginia Public Assistance Fund	535,869
Drug Enforcement Fund	2,620
Capital Projects Funds:	
County Capital Improvements Fund	116,102
Total primary government	<u>\$ 851,309</u>

Component Unit Public Schools:

School Operating Fund	\$ 1,511,511
School Cafeteria Fund	209,505
School Capital Projects Fund	146,799
Total component unit public schools	<u>\$ 1,867,815</u>

Component Unit Clarke County Sanitary Authority	<u>\$ 109,493</u>
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Total federal expenditures per basic financial statements	<u>\$ 2,828,617</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 2,828,617</u></u>
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COUNTY OF CLARKE, VIRGINIA

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No
Identification of major programs:	

<b><u>CFDA #</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
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	Supplemental nutrition assistance program cluster
10.561	State administrative matching grants for the supplemental nutrition assistance program
10.561	State administrative matching grants for the supplemental nutrition assistance program (ARRA)
	Title I: Grants to local educational agencies cluster
84.010	Title I: Grants to local educational agencies
84.389	Title I: Grants to local educational agencies (ARRA)
	Special education cluster
84.027	Special education grants to states
84.391	Special education grants to states (ARRA)
84.173	Special education - preschool grants
84.392	Special education - preschool grants (ARRA)
84.394	State fiscal stabilization fund - education state grants (ARRA)

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