

County of Clarke, Virginia



Financial Report
Year Ended June 30, 2011

COUNTY OF CLARKE, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2011

COUNTY OF CLARKE, VIRGINIA

Board of Supervisors

J. Michael Hobert, Chairman
David Weiss, Vice Chairman

Barbara J. Byrd

John R. Staelin

A.R. Dunning, Jr.

County School Board

Barbara P. Lee, Chairman
Emily S. Rhodes, Vice-Chairman
Thomas J. Judge, Clerk

Robina R. Bouffault

Janet K. Creager Alger

Jenifer A. Welliver

Board of Social Services

Alan Melusen, Chairman
Dwight Brown, Vice-Chairman

Barbara Byrd

Lyndon Willingham

Richard Davis

Other Officials

Judge of the Circuit Court..... Thomas J. Wilson, IV
Judge of the Circuit Court..... Vacant
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 CourtHelen Butts
Judge of the General District CourtAmy 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, 2011, 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.

As described in Note 1 to the financial statements, the County of Clarke, Virginia adopted the provisions of *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2011, on our consideration of the County of Clarke, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
December 2, 2011

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, 2011.

Financial Highlights

- The assets of the County (excluding component units) exceeded its liabilities at the close of the most recent fiscal year by \$28.9 million (*net assets*). Of this amount, \$15.9 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 \$7.02 million, of which the governmental activities accounted for 100% of the increase.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$602,971. The Fiscal Policy of Clarke County requires that certain financial designations of General Fund balance be maintained. These financial designations are reported as assigned fund balance of \$14,588,208 and are comprised of the numerous designations. Liquidity and stabilization funds comprise \$3,688,754. Saving for pay-as-you-go capital expenditure comprises \$843,462. Multi-year capital appropriations, net of estimated revenue, encumber an additional \$5,127,367. Finally, a total \$3,558,705 is assigned for carryover requests from unexpended FY 11 funds, and \$1,369,920 is designated to the FY 12 budgeted deficit.
- The County's total long-term obligations decreased by \$2,012,410 (4%) during the current fiscal year.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

Overview of the Financial Statements (Continued)

Government-wide financial statements: (Continued)

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

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

Fund financial statements

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

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

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

The County reports ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and the Virginia Public Assistance Fund both of which are considered to be major funds. Data from the other County funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Overview of the Financial Statements (Continued)

Fund financial statements: (Continued)

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

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

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

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 48 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 49 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 52 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$28.9 million at the close of the most recent fiscal year. A large portion of the County's net assets (\$12.9 million, 45% of total) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

Government-Wide Financial Analysis (Continued)

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

County of Clarke, Virginia Summary of Net Assets As of June 30, 2011 and 2010		
	Governmental Activities	
	2011	2010
Current and other assets	\$ 49,111,077	\$ 58,834,797
Capital assets	37,229,359	22,636,730
Total assets	<u>\$ 86,340,436</u>	<u>\$ 81,471,527</u>
Long-term liabilities outstanding	\$ 46,152,050	\$ 48,164,460
Other liabilities	11,285,732	11,425,065
Total liabilities	<u>\$ 57,437,782</u>	<u>\$ 59,589,525</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 12,941,979	\$ 7,753,172
Restricted	32,593	44,875
Unrestricted	15,928,082	14,083,955
Total net assets	<u><u>\$ 28,902,654</u></u>	<u><u>\$ 21,882,002</u></u>

An additional portion of the County's net assets (\$32,593) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$15.9 million) may be used to meet the County's ongoing obligations to citizens and creditors.

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

As noted previously, the County's net assets increased by \$7.02 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 \$7.02 million. The following table summarizes the County's Statement of Activities:

County of Clarke, Virginia Changes in Net Assets Years Ended June 30, 2011 and 2010

	Governmental Activities	
	2011	2010
Revenues:		
Program revenues:		
Charges for services	\$ 1,350,640	\$ 1,197,511
Operating grants and contributions	2,850,763	2,864,855
Capital grants and contributions	205,249	1,437,854
General revenues:		
Property taxes	17,655,465	17,174,992
Other taxes	1,653,965	1,682,254
Unrestricted revenues from the use of money and property	254,454	321,597
Miscellaneous	68,886	24,665
Grants and contributions not restricted to specific programs	2,995,371	3,106,207
Gain (loss) on disposal of capital assets	-	(42,433)
Total revenues	<u>\$ 27,034,793</u>	<u>\$ 27,767,502</u>
Expenses:		
General governmental administration	\$ 1,905,789	\$ 1,804,666
Judicial administration	406,759	440,855
Public safety	3,205,467	3,719,972
Public works	900,060	852,209
Health and welfare	2,447,164	2,672,185
Parks, recreation, and cultural	969,405	980,707
Community development	991,056	2,475,922
Interest on long-term debt	1,832,949	1,679,649
Education	7,338,844	11,409,191
Transfers out	16,648	16,402
Total expenses	<u>\$ 20,014,141</u>	<u>\$ 26,051,758</u>
Increase (decrease) in net assets	<u>\$ 7,020,652</u>	<u>\$ 1,715,744</u>
Net assets - beginning of year, as adjusted	<u>21,882,002</u>	<u>20,166,258</u>
Net assets - end of year	<u><u>\$ 28,902,654</u></u>	<u><u>\$ 21,882,002</u></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.
- Decrease in contributions to the component unit School Board due to the transfer of construction costs associated with the new high school.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$15.9 million, an increase of \$1.1 million in comparison with the prior year. Of this total amount, \$15.7 million or 99% constitutes *assigned and unassigned fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is *restricted* to indicate that it is not available for new spending because it has already been committed to a specific purpose.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, assigned and unassigned fund balance of the General Fund was \$15.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Assigned and unassigned fund balance represents 130% of total General Fund expenditures.

Restricted fund balance of \$32,593 for the Parks and Recreation Fund is included in other governmental funds.

General Fund Budgetary Highlights

There was an increase of \$938,897 between the original budget and the final amended budgeted expenditures. The significant differences can be summarized as follows:

- \$10,444 increase in general government administration budget.
- \$60,923 increase in final budget appropriations for public safety.
- \$837,847 increase in final budget appropriations for education.
- \$19,922 increase in final budget appropriations for community development.

Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$37.2 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 two sheriff's department vehicles.
- Purchase of a maintenance department manlift.
- Improvement of EDP equipment and infrastructure.
- Investment in sheriff's mobile data terminals.
- Incurred expenditures for the groundwater study.
- Implementation of a VDEM Emergency Operations Center.
- Other projects included continued improvements in administrative building renovations, circuit courthouse renovations, and double tollgate commercial area project.

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

		Governmental Activities	
		2011	2010
Land	\$	745,500	\$ 745,500
Buildings		5,841,910	6,521,188
Improvements		799,551	793,341
Machinery & Equipment		967,221	1,204,735
Construction in progress		28,875,177	13,371,966
Total	\$	<u>37,229,359</u>	<u>\$ 22,636,730</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 \$46.2 million and details are summarized in the following table:

		Governmental Activities	
		2011	2010
Bonds Payable:			
General obligation bonds	\$	38,315,000	\$ 40,060,000
Note Payables		5,537,765	5,323,376
Capital lease		1,535,061	1,685,077
Compensated absences		764,224	1,096,007
Total	\$	<u>46,152,050</u>	<u>\$ 48,164,460</u>

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

Economic Factors and Next Year's Budgets and Rates

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Assets
June 30, 2011

	Primary Government Governmental Activities	Component Units		
		School Board	Clarke County Sanitary Authority	Industrial Development Authority
ASSETS				
Cash and cash equivalents	\$ 13,090,197	\$ 474,303	\$ 1,928,423	\$ 130,064
Receivables (net of allowance for uncollectibles):				
Taxes receivable	11,441,374	-	-	-
Accounts receivable	194,688	125,219	93,267	-
Notes receivable	2,576	-	-	-
Due from other funds	351,151	36,228	-	-
Due from component unit	1,075,382	-	-	-
Due from other governmental units	1,654,740	1,380,083	-	-
Prepaid expenses	129,900	18,121	12,262	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	21,142,348	-	-	-
Notes receivable - net of current portion	28,721	-	-	-
Capital assets (net of accumulated depreciation):				
Land	745,500	647,266	13,200	-
Buildings and system	5,841,910	9,102,889	-	-
Improvements other than buildings	799,551	190,468	-	-
Machinery and equipment	967,221	1,369,049	-	-
Utility plant in service	-	-	9,070,478	-
Construction in progress	28,875,177	-	451,490	-
Total assets	\$ 86,340,436	\$ 13,343,626	\$ 11,569,120	\$ 130,064
LIABILITIES				
Accounts payable	\$ 347,297	\$ 2,643,500	\$ 102,863	\$ -
Accrued liabilities	3,247	2,172,748	-	-
Accrued interest payable	685,544	-	-	-
Due to other funds	264,933	54,432	-	-
Due to primary government	-	1,075,382	-	-
Deferred revenue	9,984,711	-	11,283	-
Long-term liabilities:				
Due within one year	2,821,496	50,093	282,980	-
Due in more than one year	43,330,554	450,832	5,131,990	-
Total liabilities	\$ 57,437,782	\$ 6,446,987	\$ 5,529,116	\$ -
NET ASSETS				
Invested in capital assets, net of related debt	\$ 12,941,979	\$ 11,309,672	\$ 4,120,198	\$ -
Restricted for:				
Parks and recreation	32,593	-	-	-
Unrestricted (deficit)	15,928,082	(4,413,033)	1,919,806	130,064
Total net assets	\$ 28,902,654	\$ 6,896,639	\$ 6,040,004	\$ 130,064

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, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,905,789	\$ 25,930	\$ 194,670	\$ 87,623
Judicial administration	406,759	1,279	179,274	-
Public safety	3,205,467	808,543	1,181,055	92,626
Public works	900,060	-	-	-
Health and welfare	2,447,164	-	1,285,764	-
Education	7,338,844	-	-	-
Parks, recreation, and cultural	969,405	376,604	5,000	-
Community development	991,056	138,284	5,000	25,000
Interest on long-term debt	1,832,949	-	-	-
Total governmental activities	\$ 19,997,493	\$ 1,350,640	\$ 2,850,763	\$ 205,249
Total primary government	\$ 19,997,493	\$ 1,350,640	\$ 2,850,763	\$ 205,249
COMPONENT UNITS:				
School Board	\$ 20,969,850	\$ 824,813	\$ 8,856,062	\$ -
Clarke County Sanitary Authority	832,459	440,699	-	200,836
Clarke County Industrial Development Authority	10,501	-	-	-
Total component units	\$ 21,812,810	\$ 1,265,512	\$ 8,856,062	\$ 200,836
General revenues:				
General property taxes				
Other local taxes:				
Local sales and use tax				
Consumer utility tax				
Taxes on recordation and wills				
Motor vehicle licenses				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Contribution from County of Clarke				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets				
Primary Government	Component Units			
Governmental Activities	School Board	Clarke County Sanitary Authority	Industrial Development Authority	
\$ (1,597,566)	\$ -	\$ -	\$ -	
(226,206)	-	-	-	
(1,123,243)	-	-	-	
(900,060)	-	-	-	
(1,161,400)	-	-	-	
(7,338,844)	-	-	-	
(587,801)	-	-	-	
(822,772)	-	-	-	
(1,832,949)	-	-	-	
<u>\$ (15,590,841)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (15,590,841)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (11,288,975)	\$ -	\$ -	
-	-	(190,924)	-	
-	-	-	(10,501)	
<u>\$ -</u>	<u>\$ (11,288,975)</u>	<u>\$ (190,924)</u>	<u>\$ (10,501)</u>	
\$ 17,655,465	\$ -	\$ -	\$ -	
684,426	-	-	-	
372,706	-	-	-	
206,339	-	-	-	
303,336	-	-	-	
87,158	-	-	-	
254,454	39,106	16,848	2,319	
68,886	70,478	132,759	-	
2,995,371	-	-	-	
-	7,323,801	10,000	-	
(16,648)	-	-	-	
<u>\$ 22,611,493</u>	<u>\$ 7,433,385</u>	<u>\$ 159,607</u>	<u>\$ 2,319</u>	
7,020,652	(3,855,590)	(31,317)	(8,182)	
21,882,002	10,752,229	6,071,321	138,246	
<u>\$ 28,902,654</u>	<u>\$ 6,896,639</u>	<u>\$ 6,040,004</u>	<u>\$ 130,064</u>	

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Fund Financial Statements

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Balance Sheet

Governmental Funds

June 30, 2011

	General	Virginia Public Assistance	School Debt Service	Other Govern- mental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 12,461,841	\$ -	\$ 65,169	\$ 524,737	\$ 13,051,747
Receivables (net of allowance for uncollectibles):					
Taxes receivable	11,441,374	-	-	-	11,441,374
Accounts receivable	173,141	-	-	21,547	194,688
Due from other funds	224,743	-	37,187	89,221	351,151
Due from component unit	1,075,382	-	-	-	1,075,382
Due from other governmental units	1,468,728	129,385	-	56,627	1,654,740
Prepaid items	106,583	1,553	14,264	7,500	129,900
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	-	41,902	41,902
Total assets	<u>\$ 26,951,792</u>	<u>\$ 130,938</u>	<u>\$ 116,620</u>	<u>\$ 741,534</u>	<u>\$ 27,940,884</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 183,137	\$ 95	\$ 51,451	\$ 112,614	\$ 347,297
Accrued liabilities	3,247	-	-	-	3,247
Due to other funds	128,360	130,843	-	5,730	264,933
Deferred revenue	11,339,286	-	65,169	-	11,404,455
Total liabilities	<u>\$ 11,654,030</u>	<u>\$ 130,938</u>	<u>\$ 116,620</u>	<u>\$ 118,344</u>	<u>\$ 12,019,932</u>
Fund balances:					
Nonspendable:					
Prepaid items	106,583	1,553	14,264	7,500	129,900
Restricted for:					
Animal care expenditures	-	-	-	-	-
Parks and recreation expenditures	-	-	-	32,593	32,593
Committed for:					
Animal care expenditures	-	-	-	9,309	9,309
Public safety expenditures	-	-	-	27,672	27,672
Assigned for:					
Capital projects	-	-	-	553,616	553,616
Other (Note 15)	14,588,208	-	-	-	14,588,208
Unassigned	602,971	(1,553)	(14,264)	(7,500)	579,654
Total fund balances	<u>\$ 15,297,762</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 623,190</u>	<u>\$ 15,920,952</u>
Total liabilities and fund balances	<u>\$ 26,951,792</u>	<u>\$ 130,938</u>	<u>\$ 116,620</u>	<u>\$ 741,534</u>	<u>\$ 27,940,884</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, 2011

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 15,920,952
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	37,229,359
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).	21,100,446
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,419,744
Long-term note receivable is not available to pay for current period expenditures and, therefore, is not reported in the funds.	31,297
Interest on long-term debt is not accrued in governmental funds, but rather is recognized when paid.	(685,544)
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.	38,450
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(46,152,050)</u>
Net assets of governmental activities	<u>\$ 28,902,654</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, 2011

	General	Virginia Public Assistance	School Debt Service	Other Governmental Funds	Total
REVENUES					
General property taxes	\$ 17,351,499	\$ -	\$ -	\$ -	\$ 17,351,499
Other local taxes	1,653,965	-	-	-	1,653,965
Permits, privilege fees, and regulatory licenses	326,865	-	-	-	326,865
Fines and forfeitures	381,509	-	-	-	381,509
Revenue from the use of money and property	139,066	-	114,446	942	254,454
Charges for services	616,336	-	-	25,930	642,266
Miscellaneous	9,014	-	-	62,353	71,367
Recovered costs	168,577	49,772	-	13,150	231,499
Intergovernmental revenues:					
Commonwealth	4,264,143	326,954	-	379,292	4,970,389
Federal	278,396	597,349	87,623	117,626	1,080,994
Total revenues	\$ 25,189,370	\$ 974,075	\$ 202,069	\$ 599,293	\$ 26,964,807
EXPENDITURES					
Current:					
General government administration	\$ 1,758,864	\$ -	\$ -	\$ -	\$ 1,758,864
Judicial administration	406,846	-	-	-	406,846
Public safety	3,287,754	-	-	12,436	3,300,190
Public works	866,886	-	-	-	866,886
Health and welfare	345,139	1,376,264	-	836,889	2,558,292
Education	10,587,172	-	-	-	10,587,172
Parks, recreation, and cultural	900,137	-	-	-	900,137
Community development	814,400	-	-	-	814,400
Nondepartmental	3,531	-	-	-	3,531
Capital projects	-	-	-	1,112,787	1,112,787
Debt service:					
Principal retirement	-	-	1,874,331	203,714	2,078,045
Interest and other fiscal charges	-	-	1,848,187	160,986	2,009,173
Total expenditures	\$ 18,970,729	\$ 1,376,264	\$ 3,722,518	\$ 2,326,812	\$ 26,396,323
Excess (deficiency) of revenues over (under) expenditures	\$ 6,218,641	\$ (402,189)	\$ (3,520,449)	\$ (1,727,519)	\$ 568,484
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 3,433	\$ 402,189	\$ 3,520,449	\$ 1,164,277	\$ 5,090,348
Transfers out	(5,103,563)	-	-	(3,433)	(5,106,996)
Issuance of lease revenue bond	-	-	-	567,178	567,178
Total other financing sources (uses)	\$ (5,100,130)	\$ 402,189	\$ 3,520,449	\$ 1,728,022	\$ 550,530
Net change in fund balances	\$ 1,118,511	\$ -	\$ -	\$ 503	\$ 1,119,014
Fund balances - beginning	14,179,251	-	-	622,687	14,801,938
Fund balances - ending	\$ 15,297,762	\$ -	\$ -	\$ 623,190	\$ 15,920,952

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, 2011

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

Net change in fund balances - total governmental funds	\$	1,119,014
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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	\$	929,166	
Depreciation expense		(587,738)	
Joint tenancy asset transfer		<u>(488,000)</u>	(146,572)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(15,151)
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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.	303,966
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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.

Principal payments received	(2,481)
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Changes in long-term assets and liabilities transferred from component unit School Board.	3,869,351
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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	\$	(545,631)	
Principal retired		2,148,971	
Bond discount amortization		1,616	
Bond premium amortization		<u>(78,903)</u>	1,526,053

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	\$	331,783	
(Increase)/decrease in accrued interest payable		<u>37,976</u>	369,759

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.

	<u>(3,287)</u>
Change in net assets of governmental activities	<u>\$ 7,020,652</u>

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

Statement of Net Assets
Internal Service Fund
June 30, 2011

	<u>Health Insurance Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ <u>38,450</u>
Total assets	\$ <u>38,450</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ <u>-</u>
Total current liabilities	\$ <u>-</u>
Total liabilities	\$ <u>-</u>
NET ASSETS	
Unrestricted	\$ <u>38,450</u>
Total net assets	\$ <u><u>38,450</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, 2011

	<u>Health Insurance Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 141,134
Miscellaneous	<u>1,350</u>
Total operating revenues	<u>\$ 142,484</u>
OPERATING EXPENSES	
Insurance claims and expenses	<u>\$ 138,868</u>
Total operating expenses	<u>\$ 138,868</u>
Operating income (loss)	<u>\$ 3,616</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	<u>\$ (6,902)</u>
Income before contributions and transfers	<u>\$ (3,286)</u>
Total net assets - beginning	<u>41,736</u>
Total net assets - ending	<u><u>\$ 38,450</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, 2011

	<u>Health Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 141,134
Payments for premiums	<u>(138,868)</u>
Net cash provided (used) by operating activities	\$ <u>2,266</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	(6,902)
Net increase (decrease) in cash and cash equivalents	\$ (4,636)
Cash and cash equivalents - beginning	<u>43,086</u>
Cash and cash equivalents - ending	<u><u>\$ 38,450</u></u>

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 72,531
Due from other governments	170,567
Due from other funds	<u>1,952</u>
Total assets	<u>\$ 245,050</u>
LIABILITIES	
Accounts payable	\$ 1,952
Due to other governmental units	100,602
Due to other funds	69,965
Amounts held for social services clients	22,514
Amounts held for employees	<u>50,017</u>
Total liabilities	<u>\$ 245,050</u>

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2011

Note 1—Summary of Significant Accounting Policies:

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

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units to be included for the fiscal year ended June 30, 2011.

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, 2011.

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, 2011.

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

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units: (Continued)

The Clarke County Industrial Development Authority is responsible for industrial and commercial development in the County. The Authority consists of seven members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2011.

C. Other Related Organizations

Included in the County's Financial Report

None

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

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

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

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

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

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

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

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

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

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

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

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

1. Governmental Funds

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

a. General Fund

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

b. Special Revenue Funds

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

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

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

1. Governmental Funds: (Continued)

c. Capital Projects Fund

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

d. Debt Service Funds

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

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

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

E. Cash and Cash Equivalents:

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

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

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

F. Investments

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

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

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$265,985 at June 30, 2011 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

H. Capital Assets

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

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

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

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

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

H. Capital Assets: (Continued)

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

L. Net Assets

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

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

M. Long-term Obligations

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

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.

P. Fund Equity

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

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

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

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

P. Fund Equity: (Continued)

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

Note 2—Stewardship, Compliance, and Accounting:

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

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

Deposits

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2011 (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, 2011 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, 2011 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	
<u>Rated Debt Investments</u>	
	Fair Quality Ratings
	<u>AAA</u>
Federal Bonds/Notes	\$ 9,642,652
Local Government Investment Pool	2,128,101
State Non-Arbitrage Pool	<u>21,578,145</u>
Total	<u>\$ 33,348,898</u>

Interest Rate Risk

Investment Maturity (in years)		
<u>Investment Type</u>	<u>Maturity</u>	
	<u>Fair Value</u>	<u>1</u>
U.S. Agencies	\$ 9,642,652	\$ 9,642,652
Local Government Investment Pool	<u>2,128,101</u>	<u>2,128,101</u>
Total	<u>\$ 11,770,753</u>	<u>\$ 11,770,753</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, 2011 (Continued)

Note 4—Due from Other Governments:

At June 30, 2011, the County has receivables from other governments as follows:

		<u>Component Unit</u>
	<u>Primary Government</u>	<u>School Board</u>
Other local governments	\$ 10,426	\$ -
Commonwealth of Virginia:		
Virginia Public Assistance funds	50,822	-
State sales tax	-	316,596
Constitutional officer reimbursements	105,929	-
PPTRA	1,212,896	-
Communication taxes	37,386	-
Recordation tax	13,900	-
Comprehensive Services Act	49,767	-
School fund grants	-	184,049
Federal Government:		
Virginia Public Assistance funds	68,137	-
Other general grants	105,477	-
School fund grants	-	879,438
Total due from other governments	\$ <u>1,654,740</u>	\$ <u>1,380,083</u>

Note 5—Interfund Obligations:

Details of the Primary Government's interfund receivables and payables as of June 30, 2011, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 282,795	\$ 128,360
Comprehensive Services Act	-	5,730
County Capital Projects Fund	89,221	-
Virginia Public Assistance	-	130,843
School Debt Service Fund	37,187	-
Total	\$ <u>409,203</u>	\$ <u>264,933</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, 2011 (Continued)

Note 6—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2011:

	Balance July 1, 2010	Additions	Deletions	Joint Tenancy Transfer (Net)	Balance June 30, 2011
Primary Government:					
Capital assets not being depreciated:					
Land	\$ 745,500	\$ -	\$ -	\$ -	\$ 745,500
Construction in Progress	13,371,966	15,524,761	21,550	-	28,875,177
Total capital assets not being depreciated	\$ 14,117,466	\$ 15,524,761	\$ 21,550	\$ -	\$ 29,620,677
Capital assets being depreciated:					
Buildings	\$ 12,143,653	\$ -	\$ -	\$ (575,000)	\$ 11,568,653
Improvements other than buildings	1,630,082	-	-	-	1,630,082
Equipment	3,166,963	180,307	69,800	-	3,277,470
Total capital assets being depreciated	\$ 16,940,698	\$ 180,307	\$ 69,800	\$ (575,000)	\$ 16,476,205
Accumulated depreciation:					
Buildings	5,622,466	191,277	-	(87,000)	5,726,743
Improvements other than buildings	773,915	56,616	-	-	830,531
Equipment	2,025,053	339,845	(54,649)	-	2,310,249
Total accumulated depreciation	\$ 8,421,434	\$ 587,738	\$ (54,649)	\$ (87,000)	\$ 8,867,523
Total capital assets being depreciated, net	\$ 8,519,264	\$ (407,431)	\$ 15,151	\$ (488,000)	\$ 7,608,682
Net capital assets	\$ 22,636,730	\$ 15,117,330	\$ 36,701	\$ (488,000)	\$ 37,229,359
Component Unit-School Board:					
Capital assets not being depreciated:					
Land	\$ 647,266	\$ -	\$ -	\$ -	\$ 647,266
Total capital assets not being depreciated	\$ 647,266	\$ -	\$ -	\$ -	\$ 647,266
Capital assets being depreciated:					
Buildings	\$ 15,628,721	\$ -	\$ -	\$ 575,000	\$ 16,203,721
Improvements other than buildings	218,538	-	-	-	218,538
Equipment	4,098,388	242,239	16,000	-	4,324,627
Total capital assets being depreciated	\$ 19,945,647	\$ 242,239	\$ 16,000	\$ 575,000	\$ 20,746,886
Accumulated depreciation:					
Buildings	\$ 6,527,535	\$ 486,297	\$ -	\$ 87,000	\$ 7,100,832
Improvements other than buildings	27,657	413	-	-	28,070
Equipment	2,586,937	384,641	(16,000)	-	2,955,578
Total accumulated depreciation	\$ 9,142,129	\$ 871,351	\$ (16,000)	\$ 87,000	\$ 10,084,480
Total capital assets being depreciated, net	\$ 10,803,518	\$ (629,112)	\$ -	\$ 488,000	\$ 10,662,406
Net capital assets component unit school board	\$ 11,450,784	\$ (629,112)	\$ -	\$ 488,000	\$ 11,309,672

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 6—Capital Assets: (Continued)

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

Governmental activities:

General government	\$	367,450
Public safety		106,462
Public works		8,636
Health and welfare		254
Parks, recreation and cultural		77,033
Community Development		27,903
Total Governmental activities	\$	<u>587,738</u>
Component Unit School Board	\$	<u>871,351</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, 2011 is that school financed assets in the amount of \$23,511,237 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, 2011 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 13,200	\$ -	\$ -	\$ 13,200
Construction in progress	5,477,912	351,170	5,377,592	451,490
Total capital assets not being depreciated	<u>\$ 5,491,112</u>	<u>\$ 351,170</u>	<u>\$ 5,377,592</u>	<u>\$ 464,690</u>
Capital Assets being depreciated:				
Utility plant and equipment	\$ 5,905,865	\$ 5,398,902	\$ -	\$ 11,304,767
Less: accumulated depreciation	(1,940,651)	(293,638)	-	(2,234,289)
Total capital assets being depreciated, net	<u>\$ 3,965,214</u>	<u>\$ 5,105,264</u>	<u>\$ -</u>	<u>\$ 9,070,478</u>
Capital assets, net	<u>\$ 9,456,326</u>	<u>\$ 5,456,434</u>	<u>\$ 5,377,592</u>	<u>\$ 9,535,168</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 7—Interfund Transfers:

Interfund transfers for the year ended June 30, 2011, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 3,433	\$ 5,103,563
Unemployment Compensation Benefits	16,648	-
School Debt Service	3,520,449	-
Animal Care Trust Fund	-	3,433
County Capital Improvements	383,049	-
Virginia Public Assistance	402,189	-
Comprehensive Services Act	442,458	-
General Debt Service	338,770	-
Total	<u>\$ 5,106,996</u>	<u>\$ 5,106,996</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, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2011</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County:					
Claims, judgments and compensated absences payable	\$ 1,096,007	\$ -	\$ 331,783	\$ 764,224	\$ 76,422
Lease revenue bond	3,751,490	545,631	96,181	4,200,940	251,700
Boyce wastewater VRA Note	785,000	-	113,000	672,000	113,000
Total incurred by County	<u>\$ 5,632,497</u>	<u>\$ 545,631</u>	<u>\$ 540,964</u>	<u>\$ 5,637,164</u>	<u>\$ 441,122</u>
Incurred by School Board:					
General obligation bonds payable	\$ 40,060,000	\$ -	\$ 1,745,000	\$ 38,315,000	\$ 2,110,000
Capital leases	1,685,077	-	150,016	1,535,061	131,813
VRS obligation	138,927	-	44,774	94,153	45,140
Total Incurred by School Board	<u>\$ 41,884,004</u>	<u>\$ -</u>	<u>\$ 1,939,790</u>	<u>\$ 39,944,214</u>	<u>\$ 2,286,953</u>
Premiums on bonds issued	\$ 683,096	\$ -	\$ 78,903	\$ 604,193	\$ 91,017
Discount on bonds issued	(35,137)	-	(1,616)	(33,521)	2,404
Total Governmental Obligations	<u>\$ 48,164,460</u>	<u>\$ 545,631</u>	<u>\$ 2,558,041</u>	<u>\$ 46,152,050</u>	<u>\$ 2,821,496</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2011 (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 Principal	Bonds and Literary Loans		VRS Obligation		Capital Leases	
		Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 124,000	\$ 2,303,078	\$ 1,822,745	\$ 45,140	\$ 6,311	\$ 131,813	\$ 60,259
2013	137,500	2,315,614	1,853,069	49,009	2,442	137,212	54,861
2014	147,500	2,323,046	1,621,149	-	-	142,831	49,242
2015	169,000	2,410,370	1,513,855	-	-	148,681	43,392
2016	94,000	2,502,581	1,400,941	-	-	154,771	37,303
2017-2021	-	9,366,801	5,679,155	-	-	737,275	88,070
2022-2026	-	8,632,249	4,050,120	-	-	82,478	3,102
2027-2031	-	10,227,224	2,102,460	-	-	-	-
2032-2036	-	2,017,043	759,684	-	-	-	-
2037-2041	-	365,955	892,545	-	-	-	-
2042-2046	-	51,979	237,745	-	-	-	-
Total	\$ <u>672,000</u>	\$ <u>42,515,940</u>	\$ <u>21,933,468</u>	\$ <u>94,149</u>	\$ <u>8,753</u>	\$ <u>1,535,061</u>	\$ <u>336,229</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>672,000</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>4,200,940</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2011 (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%	\$ 170,000
\$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%	45,000
\$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	280,000
\$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	24,930,000
\$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	3,265,000
\$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>38,315,000</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2011 (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%	\$ 1,018,460
\$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>516,601</u>
Total Capital Leases	\$ <u>1,535,061</u>
Compensated absences	\$ <u>764,224</u>
VRS Obligation	\$ <u>94,153</u>
Premium on bonds issued	\$ <u>604,193</u>
Discount on bonds issued	\$ <u>(33,521)</u>
Total Primary Government	\$ <u><u>46,152,050</u></u>

The assets acquired through capital leases are as follows:

Asset:	
Machinery and equipment	\$ 284,380
Building improvements	2,155,605
Less: Accumulated depreciation	<u>(721,413)</u>
Total	\$ <u><u>1,718,572</u></u>
Net present value of leases	\$ <u><u>1,535,061</u></u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2011 (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, 2011:

	Amounts Payable at July 1, 2010	Increases	Decreases	Amounts Payable at June 30, 2011	Amounts Due Within One Year
Compensated absences payable	\$ <u>503,256</u>	\$ <u>-</u>	\$ <u>2,331</u>	\$ <u>500,925</u>	\$ <u>50,093</u>

Details of Long-Term Indebtedness:

Compensated absences liability	\$ <u>500,925</u>
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Component Unit—Sanitary Authority:

	Total Amount	Amount Due Within One Year
<u>Long-term notes payable:</u>		
Water Operating Fund:		
\$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	\$ 695,938	\$ 33,140
Note payable to VRA for the grouting project. Due June 2032. Payable semiannually.		
No interest	40,422	2,000
Note payable to VRA for new Boyce to Millwood line. Due June 2032. Payable semiannually.		
No interest	137,500	6,250
\$787,546 note payable to VRA issued September 2, 2005 due in semiannual installments of \$26,792 payable through July 1, 2026, including 3.00% interest	<u>643,435</u>	<u>34,538</u>
Total Water Fund	\$ <u>1,517,295</u>	\$ <u>75,928</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 8—Long-Term Obligations: (Continued)

Component Unit—Sanitary Authority: (Continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Boyce Wastewater Facility		
Note payable to VRA for the Millwood Sewer project. Due June 2032. Payable semiannually.		
No interest	\$ 422,499	\$ 19,205
\$3,761,429 note payable to VRA issued October 1, 2008 due in semi- annual installments of \$93,924 payable through November 1, 2029.	3,475,176	187,847
Total Boyce Wastewater Facility	\$ 3,897,675	\$ 207,052
Total Clarke County Sanitary Authority	\$ 5,414,970	\$ 282,980

The following is a summary of long-term debt transactions of the Component Unit—Sanitary Authority for the year ended June 30, 2011:

Changes in Long-Term Debt:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2011</u>
General Obligation Bond	\$ 729,077	\$ -	\$ 33,140	\$ 695,937
Notes payables	4,826,523	141,723	249,213	4,719,033
Totals	\$ 5,555,600	\$ 141,723	\$ 282,353	\$ 5,414,970

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>
2012	\$ 33,140	\$ -	\$ 241,590	\$ 19,046
2013	33,140	-	242,634	18,002
2014	33,140	-	243,710	16,927
2015	33,140	-	244,818	15,819
2016	33,140	-	245,959	14,677
2017-2021	165,700	-	1,248,162	55,019
2022-2026	165,700	-	1,282,341	20,839
2027-2031	165,700	-	753,488	-
2032-2033	33,137	-	216,331	-
Total	\$ 695,937	\$ -	\$ 4,719,033	\$ 160,329

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 9—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$11,339,286 is comprised of the following:

Deferred Property Tax Revenue: Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$11,187,480 at June 30, 2011.

Prepaid Property Taxes: Property taxes due subsequent June 30, 2011, but paid in advance by the taxpayers totaled \$151,806 at June 30, 2011.

Note 10—Commitments and Contingencies:

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

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

Note 11—Defined Benefit Pension Plan:

A. Plan Description

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

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

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.

Note 11—Defined Benefit Pension Plan: (Continued)

A. Plan Description: (Continued)

- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

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

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS website at <http://www.varetire.org/PDF/Publications/2010-Annual-Report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Primary Government

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation to the VRS. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended June 30, 2011 was 8.80% of annual covered payroll.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 11—Defined Benefit Pension Plan: (Continued)

B. Funding Policy: (Continued)

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation to the VRS. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended June 30, 2010 was 8.89% of annual covered payroll.

C. Annual Pension Cost

Primary Government

For fiscal year 2011, County's annual pension cost of \$350,275 (does not include employee share of \$199,021 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, 2009	\$ 382,383	100%	\$ -
June 30, 2010	381,778	100%	-
June 30, 2011	350,275	100%	-

(1) Employer portion only

The FY2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 11—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

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

For fiscal year 2011, School Board's annual pension cost of \$86,955 (does not include employee share of \$55,104 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

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
School Board:			
Non-Professional:			
June 30, 2009	\$ 81,639	100%	\$ -
June 30, 2010	80,801	100%	-
June 30, 2011	86,955	100%	-

(1) Employer portion only

The FY2011 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, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

Note 11—Defined Benefit Pension Plan: (Continued)

D. Funded Status and Funding Progress

Primary Government

As of June 30, 2010, the most recent actuarial valuation date, the plan was 78.86% funded. The actuarial accrued liability for benefits was \$15,703,989, and the actuarial value of assets was \$12,383,980, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,320,009. The covered payroll (annual payroll of active employees covered by the plan) was \$3,980,563, and ratio of the UAAL to the covered payroll was 83.41%.

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

As of June 30, 2010, the most recent actuarial valuation date, the plan was 85.81% funded. The actuarial accrued liability for benefits was \$2,666,016, and the actuarial value of assets was \$2,287,766, resulting in an unfunded actuarial accrued liability (UAAL) of \$378,250. The covered payroll (annual payroll of active employees covered by the plan) was \$1,123,779, and ratio of the UAAL to the covered payroll was 33.66%.

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/2010-Annual-Report.pdf>.

Funding Policy

Plan members are required to contribute 5.0% of their compensation and Clarke County School Board is required to contribute at an actuarially determined rate. The current rate is 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, 2011, 2010, and 2009 were \$945,003, \$938,073, and \$965,647 respectively, equal to the required contributions for each year.

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 12—Litigation:

At June 30, 2011, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

Note 13—Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries a broad range of insurance coverages, which management considers prudent for the protection of the County's assets and operations. Coverages currently include \$2,000,000 commercial general liability, \$2,000,000 automobile liability, and \$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:

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, 2011:

Description	Original Issue	Outstanding June 30, 2011
Heritage Child Development Center, Inc.	\$ 450,000	\$ 222,505
Winchester Medical Center, Inc.	70,000,000	70,000,000
Grafton School, Inc.	13,425,000	8,510,000
R-1 Berryville Town bond	2,327,000	2,271,823
R-2 Clarke County bond	4,822,000	4,281,544
	<u>\$ 91,024,000</u>	<u>\$ 85,285,872</u>

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 15—Assigned Fund Balances:

Fund balances have been assigned for the following purposes:

Liquidity Designation	\$ 2,951,003
Stabilization Designation	737,751
Continuing Appropriations for Capital Projects	5,127,367
Energy Efficiency	200,000
School Capital and Debt	1,500,000
Parks Master Plan Implementation	100,000
Government Construction and Debt	941,090
Property Acquisition	265,000
Conservation Easements	153,462
Government Savings Reserve	418,733
Community Facilities	325,000
Comprehensive Services Act Reserve	262,868
School Operating Carryover	186,014
Landfill Costs	50,000
FY 2012 Original Budget Deficit	<u>1,369,920</u>
Total	<u><u>\$ 14,588,208</u></u>

Note 16—Surety Bonds:

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

Note 17—Post Employment Benefits Other Than Pensions:

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

COUNTY OF CLARKE, VIRGINIA

Notes to Financial Statements
June 30, 2011 (Continued)

Note 18—Note Receivable:

During fiscal year 2010, the County issued a note receivable to the Berryville Main Street Program in the amount of \$35,000. The note is payable over 12 years, bearing interest at 3%. At June 30, 2011, \$31,297 of this note was outstanding. Future payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 2,576	\$ 919
2013	2,653	841
2014	2,734	761
2015	2,816	678
2016	2,921	593
2017-2021	15,875	1,596
2022-2023	1,722	26
Total	\$ <u>31,297</u>	\$ <u>5,414</u>

Note 19—Reclassification of Fund Balance:

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

		<u>Merged Funds</u>	
	<u>General Fund</u>	<u>Joint Administrative Services</u>	<u>Conservation</u>
Fund balance, June 30, 2010	\$ 14,154,882	\$ -	\$ 24,369
Net reclassification	<u>24,369</u>	<u>-</u>	<u>(24,369)</u>
Fund balance, July 1, 2010, reclassified	\$ <u>14,179,251</u>	\$ <u>-</u>	\$ <u>-</u>

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual Amounts		
REVENUES					
General property taxes	\$ 17,205,413	\$ 17,205,413	\$ 17,351,499	\$ 146,086	
Other local taxes	1,637,326	1,637,326	1,653,965	16,639	
Permits, privilege fees, and regulatory licenses	216,270	216,270	326,865	110,595	
Fines and forfeitures	240,000	240,000	381,509	141,509	
Revenue from the use of money and property	207,287	207,287	139,066	(68,221)	
Charges for services	559,498	559,498	616,336	56,838	
Miscellaneous	13,867	19,867	9,014	(10,853)	
Recovered costs	112,674	112,674	168,577	55,903	
Intergovernmental revenues:					
Commonwealth	4,547,762	4,538,966	4,264,143	(274,823)	
Federal	157,029	181,782	278,396	96,614	
Total revenues	\$ 24,897,126	\$ 24,919,083	\$ 25,189,370	\$ 270,287	
EXPENDITURES					
Current:					
General government administration	\$ 1,853,796	\$ 1,864,240	\$ 1,758,864	\$ 105,376	
Judicial administration	426,627	432,880	406,846	26,034	
Public safety	3,345,867	3,406,790	3,287,754	119,036	
Public works	1,004,338	1,004,819	866,886	137,933	
Health and welfare	345,139	345,139	345,139	-	
Education	10,003,791	10,841,638	10,587,172	254,466	
Parks, recreation, and cultural	974,081	980,081	900,137	79,944	
Community development	1,099,096	1,119,018	814,400	304,618	
Nondepartmental	95,000	75,379	3,531	71,848	
Total expenditures	\$ 19,147,735	\$ 20,069,984	\$ 18,970,729	\$ 1,099,255	
Excess (deficiency) of revenues over (under) expenditures	\$ 5,749,391	\$ 4,849,099	\$ 6,218,641	\$ 1,369,542	
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 3,433	\$ 3,433	\$ 3,433	\$ -	
Transfers out	(5,768,419)	(5,347,416)	(5,103,563)	243,853	
Total other financing sources and uses	\$ (5,764,986)	\$ (5,343,983)	\$ (5,100,130)	\$ 243,853	
Net change in fund balances	\$ (15,595)	\$ (494,884)	\$ 1,118,511	\$ 1,613,395	
Fund balances - beginning	15,595	494,884	14,179,251	13,684,367	
Fund balances - ending	\$ -	\$ -	\$ 15,297,762	\$ 15,297,762	

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Recovered costs	\$ -	\$ -	\$ 49,772	\$ 49,772
Intergovernmental revenues:				
Commonwealth	989,200	989,200	326,954	(662,246)
Federal	-	-	597,349	597,349
Total revenues	\$ 989,200	\$ 989,200	\$ 974,075	\$ (15,125)
EXPENDITURES				
Current:				
Health and welfare	\$ 1,397,588	\$ 1,397,588	\$ 1,376,264	\$ 21,324
Total expenditures	\$ 1,397,588	\$ 1,397,588	\$ 1,376,264	\$ 21,324
Excess (deficiency) of revenues over (under) expenditures	\$ (408,388)	\$ (408,388)	\$ (402,189)	\$ 6,199
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 408,388	\$ 408,388	\$ 402,189	\$ (6,199)
Total other financing sources and uses	\$ 408,388	\$ 408,388	\$ 402,189	\$ (6,199)
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) (b) - (a)	Funded Ratio (d) (a) / (b)	Annual Annual Covered Payroll (e)	UAAL as % of Payroll (f) (c) / (e)
6/30/2010	\$ 12,383,980	\$ 15,703,989	\$ 3,320,009	78.86%	\$ 3,980,563	83.41%
6/30/2009	12,150,634	13,917,444	1,766,810	87.31%	4,002,692	44.14%
6/30/2008	11,703,932	13,374,800	1,670,868	87.51%	3,892,436	42.93%

School Board Non-Professionals:

Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued (UAAL) (c) (b) - (a)	Funded Ratio (d) (a) / (b)	Annual Annual Covered Payroll (e)	UAAL as % of Payroll (f) (c) / (e)
6/30/2010	\$ 2,287,766	\$ 2,666,016	\$ 378,250	85.81%	\$ 1,123,779	33.66%
6/30/2009	2,180,091	2,350,923	170,832	92.73%	1,155,429	14.79%
6/30/2008	1,952,193	2,074,432	122,239	94.11%	1,167,985	10.47%

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OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 28,259	\$ 496,478	\$ 524,737
Receivables (net of allowance)			
Accounts receivable	-	21,547	21,547
Due from other funds	-	89,221	89,221
Due from other governmental units	49,767	6,860	56,627
Prepaid items	7,500	-	7,500
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	41,902	-	41,902
Total assets	\$ 127,428	\$ 614,106	\$ 741,534
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 52,124	\$ 60,490	\$ 112,614
Due to other funds	5,730	-	5,730
Total liabilities	\$ 57,854	\$ 60,490	\$ 118,344
Fund balances:			
Nonspendable:			
Prepaid items	\$ 7,500	\$ -	\$ 7,500
Restricted for:			
Parks and recreation expenditures	32,593	-	32,593
Committed for:			
Animal care expenditures	9,309	-	9,309
Public safety	27,672	-	27,672
Assigned for:			
Capital projects	-	553,616	553,616
Unassigned	\$ (7,500)	\$ -	\$ (7,500)
Total fund balances	\$ 69,574	\$ 553,616	\$ 623,190
Total liabilities and fund balances	\$ 127,428	\$ 614,106	\$ 741,534

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 326	\$ -	\$ 616	\$ 942
Charges for services	-	25,930	-	25,930
Miscellaneous	35,386	-	26,967	62,353
Recovered costs	-	-	13,150	13,150
Intergovernmental revenues:				
Commonwealth	374,292	-	5,000	379,292
Federal	-	-	117,626	117,626
Total revenues	\$ 410,004	\$ 25,930	\$ 163,359	\$ 599,293
EXPENDITURES				
Current:				
Public safety	\$ 12,436	\$ -	\$ -	\$ 12,436
Health and welfare	836,889	-	-	836,889
Capital projects	-	-	1,112,787	1,112,787
Debt service:				
Principal retirement	-	203,714	-	203,714
Interest and other fiscal charges	-	160,986	-	160,986
Total expenditures	\$ 849,325	\$ 364,700	\$ 1,112,787	\$ 2,326,812
Excess (deficiency) of revenues over (under) expenditures	\$ (439,321)	\$ (338,770)	\$ (949,428)	\$ (1,727,519)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 442,458	\$ 338,770	\$ 383,049	\$ 1,164,277
Transfers out	(3,433)	-	-	(3,433)
Issuance of lease revenue bond	-	-	567,178	567,178
Total other financing sources and uses	\$ 439,025	\$ 338,770	\$ 950,227	\$ 1,728,022
Net change in fund balances	\$ (296)	\$ -	\$ 799	\$ 503
Fund balances - beginning	69,870	-	552,817	622,687
Fund balances - ending	\$ 69,574	\$ -	\$ 553,616	\$ 623,190

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011

	CSA Fund	Drug Enforcement Fund	Animal Care Fund	Parks and Recreation Fund	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ 28,259	\$ -	\$ -	\$ 28,259
Due from other governmental units	49,767	-	-	-	49,767
Prepaid items	7,500	-	-	-	7,500
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	9,309	32,593	41,902
Total assets	<u>\$ 57,267</u>	<u>\$ 28,259</u>	<u>\$ 9,309</u>	<u>\$ 32,593</u>	<u>\$ 127,428</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 51,537	\$ 587	\$ -	\$ -	\$ 52,124
Due to other funds	<u>5,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,730</u>
Total liabilities	<u>\$ 57,267</u>	<u>\$ 587</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,854</u>
Fund balances:					
Nonspendable:					
Prepaid items	\$ 7,500	\$ -	\$ -	\$ -	\$ 7,500
Restricted for:					
Parks and recreation expenditures	-	-	-	32,593	32,593
Committed for:					
Animal care expenditures	-	-	9,309	-	9,309
Public safety	-	27,672	-	-	27,672
Unassigned	<u>(7,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,500)</u>
Total fund balances	<u>\$ -</u>	<u>\$ 27,672</u>	<u>\$ 9,309</u>	<u>\$ 32,593</u>	<u>\$ 69,574</u>
Total liabilities and fund balances	<u>\$ 57,267</u>	<u>\$ 28,259</u>	<u>\$ 9,309</u>	<u>\$ 32,593</u>	<u>\$ 127,428</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2011

	CSA Fund	Drug Enforcement Fund	Animal Care Fund	Parks and Recreation Fund	Total
REVENUES					
Revenue from the use of money and property	\$ -	\$ 200	26	100	\$ 326
Miscellaneous	32,970	2,081	335	-	35,386
Intergovernmental revenues:					
Commonwealth	361,461	12,831	-	-	374,292
Total revenues	\$ 394,431	\$ 15,112	\$ 361	\$ 100	\$ 410,004
EXPENDITURES					
Current:					
Public safety	\$ -	\$ 12,436	\$ -	\$ -	12,436
Health and welfare	836,889	-	-	-	836,889
Total expenditures	\$ 836,889	\$ 12,436	\$ -	\$ -	\$ 849,325
Excess (deficiency) of revenues over (under) expenditures	\$ (442,458)	\$ 2,676	\$ 361	\$ 100	\$ (439,321)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 442,458	\$ -	\$ -	\$ -	\$ 442,458
Transfers out	-	-	(3,433)	-	(3,433)
Total other financing sources and uses	\$ 442,458	\$ -	\$ (3,433)	\$ -	\$ 439,025
Net change in fund balances	\$ -	\$ 2,676	\$ (3,072)	\$ 100	\$ (296)
Fund balances - beginning	-	24,996	12,381	32,493	69,870
Fund balances - ending	\$ -	\$ 27,672	\$ 9,309	\$ 32,593	\$ 69,574

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, 2011

	CSA				Drug Enforcement Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200	\$ 200
Miscellaneous	-	-	32,970	32,970	-	-	2,081	2,081
Intergovernmental revenues:								
Commonwealth	453,945	453,945	361,461	(92,484)	-	-	12,831	12,831
Total revenues	\$ 453,945	\$ 453,945	\$ 394,431	\$ (59,514)	\$ -	\$ -	\$ 15,112	\$ 15,112
EXPENDITURES								
Current:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,436	\$ (12,436)
Health and welfare	1,100,583	1,100,583	836,889	263,694	-	-	-	-
Total expenditures	\$ 1,100,583	\$ 1,100,583	\$ 836,889	\$ 263,694	\$ -	\$ -	\$ 12,436	\$ (12,436)
Excess (deficiency) of revenues over (under) expenditures	\$ (646,638)	\$ (646,638)	\$ (442,458)	\$ 204,180	\$ -	\$ -	\$ 2,676	\$ 2,676
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ 646,638	\$ 646,638	\$ 442,458	\$ (204,180)	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-	-	-	-
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,676	\$ 2,676
Fund balances - beginning	-	-	-	-	-	-	24,996	24,996
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,672	\$ 27,672

Animal Care Fund				Parks and Recreation Fund			
Budgeted Amounts			Variance with Final Budget	Budgeted Amounts			Variance with Final Budget
Original	Final	Actual	Positive (Negative)	Original	Final	Actual	Positive (Negative)
\$ -	\$ -	\$ 26	\$ 26	\$ -	\$ -	\$ 100	\$ 100
-	-	335	335	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 361	\$ 361	\$ -	\$ -	\$ 100	\$ 100
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 361	\$ 361	\$ -	\$ -	\$ 100	\$ 100
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	(3,433)	(3,433)	-	-	-	-
\$ -	\$ -	\$ (3,072)	\$ (3,072)	\$ -	\$ -	\$ 100	\$ 100
-	-	12,381	12,381	-	-	32,493	32,493
\$ -	\$ -	\$ 9,309	\$ 9,309	\$ -	\$ -	\$ 32,593	\$ 32,593

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Debt Service Funds
 For the Year Ended June 30, 2011

	Primary Government Debt Service Fund
	<u> </u>
REVENUES	
Charges for services	\$ 25,930
	<u> </u>
Total revenues	\$ 25,930
	<u> </u>
EXPENDITURES	
Debt service:	
Principal retirement	\$ 203,714
Interest and other fiscal charges	160,986
	<u> </u>
Total expenditures	\$ 364,700
	<u> </u>
Excess (deficiency) of revenues over (under) expenditures	\$ (338,770)
	<u> </u>
OTHER FINANCING SOURCES (USES)	
Transfers in	\$ 338,770
	<u> </u>
Total other financing sources and uses	\$ 338,770
	<u> </u>
Net change in fund balances	\$ -
Fund balances - beginning	-
	<u> </u>
Fund balances - ending	\$ -
	<u> </u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Debt Service Funds
For the Year Ended June 30, 2011

	Primary Government Debt Service Fund			
	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	25,930	25,930
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	\$ -	\$ -	\$ 25,930	\$ 25,930
EXPENDITURES				
Debt service:				
Principal retirement	\$ 168,986	\$ 203,715	\$ 203,714	\$ 1
Interest and other fiscal charges	195,715	160,986	160,986	-
Total expenditures	\$ 364,701	\$ 364,701	\$ 364,700	\$ 1
Excess (deficiency) of revenues over (under) expenditures	\$ (364,701)	\$ (364,701)	\$ (338,770)	\$ 25,931
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 364,701	\$ 364,701	\$ 338,770	\$ (25,931)
Total other financing sources and uses	\$ 364,701	\$ 364,701	\$ 338,770	\$ (25,931)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2011

	Parks Construction Fund	County Capital Projects Fund	Total
ASSETS			
Cash and cash equivalents	\$ 79,840	\$ 416,638	\$ 496,478
Receivables:			
Accounts receivable	-	21,547	21,547
Due from other funds	-	89,221	89,221
Due from other governmental units	-	6,860	6,860
Total assets	<u>\$ 79,840</u>	<u>\$ 534,266</u>	<u>\$ 614,106</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 60,490	\$ 60,490
Total liabilities	<u>\$ -</u>	<u>\$ 60,490</u>	<u>\$ 60,490</u>
Fund balances:			
Assigned for:			
Capital projects	\$ 79,840	\$ 473,776	\$ 553,616
Total fund balances	<u>\$ 79,840</u>	<u>\$ 473,776</u>	<u>\$ 553,616</u>
Total liabilities and fund balances	<u>\$ 79,840</u>	<u>\$ 534,266</u>	<u>\$ 614,106</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2011

	Parks Construction Fund	County Capital Projects Fund	Total
REVENUES			
Revenue from the use of money and property	\$ 616	\$ -	\$ 616
Miscellaneous	12,539	14,428	26,967
Recovered costs	-	13,150	13,150
Intergovernmental revenues:			
Commonwealth	-	5,000	5,000
Federal	-	117,626	117,626
Total revenues	\$ 13,155	\$ 150,204	\$ 163,359
EXPENDITURES			
Capital projects	\$ -	\$ 1,112,787	\$ 1,112,787
Total expenditures	\$ -	\$ 1,112,787	\$ 1,112,787
Excess (deficiency) of revenues over (under) expenditures	\$ 13,155	\$ (962,583)	\$ (949,428)
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 383,049	\$ 383,049
Issuance of lease revenue bond	-	567,178	567,178
Total other financing sources and uses	\$ -	\$ 950,227	\$ 950,227
Net change in fund balances	\$ 13,155	\$ (12,356)	\$ 799
Fund balances - beginning	66,685	486,132	552,817
Fund balances - ending	\$ 79,840	\$ 473,776	\$ 553,616

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, 2011

	Parks Construction Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 616	\$ 616
Miscellaneous	-	-	12,539	12,539
Recovered costs	-	-	-	-
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	\$ -	\$ -	\$ 13,155	\$ 13,155
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 13,155	\$ 13,155
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Issuance of debt	-	-	-	-
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 13,155	\$ 13,155
Fund balances - beginning	-	-	66,685	66,685
Fund balances - ending	\$ -	\$ -	\$ 79,840	\$ 79,840

County Capital Projects Fund				
Budgeted Amounts		Actual	Variance with Final Budget	
Original	Final		Positive	(Negative)
\$ -	\$ -	\$ -	\$ -	-
-	14,428	14,428	-	-
-	12,400	13,150	750	
57,500	57,500	5,000	(52,500)	
96,385	161,535	117,626	(43,909)	
\$ 153,885	\$ 245,863	\$ 150,204	\$ (95,659)	
\$ 390,491	\$ 2,763,009	\$ 1,112,787	\$ 1,650,222	
\$ 390,491	\$ 2,763,009	\$ 1,112,787	\$ 1,650,222	
\$ (236,606)	\$ (2,517,146)	\$ (962,583)	\$ 1,554,563	
\$ 390,491	\$ 390,491	\$ 383,049	\$ (7,442)	
-	965,736	567,178	(398,558)	
\$ 390,491	\$ 1,356,227	\$ 950,227	\$ (406,000)	
\$ 153,885	\$ (1,160,919)	\$ (12,356)	\$ 1,148,563	
-	486,132	486,132	-	
\$ 153,885	\$ (674,787)	\$ 473,776	\$ 1,148,563	

Combining Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2011

	Agency Funds				
	Special Welfare	Undistributed Local Sales Tax Fund	Cafeteria Plan Withholding Fund	Unemployment Compensation Benefits Fund	Total
ASSETS					
Cash and cash equivalents	\$ 22,514	\$ -	\$ 50,017	\$ -	\$ 72,531
Due from other governments	-	170,567	-	-	170,567
Due from other funds	-	-	-	1,952	1,952
Total assets	<u>\$ 22,514</u>	<u>\$ 170,567</u>	<u>\$ 50,017</u>	<u>\$ 1,952</u>	<u>\$ 245,050</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 1,952	\$ 1,952
Sales tax payable to other towns	-	100,602	-	-	100,602
Due to other funds	-	69,965	-	-	69,965
Amounts held for employees	-	-	50,017	-	50,017
Amounts held for social services clients	22,514	-	-	-	22,514
Total liabilities	<u>\$ 22,514</u>	<u>\$ 170,567</u>	<u>\$ 50,017</u>	<u>\$ 1,952</u>	<u>\$ 245,050</u>
NET ASSETS					
Total net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and net assets	<u>\$ 22,514</u>	<u>\$ 170,567</u>	<u>\$ 50,017</u>	<u>\$ 1,952</u>	<u>\$ 245,050</u>

Combining Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2011

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special welfare:				
Assets:				
Cash and cash equivalents	\$ 38,925	\$ 27,845	\$ 44,256	\$ 22,514
Liabilities:				
Amounts held for social service clients	\$ 38,925	\$ 27,845	\$ 44,256	\$ 22,514
Undistributed local sales tax:				
Assets:				
Cash and cash equivalents	\$ -	\$ 862,358	\$ 862,358	\$ -
Due from other governments	133,893	170,567	133,893	170,567
Total assets	\$ 133,893	\$ 1,032,925	\$ 996,251	\$ 170,567
Liabilities:				
Sales tax payable to other towns	\$ 20,954	\$ 100,602	\$ 20,954	\$ 100,602
Due to general fund	112,939	69,965	112,939	69,965
Total liabilities	\$ 133,893	\$ 170,567	\$ 133,893	\$ 170,567
Cafeteria plan withholdings:				
Assets:				
Cash and cash equivalents	\$ 52,367	\$ 129,361	\$ 131,711	\$ 50,017
Liabilities:				
Accounts payable	\$ -	\$ 10,237	\$ 10,237	\$ -
Accrued liabilities	52,367	129,361	131,711	50,017
Total liabilities	\$ 52,367	\$ 139,598	\$ 141,948	\$ 50,017
Unemployment compensation benefits:				
Assets:				
Due from other funds	\$ 1,576	\$ 16,648	\$ 16,272	\$ 1,952
Liabilities:				
Accounts payable	\$ 1,576	\$ 16,648	\$ 16,272	\$ 1,952
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 91,292	\$ 1,019,564	\$ 1,038,325	\$ 72,531
Accounts receivable	133,893	170,567	133,893	170,567
Due from other funds	1,576	16,648	16,272	1,952
Total assets	\$ 226,761	\$ 1,206,779	\$ 1,188,490	\$ 245,050
Liabilities:				
Amounts held for social service clients	\$ 38,925	\$ 27,845	\$ 44,256	\$ 22,514
Sales tax payable to other towns	20,954	100,602	20,954	100,602
Accrued liabilities	52,367	129,361	131,711	50,017
Due to general fund	112,939	69,965	112,939	69,965
Accounts payable	1,576	26,885	26,509	1,952
Total liabilities	\$ 226,761	\$ 354,658	\$ 336,369	\$ 245,050

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Discretely Presented Component Unit-School Board

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2011

	School Operating Fund	School Food Service Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,094,184	\$ -	\$ -	\$ 3,590	\$ 2,097,774
Receivables (net of allowance for uncollectibles):					
Accounts receivable	125,219	-	-	-	125,219
Due from other funds	36,228	-	-	-	36,228
Due from other governmental units	1,064,286	131,748	184,049	-	1,380,083
Prepaid items	18,121	-	-	-	18,121
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	21,100,446	-	21,100,446
Total assets	<u>\$ 3,338,038</u>	<u>\$ 131,748</u>	<u>\$ 21,284,495</u>	<u>\$ 3,590</u>	<u>\$ 24,757,871</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Reconciled overdraft	\$ -	\$ -	\$ 1,623,471	\$ -	\$ 1,623,471
Accounts payable	150,351	34,577	2,458,572	-	2,643,500
Accrued liabilities	2,111,805	60,943	-	-	2,172,748
Due to other funds		36,228	18,204	-	54,432
Due to primary government	1,075,382	-	-	-	1,075,382
Total liabilities	<u>\$ 3,337,538</u>	<u>\$ 131,748</u>	<u>\$ 4,100,247</u>	<u>\$ -</u>	<u>\$ 7,569,533</u>
Fund balances:					
Nonspendable items:					
Prepaid items	\$ 18,121	\$ -	\$ -	\$ -	\$ 18,121
Restricted for:					
Construction	-	-	17,184,248	-	17,184,248
Assigned for:					
School operating	500	-	-	-	500
Capital projects	-	-	-	3,590	3,590
Unassigned	(18,121)	-	-	-	(18,121)
Total fund balances	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 17,184,248</u>	<u>\$ 3,590</u>	<u>\$ 17,188,338</u>
Total liabilities and fund balances	<u>\$ 3,338,038</u>	<u>\$ 131,748</u>	<u>\$ 21,284,495</u>	<u>\$ 3,590</u>	<u>\$ 24,757,871</u>

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

Total fund balances per above	\$ 17,188,338
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,309,672
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).	(21,100,446)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(500,925)
Net assets of governmental activities	<u>\$ 6,896,639</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2011

	School Operating Fund	School Food Service Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Revenue from the use of money and property	\$ 37,752	\$ 935	\$ -	\$ 419	\$ 39,106
Charges for services	319,222	505,591	-	-	824,813
Miscellaneous	70,441	-	-	37	70,478
Recovered costs	65,513	-	18,400	-	83,913
Intergovernmental revenues:					
Local government	10,049,225	-	522,904	-	10,572,129
Commonwealth	7,180,890	8,787	166,246	-	7,355,923
Federal	1,261,316	238,823	-	-	1,500,139
Total revenues	<u>\$ 18,984,359</u>	<u>\$ 754,136</u>	<u>\$ 707,550</u>	<u>\$ 456</u>	<u>\$ 20,446,501</u>
EXPENDITURES					
Current:					
Education	\$ 18,877,583	\$ 860,912	\$ -	\$ -	\$ 19,738,495
Capital projects	-	-	15,464,387	-	15,464,387
Total expenditures	<u>\$ 18,877,583</u>	<u>\$ 860,912</u>	<u>\$ 15,464,387</u>	<u>\$ -</u>	<u>\$ 35,202,882</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 106,776</u>	<u>\$ (106,776)</u>	<u>\$ (14,756,837)</u>	<u>\$ 456</u>	<u>\$ (14,756,381)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 106,776	\$ -	\$ -	\$ 106,776
Transfers out	<u>(106,776)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(106,776)</u>
Total other financing sources and uses	<u>\$ (106,776)</u>	<u>\$ 106,776</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ (14,756,837)	\$ 456	\$ (14,756,381)
Fund balances - beginning	<u>500</u>	<u>-</u>	<u>31,941,085</u>	<u>3,134</u>	<u>31,944,719</u>
Fund balances - ending	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 17,184,248</u>	<u>\$ 3,590</u>	<u>\$ 17,188,338</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 \$ (14,756,381)

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. 10,898,460

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. 2,331

Change in net assets of governmental activities \$ (3,855,590)

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, 2011

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 39,000	\$ 45,332	\$ 37,752	\$ (7,580)
Charges for services	308,643	338,610	319,222	(19,388)
Miscellaneous	61,050	71,297	70,441	(856)
Recovered costs	41,800	52,484	65,513	13,029
Intergovernmental revenues:				
Local government	9,988,748	10,138,748	10,049,225	(89,523)
Commonwealth	7,696,737	7,216,631	7,180,890	(35,741)
Federal	795,803	1,312,707	1,261,316	(51,391)
Total revenues	\$ 18,931,781	\$ 19,175,809	\$ 18,984,359	\$ (191,450)
EXPENDITURES				
Current:				
Education	\$ 18,906,622	\$ 19,100,650	\$ 18,877,583	\$ 223,067
Total expenditures	\$ 18,906,622	\$ 19,100,650	\$ 18,877,583	\$ 223,067
Excess (deficiency) of revenues over (under) expenditures	\$ 25,159	\$ 75,159	\$ 106,776	\$ 31,617
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(25,159)	(75,159)	(106,776)	(31,617)
Total other financing sources and uses	\$ (25,159)	\$ (75,159)	\$ (106,776)	\$ (31,617)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	500	500	500	-
Fund balances - ending	\$ 500	\$ 500	\$ 500	\$ -

School Food Service Fund				
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
Original	Final			
\$ 200	\$ 200	\$ 935	\$ 735	
525,309	525,309	505,591	(19,718)	
-	-	-	-	
-	-	-	-	
-	-	-	-	
9,443	9,443	8,787	(656)	
197,000	197,000	238,823	41,823	
\$ 731,952	\$ 731,952	\$ 754,136	\$ 22,184	
\$ 759,952	\$ 759,952	\$ 860,912	\$ (100,960)	
\$ 759,952	\$ 759,952	\$ 860,912	\$ (100,960)	
\$ (28,000)	\$ (28,000)	\$ (106,776)	\$ (78,776)	
\$ 28,000	\$ 28,000	\$ 106,776	\$ 78,776	
-	-	-	-	
\$ 28,000	\$ 28,000	\$ 106,776	\$ 78,776	
\$ -	\$ -	\$ -	\$ -	
-	-	-	-	
\$ -	\$ -	\$ -	\$ -	

Balance Sheet

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

June 30, 2011

	<u>School Capital Project Proffers Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>3,590</u>
Total assets	\$ <u><u>3,590</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Total liabilities	\$ <u>-</u>
Fund balances:	
Assigned for:	
Capital projects	\$ <u>3,590</u>
Total fund balances	\$ <u>3,590</u>
Total liabilities and fund balances	\$ <u><u>3,590</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, 2011

	School Capital Project Proffers Fund
REVENUES	
Revenue from the use of money and property	\$ 419
Miscellaneous	<u>37</u>
Total revenues	<u>\$ 456</u>
EXPENDITURES	
Current:	
Education	\$ <u>-</u>
Total expenditures	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 456</u>
OTHER FINANCING SOURCES (USES)	
Transfers out	\$ <u>-</u>
Net change in fund balances	\$ 456
Fund balances - beginning	<u>3,134</u>
Fund balances - ending	<u><u>\$ 3,590</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, 2011

	Capital Projects Proffers Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 419	\$ 419
Miscellaneous	-	-	37	37
Recovered costs	-	-	-	-
Intergovernmental revenues:				
Local government	-	-	-	-
Commonwealth	-	-	-	-
Total revenues	\$ -	\$ -	\$ 456	\$ 456
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 456	\$ 456
OTHER FINANCING SOURCES (USES)				
Issuance of VPSA bonds	\$ -	\$ -	\$ -	\$ -
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 456	\$ 456
Fund balances - beginning	-	-	3,134	3,134
Fund balances - ending	\$ -	\$ -	\$ 3,590	\$ 3,590

School Capital Projects Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	18,400	18,400
536,400	687,847	522,904	(164,943)
373,976	373,976	166,246	(207,730)
\$ 910,376	\$ 1,061,823	\$ 707,550	\$ (354,273)
\$ 690,400	\$ 37,246,160	\$ 15,464,387	\$ 21,781,773
\$ 690,400	\$ 37,246,160	\$ 15,464,387	\$ 21,781,773
\$ 219,976	\$ (36,184,337)	\$ (14,756,837)	\$ 21,427,500
\$ -	\$ 31,970,245	\$ -	\$ (31,970,245)
\$ -	\$ 31,970,245	\$ -	\$ (31,970,245)
\$ 219,976	\$ (4,214,092)	\$ (14,756,837)	\$ (10,542,745)
-	4,214,092	31,941,085	27,726,993
\$ 219,976	\$ -	\$ 17,184,248	\$ 17,184,248

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Discretely Presented Component Unit – Sanitary Authority

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Statement of Fund Net Assets
Discretely Presented Component Unit - Sanitary Authority
As of June 30, 2011

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 984,690	\$ 943,733	\$ 1,928,423
Accounts receivable (net of allowance for uncollectible accounts)	42,927	50,340	93,267
Prepaid expenses	6,131	6,131	12,262
Total current assets	\$ 1,033,748	\$ 1,000,204	\$ 2,033,952
Noncurrent assets:			
Capital assets:			
Land	\$ 13,200	\$ -	\$ 13,200
Utility plant in service	4,713,029	6,591,738	11,304,767
Less accumulated depreciation	(1,877,487)	(356,802)	(2,234,289)
Sub-total	\$ 2,848,742	\$ 6,234,936	\$ 9,083,678
Construction work in progress	451,490	-	451,490
Total capital assets	\$ 3,300,232	\$ 6,234,936	\$ 9,535,168
Total noncurrent assets	\$ 3,300,232	\$ 6,234,936	\$ 9,535,168
Total assets	\$ 4,333,980	\$ 7,235,140	\$ 11,569,120
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 68,822	\$ 34,041	\$ 102,863
Deferred revenue	11,283	-	11,283
Bonds payable - current portion	75,928	207,052	282,980
Total current liabilities	\$ 156,033	\$ 241,093	\$ 397,126
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 1,441,367	\$ 3,690,623	\$ 5,131,990
Total noncurrent liabilities	\$ 1,441,367	\$ 3,690,623	\$ 5,131,990
Total liabilities	\$ 1,597,400	\$ 3,931,716	\$ 5,529,116
NET ASSETS			
Invested in capital assets, net of related debt	\$ 1,782,937	\$ 2,337,261	\$ 4,120,198
Unrestricted	953,643	966,163	1,919,806
Total net assets	\$ 2,736,580	\$ 3,303,424	\$ 6,040,004
Total liabilities and net assets	\$ 4,333,980	\$ 7,235,140	\$ 11,569,120

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, 2011

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services:			
Customer service charges	\$ 202,789	\$ 227,466	\$ 430,255
Connection fees	4,221	2,504	6,725
Miscellaneous	3,593	126	3,719
Total operating revenues	\$ 210,603	\$ 230,096	\$ 440,699
OPERATING EXPENSES			
Insurance	\$ 5,927	\$ 5,927	\$ 11,854
Miscellaneous	93	713	806
Office supplies and expenses	1,821	762	2,583
Plant maintenance	398	12,845	13,243
Pipeline repairs	6,773	-	6,773
Pump station maintenance	-	1,871	1,871
Grinder pump maintenance	-	5,414	5,414
Operating supplies / small equipment	9,954	71,102	81,056
Professional services	118,251	134,264	252,515
Salaries and wages	15,771	15,771	31,542
Benefits	4,286	4,286	8,572
Testing services	1,461	10,668	12,129
Utilities	24,759	65,645	90,404
Depreciation	128,007	165,631	293,638
Total operating expenses	\$ 317,501	\$ 494,899	\$ 812,400
Operating income (loss)	\$ (106,898)	\$ (264,803)	\$ (371,701)
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	\$ 8,840	\$ 8,008	\$ 16,848
Tower rental	132,759	-	132,759
County operating subsidy	-	10,000	10,000
Interest expense	(20,059)	-	(20,059)
Total nonoperating revenues (expenses)	\$ 121,540	\$ 18,008	\$ 139,548
Income before contributions and transfers	\$ 14,642	\$ (246,795)	\$ (232,153)
Contributed capital - grant income	\$ -	\$ 80,136	\$ 80,136
Contributed capital - availability fees	55,900	64,800	120,700
Change in net assets	\$ 70,542	\$ (101,859)	\$ (31,317)
Total net assets - beginning	2,666,038	3,405,283	6,071,321
Total net assets - ending	\$ 2,736,580	\$ 3,303,424	\$ 6,040,004

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, 2011

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 206,107	\$ 230,692	\$ 436,799
Payments to suppliers	(126,735)	(497,600)	(624,335)
Payments to and on behalf of employees	(20,057)	(20,057)	(40,114)
Net cash provided (used) by operating activities	\$ 59,315	\$ (286,965)	\$ (227,650)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Tower rental	\$ 132,759	\$ -	\$ 132,759
Operating subsidy from Clarke County	-	10,000	10,000
Net cash provided (used) by noncapital financing activities	\$ 132,759	\$ 10,000	\$ 142,759
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of property, plant and equipment	\$ (372,480)	\$ -	\$ (372,480)
Capital contributions	55,900	144,936	200,836
Retirements of long-term indebtedness	(75,302)	(207,052)	(282,354)
Proceeds from indebtedness	-	141,723	141,723
Interest payments	(20,059)	-	(20,059)
Net cash provided (used) by capital and related financing activities	\$ (411,941)	\$ 79,607	\$ (332,334)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	\$ 8,840	\$ 8,008	\$ 16,848
Net cash provided (used) by investing activities	\$ 8,840	\$ 8,008	\$ 16,848
Net increase (decrease) in cash and cash equivalents	\$ (211,027)	\$ (189,350)	\$ (400,377)
Cash and cash equivalents - beginning	1,195,717	1,133,083	2,328,800
Cash and cash equivalents - ending	\$ 984,690	\$ 943,733	\$ 1,928,423
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (106,898)	\$ (264,803)	\$ (371,701)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	128,007	165,631	293,638
(Increase) decrease in accounts receivable	(4,496)	596	(3,900)
(Increase) decrease in prepaid expenses	(254)	(254)	(508)
Increase (decrease) in accounts payable	42,956	(188,135)	(145,179)
Total adjustments	\$ 166,213	\$ (22,162)	\$ 144,051
Net cash provided (used) by operating activities	\$ 59,315	\$ (286,965)	\$ (227,650)

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

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Discretely Presented Component Unit-Industrial Development Authority

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Statement of Fund Net Assets
Discretely Presented Component Unit - Industrial Development Authority
As of June 30, 2011

	<u>Industrial Development Authority</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ <u>130,064</u>
Total assets	\$ <u><u>130,064</u></u>
NET ASSETS	
Unrestricted	<u>130,064</u>
Total net assets	\$ <u><u>130,064</u></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, 2011

	Industrial Development Authority
OPERATING REVENUES	
Total operating revenues	\$ <u>-</u>
OPERATING EXPENSES	
Contribution to Lord Fairfax Small Business Park	\$ 5,000
Professional services	3,268
Board members' fee	1,000
Insurance	1,226
Miscellaneous	<u>7</u>
Total operating expenses	\$ <u>10,501</u>
Operating income (loss)	\$ <u>(10,501)</u>
NONOPERATING REVENUES (EXPENSES)	
Unrealized gain (loss) on investments	\$ <u>2,319</u>
Total nonoperating revenues (expenses)	\$ <u>2,319</u>
Change in net assets	\$ (8,182)
Total net assets - beginning	<u>138,246</u>
Total net assets - ending	\$ <u><u>130,064</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, 2011

	<u>Industrial Development Authority</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to suppliers	\$ <u>(10,501)</u>
Net cash provided (used) by operating activities	\$ <u>(10,501)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Unrealized gain (loss) on investments	\$ <u>2,319</u>
Net cash provided (used) by investing activities	\$ <u>2,319</u>
Net increase (decrease) in cash and cash equivalents	\$ (8,182)
Cash and cash equivalents - beginning	<u>138,246</u>
Cash and cash equivalents - ending	\$ <u><u>130,064</u></u>

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

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Supporting Schedules

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Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 13,470,419	\$ 13,470,419	\$ 13,201,022	\$ (269,397)
Real and personal public service corporation taxes	288,879	288,879	347,519	58,640
Personal property taxes	3,073,496	3,073,496	3,328,920	255,424
Mobile home taxes	963	963	22	(941)
Machinery and tools taxes	207,611	207,611	225,842	18,231
Penalties	102,675	102,675	158,713	56,038
Interest	61,370	61,370	89,461	28,091
Total general property taxes	\$ 17,205,413	\$ 17,205,413	\$ 17,351,499	\$ 146,086
Other local taxes:				
Local sales and use taxes	\$ 752,668	\$ 752,668	\$ 684,426	\$ (68,242)
Consumers' utility taxes	376,348	376,348	372,706	(3,642)
Consumption taxes	34,779	34,779	32,039	(2,740)
Motor vehicle licenses	278,040	278,040	303,336	25,296
Taxes on recordation and wills	156,265	156,265	206,339	50,074
Franchise license taxes	-	-	14,940	14,940
Transient occupancy taxes	15,226	15,226	15,759	533
Business license taxes	24,000	24,000	24,420	420
Total other local taxes	\$ 1,637,326	\$ 1,637,326	\$ 1,653,965	\$ 16,639
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 11,848	\$ 11,848	\$ 10,327	\$ (1,521)
Land use application fees	32,250	32,250	27,875	(4,375)
Animal shelter fees	5,576	5,576	6,902	1,326
Building and related permits	93,980	93,980	194,372	100,392
Zoning and subdivision	65,600	65,600	77,665	12,065
Transfer fees	601	601	433	(168)
Signs permits and inspection fees	772	772	2,640	1,868
Weapons permits	4,463	4,463	3,591	(872)
Other permits and fees	1,180	1,180	3,060	1,880
Total permits, privilege fees, and regulatory licenses	\$ 216,270	\$ 216,270	\$ 326,865	\$ 110,595
Fines and forfeitures:				
Court fines and forfeitures	\$ 240,000	\$ 240,000	\$ 381,509	\$ 141,509
Total fines and forfeitures	\$ 240,000	\$ 240,000	\$ 381,509	\$ 141,509
Revenue from use of money and property:				
Revenue from use of money	\$ 132,379	\$ 132,379	\$ 70,169	\$ (62,210)
Revenue from use of property	74,908	74,908	68,897	(6,011)
Total revenue from use of money and property	\$ 207,287	\$ 207,287	\$ 139,066	\$ (68,221)

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2011 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Sheriff's fees	\$ 797	\$ 797	\$ 796	\$ (1)
Charges for emergency medical services	39,203	39,203	47,179	7,976
Charges for courthouse security	45,000	45,000	69,634	24,634
Charges for jail processing	1,348	1,348	1,621	273
Court appointed attorney	160	160	656	496
Charges for other localities	30,000	30,000	62,300	32,300
Charges for Commonwealth's Attorney	573	573	623	50
Charges for planning and community development	100	100	25	(75)
Charges for parks and recreation	384,696	384,696	376,604	(8,092)
Charges for engineer's fees/biosolids applications	30,418	30,418	29,646	(772)
Other charges for services	27,203	27,203	27,252	49
Total charges for services	\$ 559,498	\$ 559,498	\$ 616,336	\$ 56,838
Miscellaneous revenue:				
Miscellaneous	\$ 13,867	\$ 19,867	\$ 9,014	\$ (10,853)
Total miscellaneous revenue	\$ 13,867	\$ 19,867	\$ 9,014	\$ (10,853)
Recovered costs:				
Gas tax refund	\$ 30,008	\$ 30,008	\$ 26,233	\$ (3,775)
Insurance recovery	16,531	16,531	38,484	21,953
Gifts & donations in lieu of taxes	2,500	2,500	2,500	-
Sale of salvage and surplus property	3,140	3,140	4,754	1,614
Loan repayment	3,495	3,495	3,494	(1)
Recycling rebate	57,000	57,000	93,112	36,112
Total recovered costs	\$ 112,674	\$ 112,674	\$ 168,577	\$ 55,903
Total revenue from local sources	\$ 20,192,335	\$ 20,198,335	\$ 20,646,831	\$ 448,496
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 19,381	\$ 19,381	\$ 20,809	\$ 1,428
Mobile home titling tax	1,641	1,641	-	(1,641)
Taxes on deeds	110,198	110,198	66,420	(43,778)
Quarterly rental tax	2,464	2,464	2,069	(395)
Communications tax	416,393	416,393	416,632	239
Personal property tax relief funds	2,483,842	2,483,842	2,483,842	-
Total noncategorical aid	\$ 3,033,919	\$ 3,033,919	\$ 2,989,772	\$ (44,147)

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2011 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 182,480	\$ 182,480	\$ 174,708	\$ (7,772)
Sheriff	712,006	712,006	689,836	(22,170)
Commissioner of revenue	81,121	81,121	77,359	(3,762)
Treasurer	84,226	84,226	81,020	(3,206)
Registrar/electoral board	36,280	36,280	36,291	11
Clerk of the Circuit Court	11,606	11,606	4,566	(7,040)
Total shared expenses	\$ 1,107,719	\$ 1,107,719	\$ 1,063,780	\$ (43,939)
Other categorical aid:				
Fire programs fund	\$ 40,905	\$ 40,905	\$ 16,422	\$ (24,483)
Litter control grant	5,429	5,910	5,910	-
Virginia Commission for the Arts	2,000	5,000	5,000	-
Divison of historic landmarks	-	5,000	-	(5,000)
Other categorical aid	357,790	340,513	183,259	(157,254)
Total other categorical aid	\$ 406,124	\$ 397,328	\$ 210,591	\$ (186,737)
Total categorical aid	\$ 1,513,843	\$ 1,505,047	\$ 1,274,371	\$ (230,676)
Total revenue from the Commonwealth	\$ 4,547,762	\$ 4,538,966	\$ 4,264,143	\$ (274,823)
Revenue from the federal government:				
Payments in lieu of taxes	\$ 8,337	\$ 8,337	\$ 5,599	\$ (2,738)
Categorical aid:				
Crime victim assistance	\$ 30,784	\$ 38,260	\$ 48,268	\$ 10,008
ARRA - Byrne justice memorial assistance grant	23,338	23,338	8,962	(14,376)
Gang free schools and communities	65,000	65,000	177,013	112,013
DMV 402 grant	-	15,000	7,663	(7,337)
DMV CPSF grant	-	2,277	4,965	2,688
Violence against women formula grants	29,570	29,570	25,926	(3,644)
Total categorical aid	\$ 148,692	\$ 173,445	\$ 272,797	\$ 99,352
Total revenue from the federal government	\$ 157,029	\$ 181,782	\$ 278,396	\$ 96,614
Total General Fund	\$ 24,897,126	\$ 24,919,083	\$ 25,189,370	\$ 270,287

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Recovered costs:				
Payments from other jurisdictions	\$ -	\$ -	\$ 48,003	\$ 48,003
Expenditure refunds	-	-	1,769	1,769
Total recovered costs	\$ -	\$ -	\$ 49,772	\$ 49,772
Total revenue from local sources	\$ -	\$ -	\$ 49,772	\$ 49,772
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 989,200	\$ 989,200	\$ 326,954	\$ (662,246)
Total categorical aid	\$ 989,200	\$ 989,200	\$ 326,954	\$ (662,246)
Total revenue from the Commonwealth	\$ 989,200	\$ 989,200	\$ 326,954	\$ (662,246)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ -	\$ -	\$ 597,349	\$ 597,349
Total categorical aid	\$ -	\$ -	\$ 597,349	\$ 597,349
Total revenue from the federal government	\$ -	\$ -	\$ 597,349	\$ 597,349
Total Virginia Public Assistance Fund	\$ 989,200	\$ 989,200	\$ 974,075	\$ (15,125)
Comprehensive services fund:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 32,970	\$ 32,970
Total miscellaneous revenue	\$ -	\$ -	\$ 32,970	\$ 32,970
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive services	\$ 453,945	\$ 453,945	\$ 361,461	\$ (92,484)
Total categorical aid	\$ 453,945	\$ 453,945	\$ 361,461	\$ (92,484)
Total revenue from the Commonwealth	\$ 453,945	\$ 453,945	\$ 361,461	\$ (92,484)
Total comprehensive services fund	\$ 453,945	\$ 453,945	\$ 394,431	\$ (59,514)
Drug Enforcement Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 200	\$ 200
Total revenue from use of money and property	\$ -	\$ -	\$ 200	\$ 200
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ -	\$ 2,081	\$ 2,081
Total miscellaneous revenue	\$ -	\$ -	\$ 2,081	\$ 2,081
Total revenue from local sources	\$ -	\$ -	\$ 2,281	\$ 2,281

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Drug Enforcement Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 12,831	\$ 12,831
Total revenue from the Commonwealth	\$ -	\$ -	\$ 12,831	\$ 12,831
Total drug enforcement fund	\$ -	\$ -	\$ 15,112	\$ 15,112
Animal Care Fund:				
Revenue from local sources:				
Revenue from use of money:				
Revenue from the use of money	\$ -	\$ -	\$ 26	\$ 26
Total revenue from use of money	\$ -	\$ -	\$ 26	\$ 26
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ -	\$ 335	\$ 335
Total miscellaneous revenue	\$ -	\$ -	\$ 335	\$ 335
Total Animal Care Fund	\$ -	\$ -	\$ 361	\$ 361
Parks and Recreation Fund:				
Revenue from local sources:				
Revenue from use of money:				
Revenue from the use of money	\$ -	\$ -	\$ 100	\$ 100
Total revenue from local sources	\$ -	\$ -	\$ 100	\$ 100
Total Parks and Recreation Fund	\$ -	\$ -	\$ 100	\$ 100
Debt Service Fund:				
School Debt Service Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 218,070	\$ 115,888	\$ 114,446	\$ (1,442)
Total revenue from use of money and property	\$ 218,070	\$ 115,888	\$ 114,446	\$ (1,442)
Total revenue from local sources	\$ 218,070	\$ 115,888	\$ 114,446	\$ (1,442)
Revenue from the federal government:				
Categorical aid:				
BAB interest subsidy	\$ -	\$ 86,753	\$ 87,623	\$ 870
Total School Debt Service Fund	\$ 218,070	\$ 202,641	\$ 202,069	\$ (572)
General Debt Service Fund:				
Revenue from local sources:				
Charges for services:				
Charges for services	\$ -	\$ -	\$ 25,930	\$ 25,930
Total charges for services	\$ -	\$ -	\$ 25,930	\$ 25,930
Total revenue from local sources	\$ -	\$ -	\$ 25,930	\$ 25,930
Total General Debt Service Fund	\$ -	\$ -	\$ 25,930	\$ 25,930

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ 14,428	\$ 14,428	\$ -
Recovered costs:				
Insurance recovery	\$ -	\$ 12,400	\$ 13,150	\$ 750
Total revenue from local sources	\$ -	\$ 26,828	\$ 27,578	\$ 750
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	\$ 57,500	\$ 57,500	\$ 5,000	\$ (52,500)
Total revenue from the Commonwealth	\$ 57,500	\$ 57,500	\$ 5,000	\$ (52,500)
Revenue from the federal government:				
Categorical aid:				
Emergency management performance grant	\$ -	\$ 40,150	\$ 35,778	\$ (4,372)
Community development block grant	-	25,000	25,000	-
ARRA RLEA rural justice grant	96,385	96,385	56,848	(39,537)
Total categorical aid	\$ 96,385	\$ 161,535	\$ 117,626	\$ (43,909)
Total revenue from the federal government	\$ 96,385	\$ 161,535	\$ 117,626	\$ (43,909)
Total County Capital Projects Fund	\$ 153,885	\$ 245,863	\$ 150,204	\$ (95,659)
Parks Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 616	\$ 616
Total revenue from use of money and property	\$ -	\$ -	\$ 616	\$ 616
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 11,704	\$ 11,704
Gifts and donations	-	-	835	835
Total miscellaneous revenue	\$ -	\$ -	\$ 12,539	\$ 12,539
Total revenue from local sources	\$ -	\$ -	\$ 13,155	\$ 13,155
Total Parks Construction Fund:	\$ -	\$ -	\$ 13,155	\$ 13,155
Total Primary Government	\$ 26,712,226	\$ 26,810,732	\$ 26,964,807	\$ 154,075

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 39,000	\$ 45,332	\$ 37,752	\$ (7,580)
Charges for services:				
Tuition	\$ 266,843	\$ 294,610	\$ 276,434	\$ (18,176)
Town of Berryville Crossing	5,000	5,000	5,000	-
Facility use fees	36,800	39,000	37,788	(1,212)
Total charges for services	\$ 308,643	\$ 338,610	\$ 319,222	\$ (19,388)
Miscellaneous revenue:				
Other miscellaneous	\$ 44,950	\$ 49,486	\$ 47,115	\$ (2,371)
Private gifts and donations	16,100	21,811	23,326	1,515
Total miscellaneous revenue	\$ 61,050	\$ 71,297	\$ 70,441	\$ (856)
Recovered costs:				
Rebates and refunds	\$ 27,200	\$ 26,052	\$ 37,628	\$ 11,576
Insurance recoveries	10,600	13,816	13,816	-
Sale of equipment	4,000	12,616	14,069	1,453
Total recovered costs	\$ 41,800	\$ 52,484	\$ 65,513	\$ 13,029
Total revenue from local sources	\$ 450,493	\$ 507,723	\$ 492,928	\$ (14,795)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Clarke, Virginia	\$ 9,988,748	\$ 10,138,748	\$ 10,049,225	\$ (89,523)
Total revenues from local governments	\$ 9,988,748	\$ 10,138,748	\$ 10,049,225	\$ (89,523)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,780,866	\$ 1,853,996	\$ 1,853,666	\$ (330)
At risk payments	12,693	12,099	12,153	54
Basic school aid	4,515,489	4,078,065	4,078,059	(6)
Foster home children	20,644	26,064	12,038	(14,026)
Gifted and talented children	45,814	43,759	43,790	31
Homebound education	2,257	3,658	3,658	-
Preschool At-Risk	15,000	15,000	15,000	-
Special education - soq	448,180	428,075	428,383	308
Special education - foster children	25,155	18,005	34,562	16,557
Vocational education - soq	79,676	76,102	76,157	55
Vocational equipment	2,527	4,328	4,328	-
Vocational - occupational	14,363	17,615	14,183	(3,432)
Textbook payments	52,328	49,981	50,016	35
Remedial education	37,846	36,148	36,175	27

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2011 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Share of fringe benefits	410,334	391,926	392,208	282
Remedial summer school	31,760	20,463	20,463	-
Regional program tuition	150,238	98,371	68,312	(30,059)
Industry certification program	-	-	808	808
Mentor teacher program	2,963	2,963	1,779	(1,184)
SOL algebra readiness	5,939	5,939	5,939	-
Early intervention	15,937	11,591	11,591	-
ISAEF	7,859	7,859	7,859	-
English as a second language	11,326	9,524	9,524	-
Adult secondary education	2,443	-	-	-
Other categorical aid	5,100	5,100	239	(4,861)
Total categorical aid	\$ 7,696,737	\$ 7,216,631	\$ 7,180,890	\$ (35,741)
Total revenue from the Commonwealth	\$ 7,696,737	\$ 7,216,631	\$ 7,180,890	\$ (35,741)
Revenue from the federal government:				
Categorical aid:				
Title I part A: Grants to local educational agencies	\$ 160,045	\$ 160,005	\$ 162,929	\$ 2,924
Title I part A: Grants to local educational agencies - ARRA	50,251	56,459	56,459	-
Title II part A: Improving teacher quality	103,381	103,381	76,618	(26,763)
Title II part D: Education technology state grants	1,924	1,924	1,429	(495)
Title II part D: Education technology state grants - ARRA	-	4,871	-	(4,871)
Title III, Part A: English language acquisition grants	4,144	9,092	5,326	(3,766)
Medicaid	8,800	8,800	(2,266)	(11,066)
Drug free schools	4,816	-	-	-
Vocational education basic grants to states	21,405	23,881	23,374	(507)
Title VI-B: Special education grants to states	294,082	344,655	342,848	(1,807)
Title VI-B: Special education grants to states - ARRA	133,665	125,111	120,071	(5,040)
Special education preschool handicapped grant	13,290	14,224	14,224	-
Special education preschool handicapped grant - ARRA	-	1,983	1,983	-
State fiscal stabilization grants - ARRA	-	458,321	458,321	-
Total categorical aid	\$ 795,803	\$ 1,312,707	\$ 1,261,316	\$ (51,391)
Total revenue from the federal government	\$ 795,803	\$ 1,312,707	\$ 1,261,316	\$ (51,391)
Total School Operating Fund	\$ 18,931,781	\$ 19,175,809	\$ 18,984,359	\$ (191,450)
School Food Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 200	\$ 200	\$ 935	\$ 735
Total revenue from use of money and property	\$ 200	\$ 200	\$ 935	\$ 735
Charges for services:				
Cafeteria sales	\$ 525,309	\$ 525,309	\$ 505,591	\$ (19,718)
Total charges for services	\$ 525,309	\$ 525,309	\$ 505,591	\$ (19,718)
Total revenue from local sources	\$ 525,509	\$ 525,509	\$ 506,526	\$ (18,983)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 9,443	\$ 9,443	\$ 8,787	\$ (656)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 197,000	\$ 197,000	\$ 238,823	\$ 41,823
Total categorical aid	197,000	197,000	238,823	41,823
Total revenue from the federal government	197,000	197,000	238,823	41,823
Total School Food Service Fund	\$ 731,952	\$ 731,952	\$ 754,136	\$ 22,184
Capital Projects Funds:				
School Capital Projects Fund:				
Recovered costs:				
Other recovered costs	\$ -	\$ -	\$ 18,400	\$ 18,400
Total recovered costs	\$ -	\$ -	\$ 18,400	\$ 18,400
Total revenue from local sources	\$ -	\$ -	\$ 18,400	\$ 18,400
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Clarke , Virginia	\$ 536,400	\$ 687,847	\$ 522,904	\$ (164,943)
Revenue from the Commonwealth:				
Categorical aid:				
Instructional technology grant	\$ 373,976	\$ 373,976	\$ 166,246	\$ (207,730)
Total revenue from the Commonwealth	\$ 373,976	\$ 373,976	\$ 166,246	\$ (207,730)
Total School Capital Projects Fund	\$ 910,376	\$ 1,061,823	\$ 707,550	\$ (354,273)
School Capital Projects Proffers Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 419	\$ 419
Total revenue from use of money and property	\$ -	\$ -	\$ 419	\$ 419
Miscellaneous revenue:				
Gifts and donations	\$ -	\$ -	\$ 37	\$ 37
Total miscellaneous revenue	\$ -	\$ -	\$ 37	\$ 37
Total revenue from local sources	\$ -	\$ -	\$ 456	\$ 456
Total School Capital Projects Proffers Fund	\$ -	\$ -	\$ 456	\$ 456
Total Discretely Presented Component Unit - School Board	\$ 20,574,109	\$ 20,969,584	\$ 20,446,501	\$ (523,083)

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 64,272	\$ 65,272	\$ 54,193	\$ 11,079
General and financial administration:				
County administrator	\$ 260,019	\$ 260,019	\$ 248,545	\$ 11,474
Independent auditor	33,500	33,500	30,650	2,850
Legal services	68,611	68,611	62,671	5,940
Commissioner of revenue	244,462	244,462	228,243	16,219
Assessor	65,322	65,322	63,492	1,830
Data processing	283,993	283,993	274,756	9,237
Finance and purchasing	452,560	462,004	454,751	7,253
Treasurer	282,392	282,392	257,863	24,529
Total general and financial administration	\$ 1,690,859	\$ 1,700,303	\$ 1,620,971	\$ 79,332
Board of elections:				
Registrar	\$ 65,493	\$ 65,493	\$ 58,112	\$ 7,381
Electoral board and officials	33,172	33,172	25,588	7,584
Total board of elections	\$ 98,665	\$ 98,665	\$ 83,700	\$ 14,965
Total general government administration	\$ 1,853,796	\$ 1,864,240	\$ 1,758,864	\$ 105,376
Judicial administration:				
Courts:				
Circuit court	\$ 12,180	\$ 12,180	\$ 10,169	\$ 2,011
General district court	4,821	4,821	4,516	305
Magistrate	1,000	1,000	779	221
Juvenile and domestic relations court	4,650	4,650	1,672	2,978
Clerk of the circuit court	90,720	90,720	80,171	10,549
Victim Witness Program	39,307	45,560	44,683	877
Division of court services	2,000	2,000	160	1,840
Blue Ridge legal services	2,000	2,000	2,000	-
Total courts	\$ 156,678	\$ 162,931	\$ 144,150	\$ 18,781
Commonwealth's attorney:				
Commonwealth's attorney	\$ 269,949	\$ 269,949	\$ 262,696	\$ 7,253
Total commonwealth's attorney	\$ 269,949	\$ 269,949	\$ 262,696	\$ 7,253
Total judicial administration	\$ 426,627	\$ 432,880	\$ 406,846	\$ 26,034

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,566,178	\$ 1,566,178	\$ 1,636,765	\$ (70,587)
Criminal justice training	15,500	15,893	15,893	-
Drug task force	10,500	10,107	9,066	1,041
Total law enforcement and traffic control	\$ 1,592,178	\$ 1,592,178	\$ 1,661,724	\$ (69,546)
Fire and rescue services:				
Emergency services board	\$ 369,471	\$ 369,471	\$ 357,468	\$ 12,003
Communications	432,123	434,313	378,923	55,390
Fire and rescue departments	265,905	265,905	221,119	44,786
Lord Fairfax Emergency Medical Services	4,929	4,929	4,929	-
Forestry services	2,231	2,231	2,231	-
Total fire and rescue services	\$ 1,074,659	\$ 1,076,849	\$ 964,670	\$ 112,179
Correction and detention:				
Regional jail	\$ 427,776	\$ 483,066	\$ 427,776	\$ 55,290
Juvenile detention home	25,884	25,884	25,693	191
Probation office	900	900	772	128
Total correction and detention	\$ 454,560	\$ 509,850	\$ 454,241	\$ 55,609
Inspections:				
Building	\$ 135,526	\$ 135,526	\$ 130,627	\$ 4,899
Total inspections	\$ 135,526	\$ 135,526	\$ 130,627	\$ 4,899
Other protection:				
Animal control	\$ 88,794	\$ 92,237	\$ 76,332	\$ 15,905
Medical examiner	150	150	160	(10)
Total other protection	\$ 88,944	\$ 92,387	\$ 76,492	\$ 15,895
Total public safety	\$ 3,345,867	\$ 3,406,790	\$ 3,287,754	\$ 119,036
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 156,000	\$ 156,000	\$ 123,015	\$ 32,985
Sanitation	19,000	19,000	27,301	(8,301)
Litter control program	5,429	5,910	5,412	498
Total sanitation and waste removal	\$ 180,429	\$ 180,910	\$ 155,728	\$ 25,182

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public Works: (continued)				
Maintenance of general buildings and grounds:				
General properties	\$ 823,909	\$ 823,909	\$ 711,158	\$ 112,751
Total maintenance of general buildings and grounds	\$ 823,909	\$ 823,909	\$ 711,158	\$ 112,751
Total public works	\$ 1,004,338	\$ 1,004,819	\$ 866,886	\$ 137,933
Health and welfare:				
Health:				
Supplement of local health department	\$ 199,000	\$ 199,000	\$ 199,000	\$ -
Our Health	6,500	6,500	6,500	-
Total health	\$ 205,500	\$ 205,500	\$ 205,500	\$ -
Mental health and mental retardation:				
Northwestern Community Services	\$ 82,000	\$ 82,000	\$ 82,000	\$ -
Concern Hotline	1,000	1,000	1,000	-
NW Works	1,000	1,000	1,000	-
Total mental health and mental retardation	\$ 84,000	\$ 84,000	\$ 84,000	\$ -
Welfare:				
Shenandoah area on aging	\$ 35,000	\$ 35,000	\$ 35,000	\$ -
Loudoun County Transportation Association	17,639	17,639	17,639	-
Abused women's shelter	2,000	2,000	2,000	-
Independent living center	1,000	1,000	1,000	-
Total welfare	\$ 55,639	\$ 55,639	\$ 55,639	\$ -
Total health and welfare	\$ 345,139	\$ 345,139	\$ 345,139	\$ -
Education:				
Other instructional costs:				
Contribution to Clarke County Public Schools	\$ 9,988,748	\$ 10,826,595	\$ 10,572,129	\$ 254,466
Lord Fairfax Community College	15,043	15,043	15,043	-
Total education	\$ 10,003,791	\$ 10,841,638	\$ 10,587,172	\$ 254,466
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 334,529	\$ 334,529	\$ 329,609	\$ 4,920
Recreation center	101,710	101,710	92,829	8,881
Swimming pool	85,712	85,712	70,749	14,963
Concession stand	20,177	20,177	15,776	4,401
Programs	245,834	245,834	199,055	46,779
Total parks and recreation	\$ 787,962	\$ 787,962	\$ 708,018	\$ 79,944

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation, and culture: (continued)				
Cultural enrichment:				
Virginia commission for the arts	\$ 4,000	\$ 10,000	\$ 10,000	\$ -
Total cultural enrichment	\$ 4,000	\$ 10,000	\$ 10,000	\$ -
Library:				
Contribution to Handley library	\$ 182,119	\$ 182,119	\$ 182,119	\$ -
Total library	\$ 182,119	\$ 182,119	\$ 182,119	\$ -
Total parks, recreation, and cultural	\$ 974,081	\$ 980,081	\$ 900,137	\$ 79,944
Community development:				
Planning and community development:				
Planning administration	\$ 415,753	\$ 415,871	\$ 392,691	\$ 23,180
Help with housing	7,200	7,200	7,200	-
Board of zoning appeals	3,620	3,620	3,950	(330)
Office of Economic Development	41,439	42,627	42,808	(181)
Berryville Development Authority	11,800	11,800	1,280	10,520
Small business development center	2,000	2,000	2,000	-
Blandy Experimental Farm	4,000	4,000	4,000	-
Planning commission	27,467	31,005	18,175	12,830
Board of septic appeals	2,739	2,739	27	2,712
Historic preservation	7,500	20,500	15,473	5,027
Northern Shenandoah Valley Regional Commission	10,692	10,935	10,935	-
Regional airport	5,000	5,000	5,000	-
Total planning and community development	\$ 539,210	\$ 557,297	\$ 503,539	\$ 53,758
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	16,041	16,041	18,724	(2,683)
Total environmental management	\$ 29,541	\$ 29,541	\$ 32,224	\$ (2,683)
Cooperative extension program:				
Cooperative extension service	\$ 47,345	\$ 49,180	\$ 40,314	\$ 8,866
Northern Virginia 4-H Center	3,000	3,000	3,000	-
Total cooperative extension program	\$ 50,345	\$ 52,180	\$ 43,314	\$ 8,866
Developmental rights	\$ 480,000	\$ 480,000	\$ 235,323	\$ 8,866
Total community development	\$ 1,099,096	\$ 1,119,018	\$ 814,400	\$ 59,941

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Nondepartmental:				
Miscellaneous	\$ 15,000	\$ -	\$ 3,531	\$ (3,531)
Legal/professional services contingency	80,000	75,379	-	75,379
Total nondepartmental	\$ 95,000	\$ 75,379	\$ 3,531	\$ 71,848
Total General Fund	\$ 19,147,735	\$ 20,069,984	\$ 18,970,729	\$ 854,578
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Public assistance and welfare administration	\$ 1,397,588	\$ 1,397,588	\$ 1,376,264	\$ 21,324
Total health and welfare	\$ 1,397,588	\$ 1,397,588	\$ 1,376,264	\$ 21,324
Total Virginia Public Assistance Fund	\$ 1,397,588	\$ 1,397,588	\$ 1,376,264	\$ 21,324
Comprehensive Services Fund:				
Health and welfare:				
Welfare and social services:				
Program expenditures	\$ 1,100,583	\$ 1,100,583	\$ 836,889	\$ 263,694
Total health and welfare	\$ 1,100,583	\$ 1,100,583	\$ 836,889	\$ 263,694
Total CSA Fund	\$ 1,100,583	\$ 1,100,583	\$ 836,889	\$ 263,694
Drug Enforcement Fund:				
Public Safety:				
Public Safety				
Operations	\$ -	\$ -	\$ 12,436	\$ (12,436)
Total public safety	\$ -	\$ -	\$ 12,436	\$ (12,436)
Total Drug Enforcement Fund	\$ -	\$ -	\$ 12,436	\$ (12,436)

Schedule of Expenditures - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2011 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Fund:				
School Debt Service Fund:				
Debt service:				
Principal retirement	\$ 1,937,406	\$ 1,937,406	\$ 1,874,331	\$ 63,075
Interest and other fiscal charges	1,699,032	1,785,785	1,848,187	(62,402)
Total School Debt Service Fund	<u>\$ 3,636,438</u>	<u>\$ 3,723,191</u>	<u>\$ 3,722,518</u>	<u>\$ 673</u>
Primary Government Debt Service Fund:				
Debt service:				
Principal retirement	\$ 168,986	\$ 168,986	\$ 203,714	\$ (34,728)
Interest and other fiscal charges	195,715	195,715	160,986	34,729
Total Primary Government Debt Service	<u>\$ 364,701</u>	<u>\$ 364,701</u>	<u>\$ 364,700</u>	<u>\$ 1</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Capital projects expenditures:				
Communications equipment	\$ -	\$ 40,150	\$ 35,778	\$ 4,372
Double Tollgate Road commercial area	-	25,000	37,357	(12,357)
Administrative building	-	332,000	217,186	114,814
Sheriff's equipment	-	51,302	24,942	26,360
Vehicles	24,098	95,283	45,793	49,490
Park expansion	-	30,000	-	30,000
Circuit courthouse renovations	-	457,217	458,810	(1,593)
Technology and equipment improvements	55,363	115,936	103,785	12,151
Park and school sewer improvements	210,000	210,000	15,904	194,096
Groundwater study	37,544	37,544	37,544	-
Social services building	-	50,093	-	50,093
Economic development	-	347,050	-	347,050
Sheriff's building renovations	-	265,695	-	265,695
Roofing	-	196,190	-	196,190
Plan updates	-	11,786	-	11,786
Carpeting	-	53,745	-	53,745
Landscaping	-	15,375	-	15,375
Parks westside sitework	-	63,728	-	63,728
Systems integration	50,000	50,000	24,100	25,900
Sheriff's mobile data	-	96,385	56,959	39,426
Greenway court preservation	-	79,514	40,202	39,312
Recreation center additions	13,486	124,588	-	124,588
Pool repair	-	14,428	14,427	1
Total County Capital Projects Fund	<u>\$ 390,491</u>	<u>\$ 2,763,009</u>	<u>\$ 1,112,787</u>	<u>\$ 1,650,222</u>
Total Primary Government	<u>\$ 26,037,536</u>	<u>\$ 29,419,056</u>	<u>\$ 26,396,323</u>	<u>\$ 2,778,056</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Instruction	\$ 14,624,639	\$ 14,515,765	\$ 14,388,774	\$ 126,991
Administration, attendance and health	1,252,804	1,412,169	1,399,281	12,888
Pupil transportation services	1,019,195	1,129,682	1,132,277	(2,595)
Operation and maintenance services	2,009,984	2,043,034	1,957,251	85,783
Total School Operating Fund	<u>\$ 18,906,622</u>	<u>\$ 19,100,650</u>	<u>\$ 18,877,583</u>	<u>\$ 223,067</u>
School Food Service Fund:				
Education:				
School food services:				
Administration of school food program	\$ 759,952	\$ 759,952	\$ 860,912	\$ (100,960)
Total School Food Service Fund	<u>\$ 759,952</u>	<u>\$ 759,952</u>	<u>\$ 860,912</u>	<u>\$ (100,960)</u>
School Capital Projects Fund:				
Capital projects expenditures:				
School furniture replacement	\$ 30,900	\$ 36,534	\$ 31,659	\$ 4,875
Uniform replacements and band instruments	-	21,039	21,949	(910)
Athletic equipment and uniforms	10,000	12,741	12,054	687
Software/online content - attendance and health	-	29,110	-	29,110
Bus purchases	70,000	79,240	70,995	8,245
School passenger vehicle	12,500	36,953	12,000	24,953
Vehicle operations	-	10,633	9,992	641
Facilities - technology	254,000	722,991	423,602	299,389
Lighting	-	33,539	-	33,539
Building improvements	-	20,095	16,609	3,486
School food - service equipment	40,000	40,000	25,397	14,603
School painting	18,000	18,000	-	18,000
HVAC	15,000	70,331	29,039	41,292
School roof repair	170,000	180,900	5,000	175,900
Boyce canopy	-	45,000	-	45,000
Flooring replacements	50,000	50,000	1,900	48,100
Security improvements	-	92,124	-	92,124
CCHS practice football field renovations	-	12,779	2,585	10,194
Space needs study	-	65,000	10,984	54,016
Construction	20,000	31,500	-	31,500
New high school	-	35,637,651	14,790,622	20,847,029
Total capital projects	<u>\$ 690,400</u>	<u>\$ 37,246,160</u>	<u>\$ 15,464,387</u>	<u>\$ 21,781,773</u>
Total School Capital Projects Fund	<u>\$ 690,400</u>	<u>\$ 37,246,160</u>	<u>\$ 15,464,387</u>	<u>\$ 21,781,773</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 20,356,974</u>	<u>\$ 57,106,762</u>	<u>\$ 35,202,882</u>	<u>\$ 21,903,880</u>

Other Statistical Information

COUNTY OF CLARKE, VIRGINIA

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

<u>Fiscal Year</u>	<u>General Government Administration</u>	<u>Judicial Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>
2002-03	\$ 1,239,593	\$ 460,679	\$ 1,965,842	\$ 1,178,996	\$ 2,173,837
2003-04	1,472,858	289,897	2,510,705	1,057,024	2,223,481
2004-05	1,619,702	326,410	2,813,413	1,069,522	2,253,222
2005-06	1,487,688	361,369	2,876,709	1,273,203	1,993,945
2006-07	1,696,286	420,489	3,307,884	1,157,030	2,565,678
2007-08	2,060,607	421,845	3,447,907	1,244,607	2,136,119
2008-09	2,002,482	436,680	3,612,168	1,155,450	2,388,506
2009-10	1,804,666	440,855	3,719,972	852,209	2,672,185
2010-11	1,905,789	406,759	3,205,467	900,060	2,447,164

(1) Information has only been available for 9 years.

Table 1

	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
	20,984,893	969,405	991,056	1,832,949	832,459	10,501	34,486,502

COUNTY OF CLARKE, VIRGINIA

Government-Wide Revenues

Last Ten Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2002-03	\$ 1,865,163	\$ 10,338,854	\$ 265,586
2003-04	1,796,557	9,536,079	1,204,289
2004-05	2,110,112	10,277,896	595,496
2005-06	2,225,483	10,533,886	1,012,594
2006-07	2,235,396	11,865,571	1,137,027
2007-08	2,326,605	11,941,509	1,162,277
2008-09	2,045,018	12,366,784	574,420
2009-10	2,217,128	11,769,147	3,374,914
2010-11	2,616,152	11,706,825	406,085

(1) Information has only been available for 9 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
17,655,465	1,653,965	312,727	272,123	2,995,371	-	37,618,713

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>
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
2010-11	1,758,864	406,846	3,300,190	866,886	2,558,292	19,753,538

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

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

Table 3

	<u>Parks, Recreation, and Cultural</u>	<u>Community Development</u>	<u>Non- departmental</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
\$	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
	900,137	814,400	3,531	4,087,218	16,577,174	51,027,076

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
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
2010-11	17,351,499	1,653,965	326,865	381,509	293,560	1,467,079

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

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

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

Table 4

<u>Miscellaneous</u>	<u>Recovered Costs</u>	<u>Inter- governmental (2)</u>	<u>Subtotal</u>	<u>Proceeds From Debt</u>	<u>Total</u>
\$ 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
141,845	315,412	14,907,445	36,839,179	567,178	37,406,357

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
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%
2010-11	19,716,647	16,953,333	85.98%	144,661	17,097,994	86.72%	1,939,623	9.84%

(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	
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
2010-11	2,189,128,079	125,806,164	17,424,033	56,051,400	-	2,388,409,676

(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					
2001-02	\$	0.74	\$	0.74	\$	4.00	\$	1.25	\$	0.74	\$	4.00
2002-03		0.74		0.74		4.00		1.25		0.74		4.00
2003-04		0.74		0.74		4.00		1.25		0.74		4.00
2004-05		0.81		0.81		4.00		1.25		0.81		4.00
2005-06		.81/.45		.81/.45		4.00		1.25		.81/.45		4.00
2006-07		.45/.48		.45/.48		4.00		1.25		.45/.48		4.00
2007-08		.48/.50		.48/.50		4.00		1.25		.48/.50		4.00
2008-09		.50/.53		.50/.53		4.00/4.81		1.25		.50/.53		4.00
2009-10		.53/.62		.53/.62		4.81/4.83		1.25		0.53		4.00
2010-11		.62/.62		.62/.62		4.83/4.69		1.25		0.62		4.00

(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
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
2010-11	14,458	2,388,410	43,187,940	1.81%	2,987

(1) www.fedstats.gov

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

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

General Government Capital Projects Carryover Budget Allocations

	<u>FY 10 Carryover</u>	<u>FY 11 Original Budget</u>	<u>FY11 Supplemental Budget</u>	<u>Final Budget</u>
Revenue from local sources:				
Miscellaneous Revenue:				
Gifts and donations	\$ -	\$ -	\$ 14,428	\$ 14,428
Recovered costs:				
Insurance Recovery	-	-	12,400	12,400
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,828</u>	<u>\$ 26,828</u>
Revenue from the Commonwealth:				
Categorical aid:				
Other Categorical aid	<u>\$ 57,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,500</u>
Total revenue from the Commonwealth	<u>\$ 57,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,500</u>
Revenue from the federal government:				
Categorical Aid:				
Emergency management performance grant	\$ -	\$ -	\$ 40,150	\$ 40,150
Community development block grant	-	-	25,000	25,000
ARRA RLEA rural justice grant	<u>96,385</u>	<u>-</u>	<u>-</u>	<u>96,385</u>
Total categorical aid	<u>\$ 96,385</u>	<u>\$ -</u>	<u>\$ 65,150</u>	<u>\$ 161,535</u>
Total revenue from the federal government	<u>\$ 96,385</u>	<u>\$ -</u>	<u>\$ 65,150</u>	<u>\$ 161,535</u>
Total revenue	<u><u>\$ 153,885</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 91,978</u></u>	<u><u>\$ 245,863</u></u>
Expenditures:				
Communications equipment	\$ -	\$ -	\$ 40,150	\$ 40,150
Double Tollgate Commercial Area	-	-	25,000	25,000
Administrative Building	332,000	-	-	332,000
Sheriff's Equipment (fingerprinting, etc.)	38,902	-	12,400	51,302
Auto Replacement	33,929	-	-	33,929
Sheriff's Vehicles	37,256	24,098	-	61,354
Park Expansion	30,000	-	-	30,000
Circuit Courthouse Renovation (and GD Cells)	457,217	-	-	457,217
Technology and equipment improvements	60,573	55,363	-	115,936
Park and school sewer improvements	-	210,000	-	210,000
Groundwater Study	-	37,544	-	37,544
Social Services Building	50,093	-	-	50,093
Economic Development	347,050	-	-	347,050
Sheriff's Building Renovation	265,695	-	-	265,695
Roofing	196,190	-	-	196,190
Plan Updates	11,786	-	-	11,786
Carpeting (Includes GD Courthouse Seating)	53,745	-	-	53,745
Landscaping	15,375	-	-	15,375
Parks Westside Sitework	63,728	-	-	63,728
Systems Integration	-	50,000	-	50,000
Sheriff's Mobile Data	96,385	-	-	96,385
Greenway Court Preservation	79,514	-	-	79,514
Recreation Center Additions/Wall Crack	111,102	13,486	-	124,588
Pool Repairs	-	-	14,428	14,428
Total expenditures	<u><u>\$ 2,280,540</u></u>	<u><u>\$ 390,491</u></u>	<u><u>\$ 91,978</u></u>	<u><u>\$ 2,763,009</u></u>

School Board Capital Projects Carryover Budget Allocations

	<u>FY 10 Carryover</u>	<u>FY 11 Original Budget</u>	<u>FY11 Supplemental Budget</u>	<u>Final Budget</u>
Revenue from local sources:				
Miscellaneous revenue:				
Gifts and donations	\$ 72,122	\$ -	\$ -	\$ 72,122
Intergovernmental revenue:				
Contribution from County of Clarke, Virginia	-	536,400	151,447	687,847
Total revenues from local sources	\$ 72,122	\$ 536,400	\$ 151,447	\$ 759,969
Categorical aid:				
Instructional technology grant	\$ 219,976	\$ 154,000	\$ -	\$ 373,976
Total revenue from the Commonwealth	\$ 219,976	\$ 154,000	\$ -	\$ 373,976
Total revenue	\$ 292,098	\$ 690,400	\$ 151,447	\$ 1,133,945
Expenditures:				
School Furniture Replacement	\$ 5,634	\$ 30,900	\$ -	\$ 36,534
Uniform Replacements and Band Instruments	21,039	-	-	21,039
Athletic Equipment and Uniforms	2,741	10,000	-	12,741
Software/online content - Attendance & Health	29,110	-	-	29,110
Buses	9,240	70,000	-	79,240
Passenger Vehicle	24,453	12,500	-	36,953
Vehicle Operations	-	-	10,633	10,633
Facilities - Technology	362,772	254,000	106,219	722,991
Lighting	30,539	-	3,000	33,539
Building Improvements	-	-	20,095	20,095
School Food	-	40,000	-	40,000
School Painting	-	18,000	-	18,000
HVAC	55,331	15,000	-	70,331
School Roof Repair	10,900	170,000	-	180,900
Boyce Canopy	45,000	-	-	45,000
Flooring Replacements	-	50,000	-	50,000
Security Improvements	92,124	-	-	92,124
CCHS Practice/Football Field Renovation	12,779	-	-	12,779
Space Needs Study	65,000	-	-	65,000
Construction	-	20,000	11,500	31,500
New High School	35,637,651	-	-	35,637,651
Total expenditures	\$ 36,404,313	\$ 690,400	\$ 151,447	\$ 37,246,160

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Compliance

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of the governmental activities, the 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, 2011, which collectively comprise the County of Clarke, Virginia's basic financial statements and have issued our report thereon dated December 2, 2011. 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, Farmer, Cox Associates
Charlottesville, Virginia
December 2, 2011

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Compliance

We have audited County of Clarke, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Clarke, Virginia's major federal programs for the year ended June 30, 2011. 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, 2011.

Internal Control Over Compliance

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

Internal Control Over Compliance: (Continued)

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

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

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

Robinson, Farmer, Cox Associates
(Charlottesville, Virginia)
December 2, 2011

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting safe and stable families	93.556	0950110/0950111	\$ 14,595
Temporary assistance for needy families (TANF)	93.558	0400110/0400111	88,637
Refugee and entrant assistance - state administered programs	93.566	0500110/0500111	264
Low-income home energy assistance	93.568	0600410/0600411	3,775
Child care cluster:			
Child care and development block grant	93.575	0770110/0770111	50,829
Child care mandatory and matching funds of the child care and development fund	93.596	0760110/0760111	58,778
ARRA - Child care and development block grant	93.713	0740110/0780110	10,143
Stephanie Tubbs Jones child welfare services program	93.645	0900110/0900111	463
Foster care - Title IV-E	93.658	1100110/1100111	71,959
ARRA - Foster care - Title IV-E	93.658	1100110/1100111	756
Subtotal foster care - Title IV-E			<u>72,715</u>
Adoption assistance	93.659	1120110/1120111	10,479
ARRA - Adoption assistance	93.659	1120110/1120111	248
Subtotal adoption assistance			<u>83,442</u>
Social services block grant	93.667	1000110/1000111	70,065
Chafee foster care independence program	93.674	9150110/9150111	575
Children's health insurance program	93.767	0540110/0540111	3,655
Medical assistance program	93.778	1200110/1200111	<u>76,574</u>
Total Department of Health and Human Services			\$ <u>461,795</u>
Department of Agriculture:			
Direct Payments:			
Community facilities loans and grants	10.766	n/a	\$ <u>545,631</u>
Pass Through Payments:			
Department of Agriculture:			
Food distribution	10.555	10.555/2011	\$ 49,518
Department of Education:			
National school lunch program	10.555	10.555/2011	<u>167,860</u>
Subtotal food distribution/national school lunch program			<u>217,378</u>
Department of Education:			
National school breakfast program	10.553	10.553/2011	21,445
Department of Social Services:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	00101110/00101111 0040110/0040111	131,109
ARRA - State administrative matching grants for the supplemental nutrition assistance program	10.561	00101110/00101111 0040110/0040111	<u>2,179</u>
Subtotal State administrative matching grant for the supplemental nutrition assistance program			<u>133,288</u>
Total Department of Agriculture - pass-through payments			\$ <u>372,111</u>
Total Department of Agriculture			\$ <u>917,742</u>

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Housing and Urban Development:			
Pass Through Payments:			
Community development block grant	14.228		\$ 25,000
Department of the Interior:			
Direct payments:			
Payment in lieu of taxes	15.226		\$ 5,599
Department of Homeland Security:			
Pass Through Payments:			
Emergency management performance grants	97.042	n/a	35,778
Department of Justice:			
Direct payments:			
ARRA - Assistance to rural law enforcement to combat crime and drugs competitive grant	16.810		\$ 56,848
Total Department of Justice - direct payments			\$ 56,848
Pass Through Payments:			
Department of Criminal Justice Service:			
Youth gang prevention	16.544	n/a	\$ 177,013
Edward Byrne memorial justice assistance grant (JAG)	16.803	09SUB9033	8,962
Violence against women formula grants	16.588	08WFAX0050	25,926
Crime victim assistance	16.575	10VAGX0095	48,268
Total Department of Justice - pass-through payments			\$ 260,169
Total Department of Justice			\$ 317,017
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol open container requirements	20.607		\$ 4,965
State and community highway safety program	20.600		7,663
Total Department of Transportation			\$ 12,628
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to local educational agencies cluster			
Title I: Grants to local educational agencies	84.010	S010A100046	162,929
ARRA - Title I: Grants to local educational agencies	84.389	S389A090046	56,459
Special education cluster:			
Special education grants to states	84.027	H027A090107	342,848
ARRA - Special education grants to states	84.391	H391A090107	120,071
Special education - preschool grants	84.173	H173A090112	14,224
ARRA - Special education - preschool grants	84.392	H392A090112	1,983
ARRA - State fiscal stabilization fund - education state grants	84.394	S394A090047	458,321
English language acquisition grant	84.365	T365A080046	5,326
Career and technical education - basic grants to states	84.048	V048A090046	23,374
Education technology state grants	84.318	S318X080046	1,429
Improving teacher quality state grants	84.367	S367A080044	76,618
Total Department of Education			\$ 1,263,582
Total Expenditures of Federal Awards			\$ 3,039,141

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF CLARKE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2011

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Clarke, Virginia under programs of the federal government for the year ended June 30, 2011. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Clarke, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Clarke, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - 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	\$ 278,396
Special Revenue Funds:	
Virginia Public Assistance Fund	597,349
Debt Service Funds:	
School Debt Service Fund	87,623
Capital Projects Funds:	
County Capital Improvements Fund	117,626
Total primary government	\$ 1,080,994

Component Unit Public Schools:

School Operating Fund	\$ 1,261,316
School Cafeteria Fund	238,823
Total component unit public schools	\$ 1,500,139

Component Unit Clarke County Sanitary Authority	\$ 545,631
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Total federal expenditures per basic financial statements	\$ 3,126,764
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Less amounts not reported on the Schedule of Expenditures of Federal Awards:

Build America Bond interest rate subsidy	\$ 87,623
Total federal expenditures	\$ 3,039,141

Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 3,039,141
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COUNTY OF CLARKE, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

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:	

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
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Title I: Grants to local educational agencies cluster	
84.010	Title I: Grants to local educational agencies
84.389	ARRA - Title I: Grants to local educational agencies
Special education cluster	
84.027	Special education grants to states
84.391	ARRA - Special education grants to states
84.173	Special education - preschool grants
84.392	ARRA - Special education - preschool grants
84.394	ARRA - State fiscal stabilization fund - education state grants

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Audit Findings

None