

TOWN OF CLIFTON, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORTS

White, Withers, Masincup & Cannaday, PC



Certified Public Accountants

THOMAS A. WHITE, CPA
JOHN W. WITHERS, CPA
ROBERT W. MASINCUP, CPA
ANDREW L. CANNADAY, CPA

MEMBERS
AMERICAN INSTITUTE OF C P A
VIRGINIA SOCIETY OF C P A

INDEPENDENT AUDITOR'S REPORT

TO THE HONORABLE MAYOR AND MEMBERS OF THE TOWN COUNCIL
TOWN OF CLIFTON, VIRGINIA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund of the Town of Clifton, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

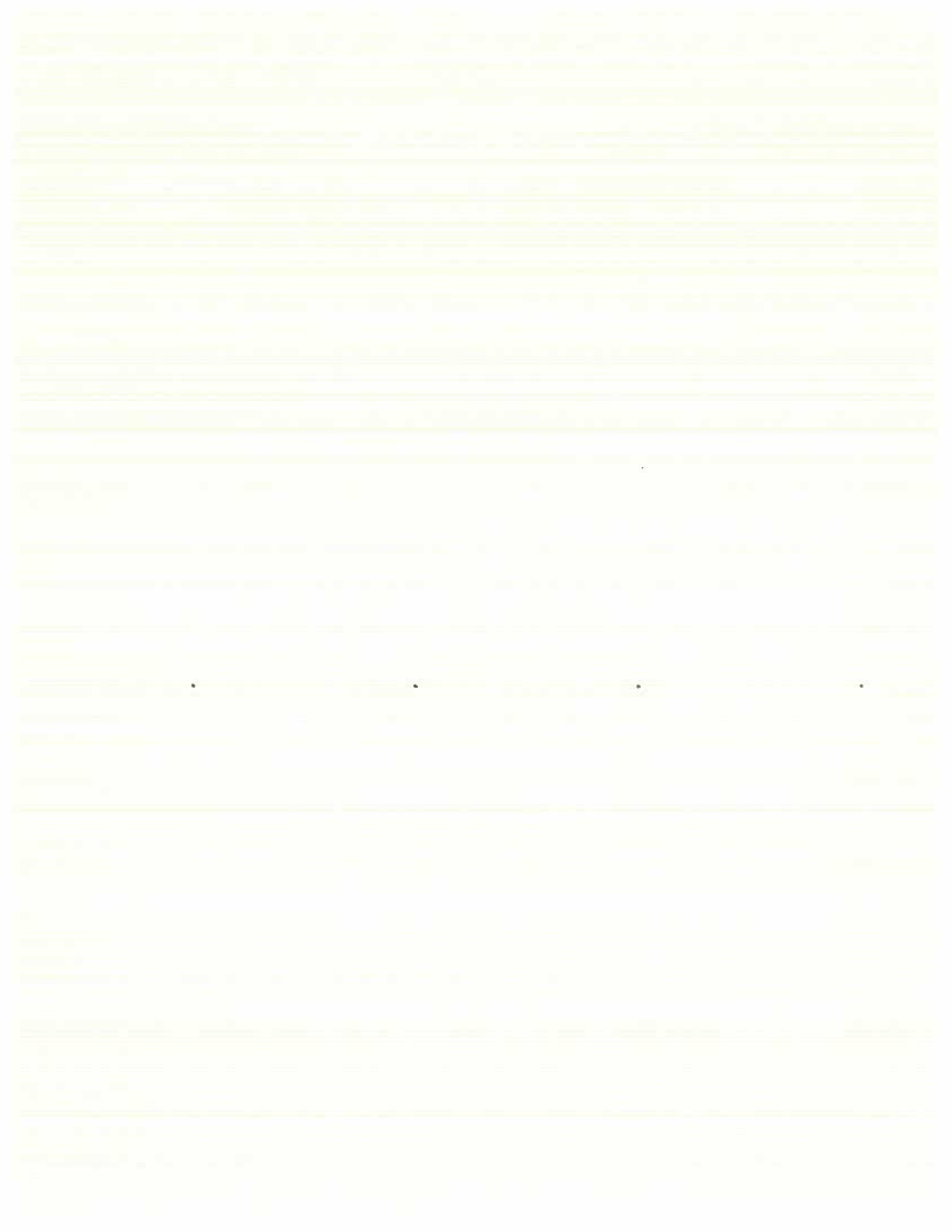
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and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

Auditor's Responsibility

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, and each major fund of the Town of Clifton, Virginia, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the budgetary comparison schedule on page 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying information listed as Other Supplementary Information in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2016, on our consideration of the Town'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* in considering the Town's internal control over financial reporting and compliance.

White, Withers, Masincup + Cannaday, P.C.

White, Withers, Masincup & Cannaday, PC

THOMAS A. WHITE, CPA
JOHN W. WITHERS, CPA
ROBERT W. MASINCUP, CPA
ANDREW L. CANNADAY, CPA

Certified Public Accountants

MEMBERS
AMERICAN INSTITUTE OF C P A
VIRGINIA SOCIETY OF C P A

**INDEPENDENT AUDITOR'S 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 MAYOR AND MEMBERS OF THE TOWN COUNCIL
TOWN OF CLIFTON, VIRGINIA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund of the Town of Clifton, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 1, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control that we consider to be significant deficiencies. The Town is a small municipality with a limited number of staff and therefore, as with many small Town's, has inadequate internal control over the preparation of the annual financial report with full note disclosures required to be in conformity with the U.S. Generally Accepted Accounting Principles. The Town has determined the costs to eliminate this deficiency exceed the benefits, and thus have engaged the auditing firm to assist in this process.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from 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*.

Town's Response to Findings

The Town's response to the findings identified in our audit is described previously. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

White, Withers, Masincup + Cannaday, P.C.

Staunton, Virginia
November 1, 2016

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
As of June 30, 2015

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Industrial Development Authority</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 520 945	\$ 45 248
Investments	350 041	-
Receivables:		
Sales tax	5 959	-
Wine Festival	18 114	-
Grants	1 989	-
Other	3 190	-
Cash surety bond with VDOT	10 000	-
Prepaid items	7 048	-
Total Current Assets	\$ 917 286	\$ 45 248
NONCURRENT ASSETS		
Capital assets, net of accumulated depreciation	\$ 980 486	\$ -
Total Noncurrent Assets	\$ 980 486	\$ -
Total Assets	\$ 1 897 772	\$ 45 248
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 3 371	\$ -
Deposits held	800	-
Payroll liabilities	3 135	-
Total Current Liabilities	\$ 7 306	\$ -
Total Liabilities	\$ 7 306	\$ -
NET POSITION		
Net investment in capital assets	\$ 980 486	\$ -
Unrestricted	909 980	45 248
Total Net Position	\$ 1 890 466	\$ 45 248

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

TOWN OF CLIFTON, VIRGINIA

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities				
General government administration	\$ 88 011	\$ 51 106	\$ -	\$ -
Public safety	10 000	-	10 000	-
Public works	51 565	39 730	-	1 795
Community development	48 877	71 385	-	194
Total Governmental Activities	\$ 198 453	\$ 162 221	\$ 10 000	\$ 1 989
Component Unit				
Industrial Development Authority	\$ 175	\$ 4 343	\$ -	\$ -

General Revenues:

- Cigarette tax
- Communications tax
- Interest income
- Miscellaneous income
- Railroad rolling stock tax
- Sales tax
- Utility consumption tax

Total General Revenues

Gain (Loss) on Disposal of Assets

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

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

Net (Expense) Revenue and Changes in Net Position	
Governmental Activities	Industrial Development Authority
\$ (36 905)	\$ -
-	-
(10 040)	-
22 702	-
<u>\$ (24 243)</u>	<u>\$ -</u>
\$ -	\$ 4 168
\$ 2 360	\$ -
9 445	-
11 926	-
-	-
1 774	-
33 859	-
1 363	-
<u>\$ 60 727</u>	<u>\$ -</u>
\$ -	\$ -
\$ 36 484	\$ 4 168
<u>1 853 982</u>	<u>41 080</u>
<u>\$ 1 890 466</u>	<u>\$ 45 248</u>

BALANCE SHEET - GOVERNMENTAL FUNDS
As of June 30, 2015

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 520 945
Investments	350 041
Receivables:	
Sales tax	5 959
Wine Festival	18 114
Grants	1 989
Other	3 190
Cash surety bond with VDOT	10 000
Prepaid items	<u>7 048</u>
Total Assets	\$ <u><u>917 286</u></u>
LIABILITIES	
Accounts payable	\$ 3 371
Deposits held	800
Payroll liabilities	<u>3 135</u>
Total Liabilities	\$ <u>7 306</u>
FUND BALANCE	
Fund balance	
Nonspendable	\$ 7 048
Committed	8 600
Unassigned	<u>894 332</u>
Total Fund Balance	\$ <u>909 980</u>
Total Liabilities and Fund Balance	\$ <u><u>917 286</u></u>

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

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
As of June 30, 2015

Amounts reported for Governmental Activities in the Statement of Net Position
are different because of the following:

Fund balances of Governmental Funds	\$	909 980
Capital assets, net of depreciation, are not current financial resources and are not included in the Governmental Funds.		<u>980 486</u>
Net position of Governmental Activities	\$	<u>1 890 466</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	<u>General Fund</u>
REVENUES	
Local taxes	\$ 98 133
Permits, privilege fees and regulatory licenses	1 590
Revenues from the use of money	11 926
Revenues from the use of property	40 655
Donations and special events	68 870
Miscellaneous	-
Intergovernmental	13 763
Total Revenues	<u>\$ 234 937</u>
EXPENDITURES	
General government administration	\$ 87 640
Public safety	10 000
Public works	24 999
Community development	43 161
Capital outlay	1 989
Total Expenditures	<u>\$ 167 789</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 67 148</u>
OTHER FINANCING SOURCES (USES)	
Proceeds from sale of assets	\$ -
Total Other Financing Sources (Uses)	<u>\$ -</u>
NET CHANGE IN FUND BALANCE	\$ 67 148
FUND BALANCE (DEFICIT), Beginning of Year	<u>842 832</u>
FUND BALANCE (DEFICIT), End of Year	<u><u>\$ 909 980</u></u>

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

**Amounts reported for Governmental Activities in the Statement of Activities
are different because of the following:**

Net change in fund balance - Governmental Funds	\$	67 148
Governmental Funds report capital outlays as expenditures and do not report in-kind donations for capital projects. However, in the Statement of Activities, the cost of the expenditures and the value of the in-kind donations are capitalized and allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for capital assets		3 339
Current year depreciation		<u>(34 003)</u>
Change in net position - Governmental Activities	\$	<u><u>36 484</u></u>

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TOWN OF CLIFTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Town of Clifton, Virginia (the "Town") have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the Town are described below.

A. Reporting Entity

The Town, located in Fairfax County, Virginia, was incorporated in 1902 under the laws of the Commonwealth of Virginia. The Town is managed by a mayor and five council members, each of whom is elected at large for a two-year term.

As required by generally accepted accounting principles these financial statements present the Town (primary government) and reportable component units. Discretely presented component units are entities that are legally separate from the Town, but for which the Town is financially accountable, or whose relationship with the Town is such that exclusion would cause the Town's financial statements to be misleading or incomplete. They are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Town. These financial statements present the following discretely presented component unit:

Industrial Development Authority of the Town of Clifton, Virginia

The Industrial Development Authority of the Town of Clifton, Virginia (IDA) was established under the Industrial Development and Revenue Bond Act of the *Code of Virginia* and has the responsibility to promote industry and develop trade by inducing enterprises to locate or remain in Virginia. The Town appoints all seven members of the IDA's Board of Directors, not more than three of which are permitted to be elected members of the Town Council.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund 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 to a significant extent rely on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc.) or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or activity. 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 activity, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost (by function or business-type activity) is normally covered by general revenue (property, sales, franchise taxes, intergovernmental revenues, interest income, etc.).

TOWN OF CLIFTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2015NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)B. Government-wide and Fund Financial Statements (Continued)

Separate fund based financial statements are provided for governmental funds. Individual governmental funds are reported as separate columns in the fund financial statements.

The government-wide focus is more on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the individual funds. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are not assessed by the Town. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected 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. Grant revenues availability period is generally considered to be one year. 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 the liability has matured and payment is due.

Ad valorem, franchise and sales tax revenues in the General Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash as the resulting receivable is immaterial. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The following funds are used by the Town:

1. Governmental Funds:

The following is a description of the Governmental Funds of the Town:

General Fund

The General Fund is the operating fund of the Town. This fund accounts for all financial resources of the general government, except those required to be accounted for in another fund.

TOWN OF CLIFTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2015

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**C. Measurement Focus and Basis of Accounting (Continued)****2. Non-Current Governmental Assets/Liabilities:**

GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide Statement of Net Assets.

D. Capital Assets

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Public domain (infrastructure) fixed assets owned by the Town consisting of roads, curbs and gutters, streets, drainage systems and lighting systems will be recorded at historical cost on a prospective basis as the Town has elected out of recording such assets retrospectively as allowed for Phase 3 governments.

Major outlays for capital assets and improvements are capitalized as projects are constructed and shown as construction in progress in the basic financial statements.

Property, plant, and equipment of the Town is depreciated using the straight line method over estimated useful lives ranging from five to forty years.

E. Budgetary Comparison Schedules

The Town adopts a budget for the General Fund by July 1 of each year. GASB Statement No. 34 requires budgetary comparison information to be presented in the basic financial statements or as required supplementary information. Exhibit 1 presents the original and final budget, actual results, and variance amounts.

F. Fund Equity

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Town Council – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Town Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

TOWN OF CLIFTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2015**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)****F. Fund Equity**

Assigned fund balance. This classification reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. The Town Council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

NOTE 2—DEPOSITS AND INVESTMENTS:

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

Investments: Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Deposits and investments at June 30, 2015, consist of the following:

	Primary Government	Component Unit
Deposits		
Cash in bank	\$ 520 945	\$ 45 248
Total Deposits	<u>\$ 520 945</u>	<u>\$ 45 248</u>
Investments		
Certificates of deposit	\$ 349 124	\$ -
Local Government Investment Pool	<u>917</u>	<u>-</u>
Total Investments	<u>\$ 350 041</u>	<u>\$ -</u>

The Town's rated debt investments as of June 30, 2015, were rated by Standard & Poor's as follows:

TOWN OF CLIFTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2015**NOTE 2—DEPOSITS AND INVESTMENTS:** (Continued)

	<u>Fair Quality Rating</u>
Local Government Investment Pool	AAAm

NOTE 3—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2015, was as follows:

	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at End of Year</u>
Capital assets not being depreciated:					
Land	\$ 292 482	\$ -	\$ -	\$ -	\$ 292 482
Construction in progress	<u>90 834</u>	<u>1 989</u>	<u>-</u>	<u>-</u>	<u>92 823</u>
Subtotal	<u>\$ 383 316</u>	<u>\$ 1 989</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 385 305</u>
Capital assets being depreciated:					
Buildings	\$ 284 965	\$ -	\$ -	\$ -	\$ 284 965
Furniture and equipment	121 447	1 350	-	-	122 797
Improvements	<u>492 108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>492 108</u>
Subtotal	<u>\$ 898 520</u>	<u>\$ 1 350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 899 870</u>
Less accumulated depreciation for:					
Buildings	\$ (56 268)	\$ (7 124)	\$ -	\$ -	\$ (63 392)
Furniture and equipment	(62 141)	(5 981)	-	-	(68 122)
Improvements	<u>(152 277)</u>	<u>(20 898)</u>	<u>-</u>	<u>-</u>	<u>(173 175)</u>
Subtotal	<u>\$ (270 686)</u>	<u>\$ (34 003)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (304 689)</u>
Total capital assets being depreciated, net	<u>\$ 627 834</u>	<u>\$ (32 653)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 595 181</u>
Governmental activities capital assets, net	<u>\$ 1 011 150</u>	<u>\$ (30 664)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 980 486</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government administration	\$ 371
Public safety	-
Public works	26 566
Community development	<u>7 066</u>
Total depreciation expense – governmental activities	<u>\$ 34 003</u>

TOWN OF CLIFTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended June 30, 2015**NOTE 4—OPERATING LEASES:**

The Town (Lessee) entered into a lease agreement on June 27, 1994, with the Board of Supervisors of Fairfax County to rent the Town Meeting Hall. The term of the lease is for 25 years with 5 year optional renewal periods. In consideration for the use of the building, the Town agrees to pay \$1 annually plus have the sole responsibility for its operation, interior and exterior maintenance, and the safety and appearance of the building, parking area and grounds.

The Town (Lessor) has entered into two lease agreements for property it owns. The leases expire in August 2017 and December 2017. The second lease includes an option to renew for two additional years. The Town collected \$30,000 on its leases during the year ended June 30, 2015. Following is an estimate of the future lease payments, assuming all options to renew are exercised:

<u>Year Ended June 30,</u>	<u>Lease Income</u>
2016	\$ 38 800
2017	40 800
2018	19 400
2019	15 600
2020	<u>7 800</u>
Total	<u>\$ 122 400</u>

The following is a schedule of the leased property under this operating lease:

Building and improvements	\$ 239 104
Land	189 357
Less accumulated depreciation	<u>(35 627)</u>
Total	<u>\$ 392 834</u>

NOTE 5—CONTINGENT LIABILITIES (INCLUDING FEDERALLY ASSISTED PROGRAMS):

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 6 – COMMITMENTS:

The Town accepted a proposal on June 16, 2015, for roofing work to be done on property it owns. The contract cost will be \$8,600.

The Town has been awarded approximately \$728,000 in federal and state funds for the Clifton Streetscape Improvements project in historic downtown Clifton. It is anticipated that the Town's match for this project will amount to approximately \$180,000. No commitments have been officially made as of June 30, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
For the Year Ended June 30, 2015

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local taxes	\$ 93 000	\$ 93 000	\$ 98 133	\$ 5 133
Permits, privilege fees and regulatory licenses	900	900	1 590	690
Revenues from the use of money	9 800	9 800	11 926	2 126
Revenues from the use of property	40 400	40 400	40 655	255
Donations and special events	80 500	80 500	68 870	(11 630)
Miscellaneous	50	50	-	(50)
Intergovernmental	800 870	800 870	13 763	(787 107)
Total Revenues	\$ 1 025 520	\$ 1 025 520	\$ 234 937	\$ (790 583)
EXPENDITURES				
General government administration	\$ 101 742	\$ 101 742	\$ 87 640	\$ 14 102
Public safety	9 000	9 000	10 000	(1 000)
Public works	45 750	45 750	24 999	20 751
Community development	71 250	71 250	43 161	28 089
Capital outlay	940 070	940 070	1 989	938 081
Total Expenditures	\$ 1 167 812	\$ 1 167 812	\$ 167 789	\$ 1 000 023
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (142 292)	\$ (142 292)	\$ 67 148	\$ 209 440
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	\$ -	\$ -	\$ -	\$ -
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -
NET CHANGE IN FUND BALANCE	\$ (142 292)	\$ (142 292)	\$ 67 148	\$ 209 440
FUND BALANCE (DEFICIT), Beginning of Year	142 292	142 292	842 832	700 540
FUND BALANCE (DEFICIT), End of Year	\$ -	\$ -	\$ 909 980	\$ 909 980

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

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OTHER SUPPLEMENTARY INFORMATION

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SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Sources of Revenues:			
Revenue from Local Sources:			
Local Taxes:			
BPOL tax	\$ 46 000	\$ 43 355	\$ (2 645)
Cigarette tax	2 000	2 360	360
Communications tax	9 000	9 445	445
Motor vehicle tags	5 000	7 751	2 751
Sales tax	30 000	33 859	3 859
Utility consumption tax	1 000	1 363	363
Total Local Taxes	\$ 93 000	\$ 98 133	\$ 5 133
Permits, Privilege Fees and Regulatory Licenses:			
ARB permits	\$ 400	\$ 315	\$ (85)
Use permits	500	1 275	775
Total Permits, Privilege Fees and Regulatory Licenses	\$ 900	\$ 1 590	\$ 690
Revenue from Use of Money:			
Interest income	\$ 9 800	\$ 11 926	\$ 2 126
Total Revenue from Use of Money	\$ 9 800	\$ 11 926	\$ 2 126
Revenue from Use of Property:			
Community Hall rental	\$ 10 000	\$ 9 730	\$ (270)
Pink house rental	30 000	30 000	-
Park rental	400	925	525
Total Revenue from Use of Property	\$ 40 400	\$ 40 655	\$ 255
Donations and Special Events:			
Beautification Committee	\$ 5 000	\$ 3 250	\$ (1 750)
Clifton Business Coalition	28 000	89	(27 911)
Council of the Arts	11 000	1 703	(9 297)
Donations	500	-	(500)
Haunted Trail Event	15 000	45 849	30 849
Historic Preservation Committee	1 000	-	(1 000)
Wine Festival and miscellaneous fundraisers	20 000	17 979	(2 021)
Total Donations and Special Events	\$ 80 500	\$ 68 870	\$ (11 630)

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUNDSCHEDULE 1
(Continued)

For the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Sources of Revenues: (Continued)			
Revenue from Local Sources: (Continued)			
Miscellaneous:			
Miscellaneous revenue	\$ 50	\$ -	\$ (50)
Total Miscellaneous Revenue	\$ 50	\$ -	\$ (50)
Total Revenue from Local Sources	\$ 224 650	\$ 221 174	\$ (3 476)
Intergovernmental:			
Revenue from the Federal Government:			
Categorical Aid:			
Streetscape project	\$ 145 500	\$ 1 795	\$ (143 705)
Flood Plain Park	-	-	-
Main Street Improvements	582 000	-	(582 000)
Entrance Triangle	62 570	194	(62 376)
Total Categorical Aid	\$ 790 070	\$ 1 989	\$ (788 081)
Total Revenue from the Federal Government	\$ 790 070	\$ 1 989	\$ (788 081)
Revenue from the Commonwealth:			
Noncategorical Aid:			
Railroad rolling stock tax	\$ 1 800	\$ 1 774	\$ (26)
Total Noncategorical Aid	\$ 1 800	\$ 1 774	\$ (26)
Categorical Aid:			
Fire Program funds	\$ 9 000	\$ 10 000	\$ 1 000
Total Categorical Aid	\$ 9 000	\$ 10 000	\$ 1 000
Total Revenue from the Commonwealth	\$ 10 800	\$ 11 774	\$ 974
Total Intergovernmental	\$ 800 870	\$ 13 763	\$ (787 107)
Total General Fund	\$ 1 025 520	\$ 234 937	\$ (790 583)

TOWN OF CLIFTON, VIRGINIA

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government Administration:			
Advertising	\$ 2 000	\$ 448	\$ 1 552
Dues and subscriptions	950	435	515
Insurance	8 000	7 761	239
Miscellaneous	11 100	30	11 070
Office supplies and expenses	6 000	3 333	2 667
Payroll and payroll taxes	54 492	51 801	2 691
Professional fees	19 200	23 832	(4 632)
Total General Government Administration	\$ 101 742	\$ 87 640	\$ 14 102
Public Safety:			
Fire Fund Program	\$ 9 000	\$ 10 000	\$ (1 000)
Total Public Safety	\$ 9 000	\$ 10 000	\$ (1 000)
Public Works:			
Caboose expenses	\$ 3 850	\$ 1 721	\$ 2 129
Community Hall expenses	24 200	12 574	11 626
Grounds and maintenance	11 500	6 011	5 489
Rents	2 900	2 685	215
Utilities	3 300	2 008	1 292
Total Public Works	\$ 45 750	\$ 24 999	\$ 20 751
Community Development:			
Beautification Committee	\$ 4 000	\$ 1 353	\$ 2 647
Citizen Recognition Fund	250	-	250
Clifton Business Coalition	1 500	-	1 500
Communication Committee	3 200	-	3 200
Council for the Arts	10 900	908	9 992
Environmental Committee	500	-	500
Haunted Trail expenses	8 000	10 798	(2 798)
Historic Preservation Committee	4 200	1 462	2 738
Homes Tour Committee	3 500	1 656	1 844
Parks Committee	22 600	18 868	3 732
Planning Commission	10 900	7 568	3 332
Traffic, Parking, and Safety Committee	800	249	551
Welcoming and Sunshine Committee	900	299	601
Total Community Development	\$ 71 250	\$ 43 161	\$ 28 089

TOWN OF CLIFTON, VIRGINIA

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND
 For the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Capital Outlay:			
Clifton Entrance Triangle	\$ 62 570	\$ 1 989	\$ 60 581
Main Street improvements	727 500	-	727 500
Caboose renovation	15 000	-	15 000
Clifton Creek Park - trails	20 000	-	20 000
Public parking improvements	65 000	-	65 000
Storage facility	<u>50 000</u>	<u>-</u>	<u>50 000</u>
Total Capital Outlay	<u>\$ 940 070</u>	<u>\$ 1 989</u>	<u>\$ 938 081</u>
Total General Fund	<u>\$ 1 167 812</u>	<u>\$ 167 789</u>	<u>\$ 1 000 023</u>

THE STATE OF TEXAS, COUNTY OF DALLAS

IN RE: THE ESTATE OF [Name], Deceased

vs. [Name]

Case No. 10-10000

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