

**CLIFTON TOWN COUNCIL
SPECIAL MEETING MINUTES**

Thursday, June 19, 2014 7:30pm

Town Council Members present: Mayor Bill Hollaway, Deborah Dillard, Wayne Nickum, and Chuck Rusnak

Town Council Members absent: Vice Mayor Dwayne Nitz, John Powell

Town Officials present: Marilyn Barton, Treasurer, and Sandra Scales-Siwiek, Town Manager

Order of Business:

1. Select Town of Clifton CPA/Auditor to Conduct Financial and Management Audit for Fiscal Year Ending June 30, 2014.

The Anderson, White & Company, P.C. engagement letter to the Town of Clifton was reviewed as presented with supplemental information provided by Andrew Cannaday for clarification on the scope of the audit and costs. After discussion, the following clause was inserted on page 5 of the engagement letter: "Reasonable travel costs not to exceed \$650.00". After the approving motion, the engagement letter was accepted and signed by Mayor Bill Hollaway and Councilman Wayne Nickum.

Motion: Wayne Nickum moved to approve Anderson, White & Company as the Town of Clifton's auditors for Fiscal Year 2014, with the insertion of "reasonable travel costs not to exceed \$650". Chuck Rusnak duly seconded the motion and it was unanimously approved.

2. Town of Clifton Budget for Fiscal Year 2014-15 – Review and Consideration for Approval.

The Proposed FY15 Budget was presented as considered at the Public Hearing held on June 3, 2014. It was noted that there were no comments from the public at the Public Hearing. Bill Hollaway reported that the Clifton Town Attorney recommended the Town Council adopt three resolutions to approve the FY15 Budget.

1. Resolution: 2014-06-19A: Adopting the FY 2015 Budget

2. Resolution: 2014-06-19B: Adopting the FY 2015 Tax Rates, Motor Vehicle Tag and Use Permit Fees
3. Resolution: 2014-06-19C: Authorizing Appropriation and Expenditure for Release of FY 2015 Funds

Motion: Wayne Nickum moved to approve the three Resolutions as attached and signed by Mayor Bill Hollaway. Deborah Dillard duly seconded the motion and it was unanimously approved by Roll Call Vote:

| | |
|-----------------|-----|
| Wayne Nickum | Aye |
| Chuck Rusnak | Aye |
| Deborah Dillard | Aye |
| Bill Hollaway | Aye |

John Powell and Dwayne Nitz were not present. The required quorum is 2/3 or four positive votes of the Council members present.

4. Adjournment

Motion: Wayne Nickum moved to adjourn. The motion was duly seconded by Deborah Dillard and it was unanimously approved.

Minutes were prepared by Marilyn Barton, Treasurer.

Attachments to the Minutes: 3 approved Resolutions, the FY15 Budget and the signed audit engagement letter.

Minutes were approved by the Town Council at the July 1, 2014 Regular Meeting.

**TOWN OF CLIFTON
FAIRFAX COUNTY, VIRGINIA**

RESOLUTION: 2014-06-19A

PRESENTED: June 19, 2014

ADOPTED:

A RESOLUTION: ADOPTING THE FY 2015 BUDGET

WHEREAS, The Clifton Town Council duly advertised its proposed FY 2015 budget with taxes, motor vehicle tag, use permit and other fees on May 22, 2014; and

WHEREAS, On June 3, 2014, the Clifton Town Council held a public hearing on its proposed FY 2015 budget, taxes, motor vehicle tag, use permit and other fees.

NOW THEREFORE, be it resolved, that pursuant to Code of Virginia of 1950, as amended, § 15.2- 2503, the Clifton Town Council hereby adopts its budget for FY 2015, as attached to this Resolution.

ADOPTED THIS 19TH DAY OF JUNE 2014.



William R. Hollaway, Mayor

Recorded Vote:

Motion by:

Seconded by:

Yeas:

Nays:

Abstentions:

Absent for Vote:

ATTEST:



Kathleen Barton, Town Clerk

**TOWN OF CLIFTON
FAIRFAX COUNTY, VIRGINIA**

RESOLUTION: 2014-06-19B

PRESENTED: June 19, 2014

ADOPTED:

**A RESOLUTION: ADOPTING THE FY 2015 TAX RATES, MOTOR VEHICLE TAG
 AND USE PERMIT FEES.**

WHEREAS, The Clifton Town Council duly advertised its proposed FY 2015 budget with taxes, motor vehicle tag, use permit and other fees on May 22, 2014; and

WHEREAS, The proposed budget contains taxes for communications sales, railroads, utility consumption, business licenses, cigarettes, meals, motor vehicle tag, use permit and other fees; and

WHEREAS, On June 3, 2014, the Clifton Town Council held a public hearing on its proposed FY 2015 budget, taxes, motor vehicle tag, use permit and other fees.

NOW THEREFORE, be it resolved that pursuant to Code of Virginia of 1950, as amended, § 15.2-2503, and §§ 15.2-2108.1:1, -2286, §§ 58.1-662, -648, -2607, -2900, -3703, -3830, -3840, and § 46.2-752, the Clifton Town Council hereby adopts the taxes, motor vehicle tag, use permit and other fees contained in its FY 2015 budget, as attached to this Resolution.

ADOPTED THIS 19TH DAY OF JUNE 2014.


William R. Hollaway, Mayor

Recorded Vote:

Motion by:

Seconded by:


Yeas:

Nays:

Abstentions:

Absent for Vote:

ATTEST:

 _____, Kathleen Barton, Town Clerk

**TOWN OF CLIFTON
FAIRFAX COUNTY, VIRGINIA**

RESOLUTION: 2014-06-19C

PRESENTED: June 19, 2014

ADOPTED:

**A RESOLUTION: AUTHORIZING APPROPRIATION AND EXPENDITURE FOR
 RELEASE OF FY 2015 FUNDS**

WHEREAS, pursuant to Code of Virginia of 1950, as amended, § 15.2-2506, the governing body must appropriate money prior to the Town of Clifton obligating revenue for contemplated expenditures; and

WHEREAS, The Clifton Town Council has adopted the FY 2015 budget.

NOW THEREFORE, be it resolved, that the Clifton Town Council hereby approves an annual appropriation for the release of FY 2015 funds.

ADOPTED THIS 19TH DAY OF JUNE 2014.



William R. Hollaway, Mayor

Recorded Vote:

Motion by:

Seconded by:


Yeas:

Nays:

Abstentions:

Absent for Vote:

ATTEST:



Kathleen Barton, Town Clerk

| | A | D | E |
|----|---|------------------------|------------------|
| 1 | TOWN OF CLIFTON | | |
| 2 | Income/Expense Statement | Approved Budget | |
| 3 | FY 15 BUDGET - Approved by the T.C. 6/19/14 | FYE 1506 | |
| 4 | REVENUES: | | |
| 5 | Taxes & Permits Revenues: | | |
| 6 | ARB Permits | \$ 400.00 | |
| 7 | BPOL | \$ 46,000.00 | |
| 8 | Va Communications Sales Tax | \$ 5,800.00 | |
| 9 | Cox & Verizon PEG Franchise Revenue & State Communication Sales and Use Tax | \$ 3,200.00 | |
| 10 | Motor Vehicle Tags | \$ 5,000.00 | |
| 11 | No. Va. Cigarette Tax | \$ 2,000.00 | |
| 12 | Railroad Tax | \$ 1,800.00 | |
| 13 | Sales Tax | \$ 30,000.00 | |
| 14 | Meals Tax | \$ - | |
| 15 | Use Permits | \$ 500.00 | |
| 16 | Utility Consumption Tax | \$ 1,000.00 | |
| 17 | Other Income | \$ 50.00 | |
| 18 | TOTAL TAXES & PERMITS: | | \$ 95,750 |
| 19 | Town Facilities Rentals: | | |
| 20 | Community Hall | \$ 10,000.00 | |
| 21 | Pink House | \$ 30,000.00 | |
| 22 | TOTAL FACILITIES RENTALS: | | \$ 40,000 |
| 23 | Other Revenues: | | |
| 24 | Beautification Committee | | |
| 25 | Beautification of Clifton Streetscape & Citizen Adoption | \$ - | |
| 26 | Total Beautification Committee | | \$ - |
| 27 | | | |
| 28 | Wine Festival (NET) | \$ 20,000.00 | \$ 20,000 |
| 29 | Council for the Arts Committee | | |
| 30 | Dinner Theater | \$ 8,000.00 | |
| 31 | Community Arts Programs | \$ 1,000.00 | |
| 32 | Youth Instruction of Visual Arts & Education | \$ 1,000.00 | |
| 33 | Calendar/Note Card Sales | \$ 1,000.00 | |
| 34 | Total Council for the Arts Committee | | \$ 11,000 |
| 35 | Environmental Comiittee | | |
| 36 | Environmental Event | \$ - | |
| 37 | Total Environmental Committee | | \$ - |
| 38 | Haunted Trail Event | \$ 15,000.00 | \$ 15,000 |
| 39 | Historic Preservation Committee | | |
| 40 | Historic Events in Town | \$ 1,000.00 | |
| 41 | | | |
| 42 | Total Historic Preservation Committee | | \$ 1,000 |
| 43 | HOMES TOUR COMMITTEE | | |
| 44 | Homes Tour | \$ 5,000.00 | |
| 45 | TOTAL HOMES TOUR COMMITTEE | | \$ 5,000 |
| 46 | Interest Income | \$ 9,800.00 | \$ 9,800 |

| | A | D | E |
|----|---|--------------|------------------------|
| 1 | TOWN OF CLIFTON | | |
| 2 | Income/Expense Statement | | Approved Budget |
| 3 | FY 15 BUDGET - Approved by the T.C. 6/19/14 | | FYE 1506 |
| 47 | Town Parks Committee | | |
| 48 | IDA - Bond Revenues - issuance fee | \$ 8,750.00 | \$ 8,750 |
| 49 | Property Rental-Park/Square/Gazebo | \$ 400.00 | |
| 50 | Total Town Parks Committee | | \$ 400 |
| 51 | Clifton Business Committee | | |
| 52 | CBC Contributions | \$ - | |
| 53 | Celebrate Clifton Gala | \$ 28,000.00 | |
| 54 | Total Clifton Business Committee | | \$ 28,000 |
| 55 | Clifton Lions Club Donation | \$ 500.00 | \$ 500 |
| 56 | Carry forward from Prior Year Surplus | \$ - | \$ - |
| 57 | Other income (Donations) | \$ - | \$ - |
| 58 | TOTAL OTHER REVENUE: | | \$ 99,450 |
| 59 | TOTAL REVENUES: | | \$ 235,200 |
| 60 | | | |
| 61 | | | |
| 62 | | | |
| 63 | EXPENSES: | | |
| 64 | Payroll Expenses: | | |
| 65 | Town Manager/Consultant | \$ 24,000.00 | |
| 66 | Town Clerk Salary | \$ 6,090.00 | |
| 67 | Town Treasurer Salary | \$ 15,530.00 | |
| 68 | Payroll Taxes | \$ 3,872.43 | |
| 69 | Employee Incentives | \$ 5,000.00 | |
| 70 | TOTAL PAYROLL EXPENSES: | | \$ 54,492 |
| 71 | CONTRACTUAL EXPENSES: | | |
| 72 | Insurance | \$ 8,000.00 | \$ 8,000 |
| 73 | Town Government: | | |
| 74 | ARB | \$ 400.00 | \$ 400 |
| 75 | BZA | \$ - | \$ - |
| 76 | Planning Commission (TOWN COUNCIL APPROVAL REQUIRED FOR OVER \$500- EXPENSE) | | |
| 77 | Hearings for town plan, zoning ordinances, ads and copies | \$ 5,000.00 | |
| 78 | General Consulting | \$ 5,000.00 | |
| 79 | General Admin/Education | \$ 500.00 | |
| 80 | Capital Plan for Town | \$ - | |
| 81 | Total Planning Commission | | \$ 10,500 |
| 82 | TOTAL GOVERNMENT: | | \$ 18,900 |
| 83 | Professional Fees: | | |
| 84 | Accounting - Year Audit Review | \$ 7,200.00 | |
| 85 | Accounting - IDA Audit Review | \$ 1,250.00 | |
| 86 | Legal Fees | \$ 12,000.00 | |
| 87 | TOTAL PROFESSIONAL FEES: | | \$ 20,450 |
| 88 | Town Facilities: | | |
| 89 | Ayre Square Rent | \$ 1,300.00 | \$ 1,300 |
| 90 | Ayre Square Maintenance | \$ 500.00 | \$ 500 |
| 91 | Caboose Expenses: | | |
| 92 | Equipment | \$ 500.00 | |
| 93 | Utilities: | \$ 350.00 | |
| 94 | Maintenance | \$ 3,000.00 | |
| 95 | Total Caboose Expenses: | | \$ 3,850 |
| 96 | Railroad Siding Rent | \$ 1,600.00 | \$ 1,600 |
| 97 | Subtotal - Facilities: | | \$ 7,250 |

| | A | D | E |
|-----|--|------------------------|------------------|
| 1 | TOWN OF CLIFTON | | |
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| 3 | FY 15 BUDGET - Approved by the T.C. 6/19/14 | FYE 1506 | |
| 98 | Town Meeting Hall Expenses: (TOWN COUNCIL APPROVAL REQUIRED FOR OVER \$500- EXPENSE) | | |
| 99 | Cleaning | \$ 2,000.00 | |
| 100 | Electric | \$ 12,000.00 | |
| 101 | Equipment & Supplies | \$ 500.00 | |
| 102 | General Maintenance - including floors | \$ 2,000.00 | |
| 103 | Mgt Fee (25% of Community Hall Rentals) | \$ 2,500.00 | |
| 104 | Payroll Taxes | \$ - | |
| 105 | Equipment Replacement & Hall Refurbishment | \$ 4,000.00 | |
| 106 | Internet Services for Community Hall | \$ 1,200.00 | |
| 107 | TOTAL MEETING HALL EXPENSES | | \$ 24,200 |
| 108 | Pink House Expenses: (TOWN COUNCIL APPROVAL REQUIRED FOR OVER \$500- EXPENSE) | | |
| 109 | Maintenance | \$ 2,500.00 | |
| 110 | Repairs | \$ 2,500.00 | |
| 111 | Total Pink House Expenses: | | \$ 5,000 |
| 112 | TOTAL TOWN FACILITIES: | | \$ 36,450 |
| 113 | Town Services: | | |
| 114 | Grass Mowing - including floodplain | \$ 6,000.00 | |
| 115 | Trash Collections | \$ 1,800.00 | |
| 116 | TOTAL TOWN SERVICES: | | \$ 7,800 |
| 117 | Utilities: | | |
| 118 | Utilities - Gas and Electric (RR Siding, Gazebo & Ayre Sq. etc.) | \$ 1,500.00 | |
| 119 | TOTAL UTILITIES: | | \$ 1,500 |
| 120 | Dues & Subscriptions: | | |
| 121 | Conference Attendance | \$ 500.00 | |
| 122 | Other Dues & Subscriptions | \$ - | |
| 123 | Va Municipal League | \$ 450.00 | |
| 124 | TOTAL DUES & SUBSCRIPTIONS: | | \$ 950 |
| 125 | Other Contractual Expenses: | | |
| 126 | Beautification Committee | | |
| 127 | Flowers/Barrels & Flag Pole planter-Ayre Square | \$ 800.00 | |
| 128 | Xmax Tree Lighting Event | \$ 1,000.00 | |
| 129 | Banner Replacement | \$ 1,000.00 | |
| 130 | Railroad Siding Boxes - North Side | \$ 1,200.00 | |
| 131 | Total Beautification Committee | | \$ 4,000 |
| 132 | Citizen Recognition Fund | \$ 250.00 | \$ 250 |
| 133 | Communication Committee (TOWN COUNCIL APPROVAL REQUIRED FOR OVER \$500- EXPENSE) | | |
| 134 | Web Server Annual Maintenance with Domain Subscriptions | \$ 200.00 | |
| 135 | Web Site Updating & Configuration | \$ 3,000.00 | |
| 136 | Total Communication Committee | | \$ 3,200 |
| 137 | Council for the Arts Committee (TOWN COUNCIL APPROVAL REQUIRED FOR OVER \$500- EXPENSE) | | |
| 138 | Youth Instruction of Visual Arts & Education -includes 600 for CH rental | \$ 900.00 | |
| 139 | Calendar/Note Card Sales | \$ 1,000.00 | |
| 140 | Community Arts Events | \$ 1,000.00 | |
| 141 | Dinner Theater | \$ 8,000.00 | |
| 142 | Total Council for the Arts Committee | | \$ 10,900 |

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| 2 | Income/Expense Statement | Approved Budget | |
| 3 | FY 15 BUDGET - Approved by the T.C. 6/19/14 | FYE 1506 | |
| 143 | | | |
| 144 | Environmental Committee | | |
| 145 | Environmental Event | \$ 500.00 | |
| 146 | Total Environmental Committee | | \$ 500 |
| 147 | Haunted Trail Event | \$ 8,000.00 | \$ 8,000 |
| 148 | Historic Preservation Committee | | |
| 149 | Historic Events in Town | \$ 2,750.00 | |
| 150 | Civil War - Walking Tour Pamphlets | \$ 500.00 | |
| 151 | Town Museum | \$ 200.00 | |
| 152 | HPC Membership & Education | \$ 250.00 | |
| 153 | PostCard Distribution | \$ 500.00 | |
| 154 | Total Historic Preservation Committee | | \$ 4,200 |
| 155 | Homes Tour Committee (TOWN COUNCIL APPROVAL REQUIRED FOR OVER \$500- EXPENSE) | | |
| 156 | Homes Tour | \$ 3,500.00 | |
| 157 | Total Homes Tour Committee | | \$ 3,500 |
| 158 | Legal Advertising | \$ 2,000.00 | \$ 2,000 |
| 159 | Mayoral Reimbursement | \$ 500.00 | \$ 500 |
| 160 | Town Association of Northern Virginia Event | \$ 600.00 | \$ 600 |
| 161 | Miscellaneous Contractual Expenses (TOWN COUNCIL APPROVAL REQUIRED FOR OVER \$500- EXPENSE) | \$ 2,500.00 | \$ 2,500 |
| 162 | Town Parks Committee (TOWN COUNCIL APPROVAL REQUIRED FOR OVER \$500- EXPENSE) | | |
| 163 | Landscape/Ground Maintenance - Includes Triangle Maintenance | \$ 3,500.00 | |
| 164 | Park Committee Expense | | |
| 165 | Tree Trimming and Replacement Planting | \$ 2,500.00 | |
| 166 | Playground Maintenance | \$ 2,500.00 | |
| 167 | Fall Zone Mulching | \$ 2,500.00 | |
| 168 | Mgt Fee (25% of Property Rentals) | \$ 100.00 | |
| 169 | Total Town Parks Committee | | \$ 11,100 |
| 170 | Traffic, Parking and Safety Committee | \$ 800.00 | \$ 800 |
| 171 | Clifton Creek Park & Trail Maintenance - grass mowing with CBA Agreement | \$ 500.00 | \$ 500 |
| 172 | Welcoming & Sunshine Committee | | |
| 173 | Welcome Baskets & Expressions of Sympathy | \$ 600.00 | |
| 174 | Easter Egg Hunt | \$ 300.00 | |
| 175 | Total Welcoming & Sunshine Committee | | \$ 900 |
| 176 | Other * (TOWN COUNCIL APPROVAL REQUIRED FOR OVER \$500- EXPENSE) | \$ 7,500.00 | \$ 7,500 |
| 177 | Clifton Business Committee | | |
| 178 | Town Promotion | | |
| 179 | Celebrate Clifton Gala | \$ 1,000.00 | |
| 180 | Clifton Children Egg Hunt | | |
| 181 | Holiday Trees / Holiday Events | \$ 500.00 | |
| 182 | Total Clifton Business Committee | | \$ 1,500 |
| 183 | TOTAL OTHER CONTRACTUAL: | | \$ 62,450 |
| 184 | Commodities: | | |
| 185 | Computer Supplies | \$ 900.00 | |
| 186 | Copies | \$ 100.00 | |
| 187 | License Plates | \$ 100.00 | |
| 188 | Miscellaneous Commodities | \$ 250.00 | |
| 189 | Office Supplies | \$ 750.00 | |
| 190 | Postage & Delivery | \$ 500.00 | |
| 191 | Internet | \$ 900.00 | |
| 192 | Miscellaneous- (TOWN COUNCIL APPROVAL REQUIRED FOR OVER \$500- EXPENSE) | \$ 2,500.00 | |
| 193 | TOTAL COMMODITIES: | | \$ 6,000 |
| 194 | TOTAL EXPENSES: | | \$ 208,992 |

| | A | D | E |
|-----|---|------------------------|-----------|
| 1 | TOWN OF CLIFTON | | |
| 2 | Income/Expense Statement | Approved Budget | |
| 3 | FY 15 BUDGET - Approved by the T.C. 6/19/14 | FYE 1506 | |
| 195 | NET INCOME (LOSS): | | \$ 26,208 |

| | A | D | E |
|-----|---|---------------|------------------------|
| 1 | TOWN OF CLIFTON | | |
| 2 | Income/Expense Statement | | Approved Budget |
| 3 | FY 15 BUDGET - Approved by the T.C. 6/19/14 | | FYE 1506 |
| 196 | | | |
| 197 | Town of Clifton | | |
| 198 | CAPITAL IMPROVEMENTS/GRANT INCOME | | |
| 199 | REVENUE/COST STATEMENT | | |
| 200 | | | |
| 201 | REVENUES: | | |
| 202 | Clifton Entrance Triangle - SAFETEA-LU | \$ 62,570.00 | |
| 203 | Clifton Entrance Triangle - BOND | \$ 10,000.00 | |
| 204 | TOTAL CLIFTON ENTRANCE TRIANGLE: | | \$ 72,570 |
| 205 | FEDERAL GRANTS | \$ - | |
| 206 | VDOT EN Project - Floodplain Park (80%/20% MATCH GRANT) | \$ - | |
| 207 | Federal Trans. Project -ISTEA- Clifton Streetscape (100% MATCH GRANT) | \$ 145,500.00 | |
| 208 | VDOT TA -Main Street Improvements (80% - 20% MATCH GRANT) | \$ 582,000.00 | |
| 209 | TOTAL VDOT TA - MAIN ST IMPROVEMENTS | | \$ 727,500 |
| 210 | MAIN ST IMPROVEMENTS - BOND | \$ 20,000.00 | \$ 20,000 |
| 211 | Total Federal Grants | | \$ 820,070 |
| 212 | Fire Programs State Grant | \$ 9,000.00 | \$ 9,000 |
| 213 | TOTAL REVENUES: | | \$ 829,070 |
| 214 | | | |
| 215 | COSTS: | | |
| 216 | Clifton Entrance Triangle - SAFETEA-LU | \$ 62,570.00 | |
| 217 | Clifton Entrance Triangle - Fund Bond | \$ 10,000.00 | |
| 218 | TOTAL CLIFTON ENTRANCE TRIANGLE: | | \$ 72,570 |
| 219 | | | |
| 220 | VDOT TA -Main Street Improvements (80% - 20% MATCH GRANT) | \$ 727,500.00 | |
| 221 | Main Street Improvements - Fund Bond | \$ 20,000.00 | |
| 222 | Total Main Street - Special Projects Committee | | \$ 747,500 |
| 223 | TOTAL SPECIAL PROJECTS COMMITTEE: | | \$ 820,070 |
| 224 | Fire Program State Grant- FCFD | \$ 9,000.00 | \$ 9,000 |
| 225 | Clifton Creek Park - Trails | \$ 20,000.00 | |
| 226 | Park Improvement - Well Removal and Abandonment | \$ 11,000.00 | |
| 227 | Public Parking Improvements | \$ 65,000.00 | |
| 228 | Caboose renovation | \$ 15,000.00 | |
| 229 | Storage Facility | \$ 50,000.00 | |
| 230 | TOTAL CAPITAL PROJECTS from Town Equity Funds | | \$ 161,000 |
| 231 | TOTAL COSTS | | \$ 990,070 |
| 232 | NET REVENUES/(COST) | | \$ (161,000) |

ANDERSON, WHITE & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

VIRGINIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

June 12, 2014

To the Town Council and Management
Town of Clifton, Virginia
PO Box 309
Clifton, VA 20124

We are pleased to confirm our understanding of the services we are to provide the Town of Clifton, Virginia (the Town) for the year ended June 30, 2014. We will audit the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Town as of and for the year ended June 30, 2014. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Town's 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. As part of our engagement, we will apply certain limited procedures to the Town's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquires of management regarding 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 will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis – our audit report will include an explanatory paragraph indicating this RSI has not been included in your financial statements unless you prepare the MD&A and provide to us for our review.
2. Budgetary Comparison Schedule – General Fund.

We have also been engaged to report on supplementary information other than RSI that accompanies the Town's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and 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, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements.

1. Schedule of Revenues – Budget and Actual – General Fund.
2. Schedule of Expenditures – Budget and Actual – General Fund.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Town and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of Town's financial statements. Our report will be addressed to the Town Council of the Town of Clifton, Virginia. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of the Town's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Town is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statements and related notes and maintaining the depreciation schedules. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect of the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Town complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Town or to acts by management or employees acting on behalf of the Town. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures – Internal Controls

Our audit will include obtaining an understanding of the Town and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Town's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Town; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Anderson, White & Company, P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a regulator or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Anderson, White & Company, P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Town of Clifton, Virginia
Page 5
June 12, 2014

* Andrew L. Cannaday is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs and will not exceed \$6,500 plus reasonable travel costs. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit (currently \$160/hour for partner and \$110/hour for senior staff). Fifty percent of our fee will be billed upon completion of audit fieldwork and the remaining fifty percent upon submission of the audit reports. This fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

You have requested that we provide you with a copy of our most recent external peer review report and any subsequent reports received during the contract period. Accordingly, our 2012 peer review report accompanies this letter.

We appreciate the opportunity to be of service to the Town of Clifton, Virginia and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

* Reasonable travel costs not to exceed \$650.⁰⁰.

Anderson, White & Company, P.C.

WL
06-19-14
Jef
6/19/14

RESPONSE:

This letter correctly sets forth the understanding of the Town of Clifton, Virginia.



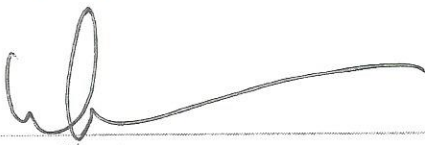
Management Signature

Mayor, Chief Executive

Title

6/19/14

Date



Governance Signature

COUNCIL MEMBER

Title

06-19-14

Date

Boyce, Spady
& Moore PLC
System Review Report
Certified Public Accountants & Consultants

January 30, 2013

To the Shareholders of Anderson, White & Company, P.C.
and the Peer Review Committee of the VSCPA

We have reviewed the system of quality control for the accounting and auditing practice of Anderson, White & Company, P.C. (the firm) in effect for the year ended September 30, 2012. Our peer review was conducted in accordance with the *Standards for Performing and Reporting on Peer Reviews* established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a system review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included an engagement performed under *Government Auditing Standards* and an audit of an employee benefit plan.

In our opinion, the system of quality control for the accounting and auditing practice of Anderson, White & Company, P.C. in effect for the year ended September 30, 2012, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Anderson, White & Company, P.C. has received a peer review rating of *pass*.

Boyce, Spady & Moore PLC