

COUNTY OF CHARLES CITY, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2013

COUNTY OF CHARLES CITY, VIRGINIA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

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COUNTY OF CHARLES CITY, VIRGINIA

Board of Supervisors

Floyd H. Miles, Sr., Chairperson

Gilbert A. Smith

William G. Coad

Board of Social Services

Floyd H. Miles, Sr., Chairperson

Clyde L. Miles

Sylvia A. Owens

Edna M. Bates

Muriel P. Adkins

COUNTY SCHOOL BOARD

Barbara C. Crawley, Chairperson

E. Preston Adkins, Vice Chairperson

Helen Payne-Jones

Dr. Steve D. Fuhrmann

Martha Harris

Other Officials

Chief Judge of the Circuit Court	Samuel T. Powell, III
Judge of the Circuit Court	Thomas B. Hoover
Clerk of the Circuit Court	Edith K. Holmes
Commonwealth's Attorney	Robert H. Tyler
Commissioner of the Revenue	Denise B. Smith
Treasurer	Mindy Bradby
Sheriff	Javier J. Smith
Superintendent of Schools	Dr. Janet C. Crawley
Director of Social Services	Byron M. Adkins
County Administrator	Zach Trogon
Chief Judge of the General District Court	Colleen K. Killilea
Chief Judge of the Juvenile and Domestic Relations Court	Richard Atlee, Jr.
County Attorney	B. Randolph Boyd

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To The Honorable Members of the Board of Supervisors
County of Charles City
Charles City, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Charles City, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Charles City, Virginia, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the County adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-10, budgetary comparison information, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Charles City, Virginia's basic financial statements. The other supplementary information and other statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

Other Information (continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2014, on our consideration of the County of Charles City, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Charles City, Virginia's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "D. F. Cox", followed by a horizontal line.

Richmond, Virginia
January 24, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Board of Supervisors
To the Citizens of Charles City County, Virginia

As management of the County of Charles City, Virginia 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, 2013. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

< The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$11,251,270 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other uses of \$423,821 (Exhibit 5) after making contributions totaling \$4,719,158 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$3,363,412, an increase of \$433,821 in comparison with the prior year.
- < At the end of the current fiscal year, the unassigned fund balance was \$1,909,756, or 13% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased \$282,542 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprised of 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 readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

Overview of the Financial Statements (Continued)

Government-wide financial statements (Continued)

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's nets assets changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the 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).

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, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of Charles City, Virginia itself (known as the primary government), but also a legally separate school district and an industrial development authority for which the County of Charles City, Virginia is financially accountable. Financial information for the component units are reported separately from the financial information presented for the primary government itself.

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 of Charles City, Virginia, like other 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 - Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances.

Overview of the Financial Statements (Continued)

Proprietary funds - Proprietary funds consist of enterprise funds. Enterprise funds are established to account for the delivery of goods and services to the general public and use the accrual basis of accounting, similar to private sector business.

The Sanitary District Fund provides a centralized source for water/sewer services to County residents.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is a custodian.

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.

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit - School Board. The School Board does not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$11,251,270 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

County of Charles City, Virginia's Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 7,225,807	\$ 6,718,443	\$ 10,201	\$ 8,879	\$ 7,236,008	\$ 6,727,322
Capital assets	8,389,851	8,485,567	1,908,259	1,852,162	10,298,110	10,337,729
Total assets	\$ 15,615,658	\$ 15,204,010	\$ 1,918,460	\$ 1,861,041	\$ 17,534,118	\$ 17,065,051
Current liabilities	\$ 342,066	\$ 3,164,624	\$ 81,282	\$ 10,268	\$ 423,348	\$ 3,174,892
Long-term liabilities outstanding	2,837,404	3,116,677	87,142	90,411	2,924,546	3,207,088
Total liabilities	\$ 3,179,470	\$ 6,281,301	\$ 168,424	\$ 100,679	\$ 3,347,894	\$ 6,381,980
Deferred inflows of resources	\$ 2,934,954	\$ -	\$ -	\$ -	\$ 2,934,954	\$ -
Net investment in capital assets	\$ 6,043,924	\$ 5,816,842	\$ 1,831,917	\$ 1,768,392	\$ 7,875,841	\$ 7,585,234
Restricted	899,154	814,495	-	-	899,154	814,495
Unrestricted (deficit)	2,558,156	2,291,372	(81,881)	(8,030)	2,476,275	2,283,342
Total net position	\$ 9,501,234	\$ 8,922,709	\$ 1,750,036	\$ 1,760,362	\$ 11,251,270	\$ 10,683,071

Government-wide Financial Analysis (Continued)

During the current fiscal year, the County's net position increased by \$568,199. The following table summarizes the County's Statement of Activities

County of Charles City, Virginia's Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 2,897,817	\$ 2,997,466	\$ 102,191	\$ 84,550	\$ 3,000,008	\$ 3,082,016
Operating grants and contributions	2,279,861	2,247,585	-	-	2,279,861	2,247,585
General revenues:						
General property taxes	7,456,501	7,305,508	-	-	7,456,501	7,305,508
Other local taxes	889,625	721,386	-	-	889,625	721,386
Grants and other contributions not restricted	883,286	884,612	-	-	883,286	884,612
Other general revenues	213,326	268,169	-	-	213,326	268,169
Transfers	(357,253)	(241,037)	357,253	241,037	-	-
Total revenues	\$ 14,263,163	\$ 14,183,689	\$ 459,444	\$ 325,587	\$ 14,722,607	\$ 14,509,276
Expenses:						
General government administration	\$ 1,920,864	\$ 1,767,309	\$ -	\$ -	\$ 1,920,864	\$ 1,767,309
Judicial administration	785,863	774,788	-	-	785,863	774,788
Public safety	2,231,982	2,056,551	-	-	2,231,982	2,056,551
Public works	1,414,659	1,061,341	469,770	393,013	1,884,429	1,454,354
Health and welfare	1,362,437	1,359,051	-	-	1,362,437	1,359,051
Education	4,720,314	5,033,080	-	-	4,720,314	5,033,080
Parks, recreation, and cultural	571,404	535,238	-	-	571,404	535,238
Community development charges	583,638	635,421	-	-	583,638	635,421
	93,477	117,319	-	-	93,477	117,319
Total expenses	\$ 13,684,638	\$ 13,340,098	\$ 469,770	\$ 393,013	\$ 14,154,408	\$ 13,733,111
Change in net position	\$ 578,525	843,591	(10,326)	(67,426)	568,199	\$ 776,165
Net position, beginning of year	8,922,709	8,079,118	1,760,362	1,827,788	10,683,071	9,906,906
Net position, end of year	\$ 9,501,234	\$ 8,922,709	\$ 1,750,036	\$ 1,760,362	\$ 11,251,270	\$ 10,683,071

Financial Analysis of the County's Funds

As noted earlier, the County used 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 available resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a County'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 fund reported fund balances of \$3,363,412, an increase of \$433,821 in comparison with the prior year.

Proprietary Funds - The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the end of the year amounted to a deficit of \$81,881. Net position decreased by \$10,326. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

During the year, budgetary estimates exceeded actual revenues and other financing sources by \$7,716. Expenditures and other uses were less than budgetary estimates by \$531,060. The combination of both resulted in a net positive variance of \$523,344.

Capital Asset and Debt Administration

< **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2013 amounts to \$8,389,851 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

Additional information on the County's capital assets can be found in the notes of this report.

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$2,422,269. The County's debt is secured solely by specified revenue sources (i.e., lease/revenue bonds, capital leases and revenue bonds). During the current fiscal year, the County's total debt decreased by \$359,889. Additional information on the County of Charles City, Virginia's long-term debt can be found in Note 7 of this report.

Economic Factors

< The unemployment rate for the County of Charles City was 6.5% at June 30, 2013. The Commonwealth of Virginia's unemployment rate was 5.5% as of the same date.

< Inflationary trends in the region compare to national indexes.

All of these factors were considered in preparing the County's budget for the 2014 fiscal year.

The fiscal year 2014 budget increased by approximately 3% from the adopted fiscal year 2013 budget. All tax rates remained the same as in 2013.

Requests for Information This financial report is designed to provide a general overview of the County of Charles City, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, 10900 Courthouse Road, Charles City, Virginia, 23030.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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County of Charles City, Virginia
Statement of Net Position
June 30, 2013

	Primary Government			Component Units	
	Governmental	Business-type		School Board	EDA
	Activities	Activities	Total		
ASSETS					
Cash and cash equivalents	\$ 3,286,995	\$ -	\$ 3,286,995	\$ 244,810	\$ 988,867
Receivables (net of allowance for uncollectibles):					
Taxes receivable	3,513,418	-	3,513,418	-	-
Accounts receivable	33,210	10,201	43,411	83,761	-
Leases receivable	-	-	-	-	123,768
Due from other governmental units	392,184	-	392,184	456,482	-
Prepaid items	-	-	-	18,707	-
Capital assets (net of accumulated depreciation):					
Land and improvements	1,549,410	7,819	1,557,229	263,786	-
Buildings and improvements	6,018,046	1,735,764	7,753,810	8,982,221	-
Machinery and equipment	489,246	48,199	537,445	368,984	-
Construction in progress	333,149	116,477	449,626	-	-
Total assets	\$ 15,615,658	\$ 1,918,460	\$ 17,534,118	\$ 10,418,751	\$ 1,112,635
LIABILITIES					
Accounts payable	\$ 217,524	\$ 54	\$ 217,578	\$ 26,287	\$ -
Accrued liabilities	-	-	-	758,788	-
Reconciled overdraft	-	79,955	79,955	-	-
Customers' deposits	-	970	970	-	-
Accrued interest payable	8,946	303	9,249	708	-
Performance bonds	115,596	-	115,596	-	-
Long-term liabilities:					
Due within one year	400,209	8,888	409,097	30,549	-
Due in more than one year	2,437,195	78,254	2,515,449	113,856	-
Total liabilities	\$ 3,179,470	\$ 168,424	\$ 3,347,894	\$ 930,188	\$ -
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 2,934,954	\$ -	\$ 2,934,954	\$ -	\$ -
Total deferred inflows of resources	\$ 2,934,954	\$ -	\$ 2,934,954	\$ -	\$ -
NET POSITION					
Net investment in capital assets	\$ 6,043,924	\$ 1,831,917	\$ 7,875,841	\$ 9,597,093	\$ -
Restricted	899,154	-	899,154	-	-
Unrestricted (deficit)	2,558,156	(81,881)	2,476,275	(108,530)	1,112,635
Total net position	\$ 9,501,234	\$ 1,750,036	\$ 11,251,270	\$ 9,488,563	\$ 1,112,635

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

County of Charles City, Virginia
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position					Component Units		
	Expenses	Charges for Services	Operating		Capital Grants and Contributions	Primary Government		Total	School Board		EDA	
			Grants and Contributions	Contributions		Governmental Activities	Business-type Activities					
PRIMARY GOVERNMENT:												
Governmental activities:												
General government administration	\$ 1,920,864	\$ -	\$ 144,419	\$ -	\$ (1,776,445)	\$ -	\$ (1,776,445)	\$ -	\$ -	\$ -	-	
Judicial administration	785,863	81,177	302,059	-	(402,627)	-	(402,627)	-	-	-	-	
Public safety	2,231,982	162,699	623,417	-	(1,445,866)	-	(1,445,866)	-	-	-	-	
Public works	1,414,659	2,603,476	-	-	1,188,817	-	1,188,817	-	-	-	-	
Health and welfare	1,362,437	-	848,008	-	(514,429)	-	(514,429)	-	-	-	-	
Education	4,720,314	-	-	-	(4,720,314)	-	(4,720,314)	-	-	-	-	
Parks, recreation, and cultural	571,404	50,465	70,000	-	(450,939)	-	(450,939)	-	-	-	-	
Community development	583,638	-	291,958	-	(291,680)	-	(291,680)	-	-	-	-	
Interest on long-term debt	93,477	-	-	-	(93,477)	-	(93,477)	-	-	-	-	
Total governmental activities	\$ 13,684,638	\$ 2,897,817	\$ 2,279,861	\$ -	\$ (8,506,960)	\$ -	\$ (8,506,960)	\$ -	\$ -	\$ -	-	
Business-type activities:												
Sanitary District	\$ 469,770	\$ 102,191	\$ -	\$ -	\$ -	\$ (367,579)	\$ (367,579)	\$ -	\$ -	\$ -	-	
Total primary government	\$ 14,154,408	\$ 3,000,008	\$ 2,279,861	\$ -	\$ (8,506,960)	\$ (367,579)	\$ (8,874,539)	\$ -	\$ -	\$ -	-	
COMPONENT UNITS:												
School Board	\$ 10,866,934	\$ 143,294	\$ 5,409,792	\$ -	\$ -	\$ -	\$ -	\$ (5,313,848)	\$ -	\$ -	41,164	
Economic Development Authority	10,060	51,224	-	-	-	-	-	-	-	-	-	
Total component units	\$ 10,876,994	\$ 194,518	\$ 5,409,792	\$ -	\$ -	\$ -	\$ -	\$ (5,313,848)	\$ -	\$ -	41,164	
General revenues:												
General property taxes					\$ 7,456,501	\$ -	\$ 7,456,501	\$ -	\$ -	\$ -	-	
Local sales and use taxes					661,116	-	661,116	-	-	-	-	
Consumer's utility taxes					150,432	-	150,432	-	-	-	-	
Other local taxes					78,077	-	78,077	-	-	-	-	
Unrestricted revenues from use of money and property					24,459	-	24,459	225	225	263	-	
Miscellaneous					188,867	-	188,867	38,149	38,149	-	-	
Grants and contributions not restricted to specific programs					883,286	-	883,286	-	-	-	-	
Payment from Charles City County					-	-	-	4,719,158	4,719,158	-	-	
Transfers					(357,253)	357,253	-	-	-	-	-	
Total general revenues and transfers	\$ 9,085,485	\$ 357,253	\$ 9,442,738	\$ 4,757,532	\$ 9,442,738	\$ 4,757,532	\$ 4,757,532	\$ 263	\$ 263	\$ 263	-	
Change in net position	578,525	(10,326)	568,199	(556,316)	568,199	(556,316)	(556,316)	41,427	41,427	41,427	-	
Net position - beginning	8,922,709	1,760,362	10,683,071	10,044,879	10,683,071	10,044,879	10,044,879	1,071,208	1,071,208	1,071,208	-	
Net position - ending	\$ 9,501,234	\$ 1,750,036	\$ 11,251,270	\$ 9,488,563	\$ 11,251,270	\$ 9,488,563	\$ 9,488,563	\$ 1,112,635	\$ 1,112,635	\$ 1,112,635	-	

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

FUND FINANCIAL STATEMENTS

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County of Charles City, Virginia
Balance Sheet
Governmental Funds
June 30, 2013

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 3,286,995
Receivables (net of allowance for uncollectibles):	
Taxes receivable	3,513,418
Accounts receivable	33,210
Due from other governmental units	392,184
Total assets	<u>\$ 7,225,807</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 217,524
Performance bonds	115,596
Total liabilities	<u>\$ 333,120</u>
Deferred inflows of resources:	
Unavailable revenue - property taxes	\$ 3,529,275
Total deferred inflows of resources	<u>\$ 3,529,275</u>
Fund balances:	
Restricted	\$ 899,154
Committed	554,502
Unassigned	1,909,756
Total fund balances	<u>\$ 3,363,412</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,225,807</u>

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

County of Charles City, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2013

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	3,363,412
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Capital assets, cost	\$ 15,206,843	
Accumulated depreciation	<u>(6,816,992)</u>	8,389,851

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		594,321
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Lease revenue bond	\$ (2,305,694)	
Compensated absences	(349,277)	
Capital leases	(40,233)	
Net OPEB obligation	(142,200)	
Accrued interest payable	<u>(8,946)</u>	(2,846,350)

Net position of governmental activities	\$	<u><u>9,501,234</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Charles City, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	<u>General</u>
REVENUES	
General property taxes	\$ 7,494,925
Other local taxes	889,625
Permits, privilege fees, and regulatory licenses	2,656,407
Fines and forfeitures	54,685
Revenue from the use of money and property	24,459
Charges for services	186,725
Miscellaneous	188,867
Recovered costs	63,768
Intergovernmental revenues:	
Commonwealth	2,544,232
Federal	618,915
Total revenues	<u>\$ 14,722,608</u>
EXPENDITURES	
Current:	
General government administration	\$ 1,717,109
Judicial administration	649,772
Public safety	2,167,817
Public works	1,137,354
Health and welfare	1,354,067
Education	4,720,314
Parks, recreation, and cultural	517,637
Community development	621,719
Capital projects	629,899
Debt service:	
Principal retirement	352,461
Interest and other fiscal charges	93,048
Total expenditures	<u>\$ 13,961,197</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 761,411</u>
OTHER FINANCING SOURCES (USES)	
Transfers out	\$ (357,253)
Issuance of capital leases	29,663
Total other financing sources (uses)	<u>\$ (327,590)</u>
Net change in fund balances	\$ 433,821
Fund balances - beginning	2,929,591
Fund balances - ending	<u>\$ 3,363,412</u>

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

County of Charles City, Virginia
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, 2013

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

Net change in fund balances - total governmental funds	\$	433,821
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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. The following is a summary of items supporting this adjustment:

Capital outlay	\$	306,959	
Depreciation expense		(402,675)	(95,716)

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

Unavailable tax revenue		(38,424)
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The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items. The following is a summary of items supporting this adjustment:

Principal retirement on lease revenue bonds	\$	342,537	
Principal retirement on capital leases		9,924	
Issuance of capital leases		(29,663)	322,798

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.

The following is a summary of items supporting this adjustment:

(Increase) decrease in compensated absences	\$	(20,825)	
(Increase) decrease in net OPEB obligation		(22,700)	
(Increase) decrease in accrued interest payable		(429)	(43,954)

Change in net position of governmental activities	\$	578,525
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The notes to the financial statements are an integral part of this statement.

County of Charles City, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2013

	Enterprise Fund <u>Sanitary District</u>
ASSETS	
Current assets:	
Accounts receivable, net of allowance for uncollectibles	\$ 10,201
Total current assets	<u>\$ 10,201</u>
Noncurrent assets:	
Capital assets:	
Utility plant in service	\$ 3,814,367
Machinery and equipment	80,705
Less accumulated depreciation	(2,111,109)
Construction in progress	116,477
Land and improvements	7,819
Total net capital assets	<u>\$ 1,908,259</u>
Total noncurrent assets	<u>\$ 1,908,259</u>
Total assets	<u>\$ 1,918,460</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 54
Reconciled overdraft	79,955
Accrued interest payable	303
Customers' deposits	970
Compensated absences - current portion	1,080
Bonds payable - current portion	7,808
Total current liabilities	<u>\$ 90,170</u>
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 68,534
Compensated absences - net of current portion	9,720
Total noncurrent liabilities	<u>\$ 78,254</u>
Total liabilities	<u>\$ 168,424</u>
NET POSITION	
Net investment in capital assets	\$ 1,831,917
Unrestricted	<u>(81,881)</u>
Total net position	<u><u>\$ 1,750,036</u></u>

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

County of Charles City, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Enterprise Fund Sanitary District
OPERATING REVENUES	
Charges for services:	
Water and sewer revenues	\$ 94,401
Connection fees	7,790
Total operating revenues	<u>\$ 102,191</u>
OPERATING EXPENSES	
Water	\$ 57,144
Wastewater	87,482
Industrial center	121,228
Government utility	76,223
Special projects	23,539
Depreciation	100,166
Total operating expenses	<u>\$ 465,782</u>
Operating income (loss)	<u>\$ (363,591)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest expense	<u>\$ (3,988)</u>
Total nonoperating revenues (expenses)	<u>\$ (3,988)</u>
Income (loss) before transfers	\$ (367,579)
Transfers in	\$ 357,253
Change in net position	<u>\$ (10,326)</u>
Total net position - beginning	1,760,362
Total net position - ending	<u><u>\$ 1,750,036</u></u>

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

County of Charles City, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Enterprise Fund <u>Sanitary District</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 100,869
Payments for operating activities	(364,036)
Net cash provided by (used for) operating activities	<u>\$ (263,167)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 357,253
Net cash provided by (used for) noncapital financing activities	<u>\$ 357,253</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to capital assets	\$ (156,263)
Principal payments on bonds	(7,428)
Interest payments	(4,020)
Net cash provided by (used for) capital and related financing activities	<u>\$ (167,711)</u>
Net increase (decrease) in cash and cash equivalents	\$ (73,625)
Cash and cash equivalents - beginning	(6,330)
Cash and cash equivalents - ending	<u><u>\$ (79,955)</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (363,591)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 100,166
(Increase) decrease in accounts receivable	(1,322)
Increase (decrease) in accounts payable	1,580
Total adjustments	<u>\$ 100,424</u>
Net cash provided by (used for) operating activities	<u><u>\$ (263,167)</u></u>

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

County of Charles City, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 35,285
	<u><u>35,285</u></u>
LIABILITIES	
Amounts held for social services clients	\$ 35,285
	<u><u>35,285</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements As of June 30, 2013

Note 1—Summary of Significant Accounting Policies:

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

The financial statements of the County of Charles City, 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.

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 and Fund Financial Statements

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

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

Statement of Net Position - The Statement of Net Position is designed to display 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 Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

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.

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 reporting model, governments provide budgetary comparison information in their annual report, including a requirement to report the government's original budget with the 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 Charles City (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.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

B. Individual Component Units Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2013.

Discretely Presented Component Units. The School Board members are elected by the citizens of Charles City 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 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, 2013.

The Economic Development Authority of Charles City County 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, 2013. The Economic Development Authority of Charles City County does not issue a separate financial report.

C. Other Related Organizations Excluded from the County's Annual Financial Report

Riverside Regional Jail Authority

The Riverside Regional Jail Authority is an intergovernmental (joint) venture, and therefore, its operations are not included in the County's financial statements. The participating jurisdictions provide the financial support for the Authority and appoint its governing Board. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations.

Heritage Public Library

The Heritage Public Library is an intergovernmental (joint) venture, and therefore, its operations are not included in the County's financial statements. The participating jurisdictions of New Kent County and Charles City County provide the financial support for the Library and appoint its governing Board. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. During the fiscal year ended June 30, 2013, the County contributed \$65,444 to the operations of the Library.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

C. Other Related Organizations Excluded from the County's Annual Financial Report (Continued)

Middle Peninsula Detention Center

The Middle Peninsula Juvenile Detention Commission was created to construct, equip, maintain and operate a juvenile detention facility serving nineteen member jurisdictions of which the County's Director of Finance serves as the County's representative on the board. The Commission is fiscally independent of the County because substantially all of its income is generated from per diem payments from the member jurisdictions and reimbursements from the Commonwealth of Virginia for a portion of the capital costs. Separate audited financial statements are available from the Commission, c/o the County of James City, Virginia. The County does not retain an ongoing financial interest in or responsibility for the Commission.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the 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.

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

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

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.

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 unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned 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.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the General Fund as a major governmental fund.

The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and 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 revenue is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for government-wide reporting purposes.

2. **Proprietary Funds** - 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 consist of Enterprise Funds.

Enterprise Funds -Distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The County's Major Enterprise Fund consists of the Sanitary District.

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

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.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

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.

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

G. Receivables and payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e. the noncurrent portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$177,552 at June 30, 2013 and is comprised of property taxes of \$173,007 and water and sewer charges of \$4,545.

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	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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	35-45
Motor vehicles	5-10
Equipment	2-15
Utility Plant	20-40
Buildings and improvements	20-40

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulated rights to be received for 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 costs 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.

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

L. Net Position

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

M. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

N. Deferred Outflow/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any deferred outflows of resources as of June 30, 2013.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of item that qualifies for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments and the amounts prepaid are reported as deferred inflows of resources.

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

O. Fund Equity

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

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

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.

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 Board of Supervisors 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).

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

O. Fund Equity (Continued)

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

		General Fund
Fund Balances:		
Restricted:		
Indoor plumbing	\$	367,156
Grants fund		128,029
Debt service reserve		403,969
Total Restricted Fund Balance	\$	899,154
Committed:		
E-911	\$	154,959
Performance bonds		115,596
Landfill closure		253,178
Central gas		30,769
Total Committed Fund Balance	\$	554,502
Unassigned	\$	1,909,756
Total Fund Balances	\$	3,363,412

P. Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board

The County has implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. The Statement provides guidance for reporting deferred inflows and deferred outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements has not changed as a result of implementing this Statement and no restatement of prior balances is required.

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

Q. Items Previously Reported as Assets and Liabilities, Statement No. 65 of Governmental Accounting Standards Board

The County early implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The net equity reported in the financial statements was not charged as a result of implementing this Statement and no restatement of prior balances is required.

R. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

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. On or before April 1st, 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 fund level. The appropriation for each fund can be revised only by the Board of Supervisors. The Board of Supervisors is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 2—Stewardship, Compliance, and Accounting: (Continued)

Expenditures and Appropriations

Expenditures exceeded appropriations in the following departments/functions at June 30, 2013:

School Cafeteria Fund:	
School Food Services	37,527

Note 3 - Deposits and Investments:

Deposits

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

Investments

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

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 3 - Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2013 were rated by Standard and Poor's and the ratings are presented below using Standard and Poor's rating scale.

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>	
	<u>County AAAm</u>	<u>EDA AAAm</u>
Local Government Investment Pool	\$ 439	\$ -
Money Market Mutual Fund	403,969	858,250
Total	<u>\$ 404,408</u>	<u>\$ 858,250</u>

Interest Rate Risk

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>			
	<u>County</u>		<u>EDA</u>	
	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Money Market Mutual Funds	\$ 403,969	\$ 403,969	\$ 858,250	\$ 858,250
Total	<u>\$ 403,969</u>	<u>\$ 403,969</u>	<u>\$ 858,250</u>	<u>\$ 858,250</u>

External Investment Pools

The fair value of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 4—Due to/from Other Governmental Units:

At June 30, 2013, the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
Local sales tax	\$ 116,503	\$ -
Shared expenses	75,328	-
Recordation tax	2,649	-
VPA funds	20,135	-
Indoor plumbing grant	30,871	-
Mobile home titling tax	2,283	-
PSAP grant	7,130	-
Stormwater grant	16,361	-
State Sales Tax	-	155,731
Railroad rolling stock tax	7,931	-
Fire programs	20,695	-
Comprehensive services act	33,083	-
Communications tax	25,023	-
Federal Government:		
School fund grants	-	300,751
VPA funds	34,192	-
Total due from other governmental units	\$ <u>392,184</u>	\$ <u>456,482</u>

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Primary Government:				
Governmental activities:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 1,549,410	\$ -	\$ -	\$ 1,549,410
Construction in Progress	333,149	-	-	333,149
Total capital assets not subject to depreciation	\$ 1,882,559	\$ -	\$ -	\$ 1,882,559
Capital assets subject to depreciation:				
Buildings and improvements	\$ 10,248,981	\$ 225,926	\$ -	\$ 10,474,907
Machinery and equipment	2,768,344	81,033	-	2,849,377
Total capital assets being depreciated	\$ 13,017,325	\$ 306,959	\$ -	\$ 13,324,284
Accumulated depreciation:				
Buildings and improvements	\$ 4,227,687	\$ 229,174	\$ -	\$ 4,456,861
Machinery and equipment	2,186,630	173,501	-	2,360,131
Total accumulated depreciation	\$ 6,414,317	\$ 402,675	\$ -	\$ 6,816,992
Total capital assets subject to depreciation, net	\$ 6,603,008	\$ (95,716)	\$ -	\$ 6,507,292
Net capital assets governmental activities	\$ 8,485,567	\$ (95,716)	\$ -	\$ 8,389,851
	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Business-type activities:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 7,819	\$ -	\$ -	\$ 7,819
Construction in Progress	7,050	109,427	-	116,477
Total capital assets not subject to depreciation	\$ 14,869	\$ 109,427	\$ -	\$ 124,296
Capital assets subject to depreciation:				
Buildings and improvements	\$ 3,807,336	\$ 7,031	\$ -	\$ 3,814,367
Machinery and equipment	40,900	39,805	-	80,705
Total capital assets being depreciated	\$ 3,848,236	\$ 46,836	\$ -	\$ 3,895,072
Accumulated depreciation:				
Buildings and improvements	\$ 1,983,243	\$ 95,360	\$ -	\$ 2,078,603
Machinery and equipment	27,700	4,806	-	32,506
Total accumulated depreciation	\$ 2,010,943	\$ 100,166	\$ -	\$ 2,111,109
Total capital assets subject to depreciation, net	\$ 1,837,293	\$ (53,330)	\$ -	\$ 1,783,963
Net capital assets business-type activities	\$ 1,852,162	\$ 56,097	\$ -	\$ 1,908,259

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2013:

Component Unit-School Board:	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets not subject to depreciation:				
Land and land improvements	\$ 263,786	\$ -	\$ -	\$ 263,786
Total capital assets not subject to depreciation	\$ 263,786	\$ -	\$ -	\$ 263,786
Capital assets subject to depreciation:				
Buildings and improvements	\$ 18,774,482	\$ -	\$ -	\$ 18,774,482
Equipment	2,606,441	-	-	2,606,441
Total capital assets being depreciated	\$ 21,380,923	\$ -	\$ -	\$ 21,380,923
Accumulated depreciation:				
Buildings and improvements	\$ 9,331,968	\$ 460,293	\$ -	\$ 9,792,261
Equipment	2,101,372	136,085	-	2,237,457
Total accumulated depreciation	\$ 11,433,340	\$ 596,378	\$ -	\$ 12,029,718
Total capital assets subject to depreciation, net	\$ 9,947,583	\$ (596,378)	\$ -	\$ 9,351,205
Net capital assets Component Unit-School Board	\$ 10,211,369	\$ (596,378)	\$ -	\$ 9,614,991

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 89,878
Judicial administration	131,918
Public safety	110,601
Public works	10,607
Parks, recreation and cultural	47,033
Community development	12,638
Total Governmental activities	\$ 402,675
Business-type activities	\$ 100,166
Component Unit School Board	\$ 596,378

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements As of June 30, 2013 (Continued)

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2013 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ -	\$ 357,253
Sanitary District	<u>357,253</u>	<u>-</u>
Total	<u>\$ 357,253</u>	<u>\$ 357,253</u>
Component Unit-School Board:		
School Operating	\$ -	\$ 37,166
Textbook	13,712	-
School Cafeteria	<u>23,454</u>	<u>-</u>
Total	<u>\$ 37,166</u>	<u>\$ 37,166</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 7—Long Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligation transactions of the County for the fiscal year ended June 30, 2013:

	<u>Balance at July 1, 2012</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2013</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Compensated absences	\$ 328,452	\$ 53,670	\$ 32,845	\$ 349,277	\$ 34,928
Lease revenue bond	2,648,231	-	342,537	2,305,694	355,357
Capital leases (Note 8)	20,494	29,663	9,924	40,233	9,924
Net OPEB obligation	<u>119,500</u>	<u>68,000</u>	<u>45,300</u>	<u>142,200</u>	<u>-</u>
Total Governmental Activities	<u>\$ 3,116,677</u>	<u>\$ 151,333</u>	<u>\$ 430,606</u>	<u>\$ 2,837,404</u>	<u>\$ 400,209</u>
Business-type Activities:					
Compensated absences	\$ 6,641	\$ 4,823	\$ 664	\$ 10,800	\$ 1,080
Revenue bonds	<u>83,770</u>	<u>-</u>	<u>7,428</u>	<u>76,342</u>	<u>7,808</u>
Total Business-type Activities	<u>\$ 90,411</u>	<u>\$ 4,823</u>	<u>\$ 8,092</u>	<u>\$ 87,142</u>	<u>\$ 8,888</u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

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

Year Ending June 30	Governmental Activities	
	Lease Revenue	
	Bond	
	Principal	Interest
2014	\$ 355,357	\$ 78,896
2015	368,657	65,595
2016	382,455	51,798
2017	396,769	37,484
2018	411,619	22,634
2019	390,837	7,228
Total	\$ <u>2,305,694</u>	\$ <u>263,635</u>

Year Ending June 30	Business-type Activities	
	Revenue Bonds	
	Principal	Interest
2014	\$ 7,808	\$ 3,640
2015	8,208	3,240
2016	8,628	2,820
2017	9,069	2,379
2018	9,533	1,915
2019	10,021	1,427
2020	10,533	915
2021	11,072	376
2022	1,470	6
Total	\$ <u>76,342</u>	\$ <u>16,718</u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term obligations:

Governmental Activities:

Incurred by County:

Lease Revenue Bond:

\$5,000,000 lease revenue bond payable issued through the Industrial Development Authority of Charles City County on May 15, 2003, payable in monthly installments of principal and interest totaling \$36,188 through May 1, 2019, interest payable annually at 3.68%.

	\$	<u>2,305,694</u>
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Capital Leases:

\$20,494 2012 Chevy Tahoe lease issued on January 5, 2012, due in annual installments of \$5,735 on each January 5 through 2014.

	\$	10,570
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\$29,663 2 2012 Dodge Chargers lease issued on August 3, 2012, due in annual installments of \$16,292 on each August 5 through 2014.

		<u>29,663</u>
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Total capital leases	\$	<u>40,233</u>
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Net OPEB obligation (payable from the General Fund)	\$	<u>142,200</u>
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Compensated absences (payable from the General Fund)	\$	<u>349,277</u>
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Total Governmental Activities	\$	<u><u>2,837,404</u></u>
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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

Detail of long-term obligations: (Continued)

Business-type Activities:

Revenue Bonds:

\$194,200 Water System Revenue Bonds Series 1982 issued April 14, 1982 payable in monthly principal and interest installments of \$954 through 2022, interest at 5.00%.

\$ 76,342

Compensated absences (payable from the Enterprise Fund)

\$ 10,800

Total Business-type Activities

\$ 87,142

Component Unit-School Board:

The following is a summary of changes in long-term obligation transactions for the fiscal year ended June 30, 2013:

	Balance at July 1, 2012	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2013	Amounts Due Within One Year
Compensated absences	\$ 119,257	\$ 19,176	\$ 11,926	\$ 126,507	\$ 12,651
Capital leases (Note 8)	<u>45,989</u>	<u>-</u>	<u>28,091</u>	<u>17,898</u>	<u>17,898</u>
Total Component Unit-School Board	\$ <u><u>165,246</u></u>	\$ <u><u>19,176</u></u>	\$ <u><u>40,017</u></u>	\$ <u><u>144,405</u></u>	\$ <u><u>30,549</u></u>

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 7—Long-Term Obligations: (Continued)

Component Unit-School Board: (continued)

Detail of long-term obligations: (Continued)

Capital Lease:

\$86,510 School Bus lease issued on June 15, 2010, due in annual installments of \$18,737 on each June 15 through 2014; interest rate 4.15%.

\$ 17,898

Total Capital Lease

\$ 17,898

Compensated absences (payable from the School Fund)

\$ 126,507

Total Component Unit-School Board

\$ 144,405

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 8—Capital Leases:

The government has entered into lease agreements as lessee for financing the acquisition of school buses and a police vehicle. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Primary Government	Component Unit- School Board
Capital Assets:		
Equipment	\$ 77,280	\$ 86,564
Less: accumulated depreciation	(21,806)	(34,626)
Total net capital assets	<u>\$ 55,474</u>	<u>\$ 51,938</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2013, are as follows:

Year Ended June 30	Primary Government	Component Unit School Board
2014	\$ 27,548	\$ 18,707
2015	16,292	-
Total minimum lease payments	\$ 43,840	\$ 18,707
Less: amount representing interest	(3,607)	(809)
Present value of minimum lease payments	<u>\$ 40,233</u>	<u>\$ 17,898</u>

Note 9—Landfill Closure and Post-closure Costs:

The County has contracted with a third party, USA Waste of Virginia, to operate a solid waste landfill site under a lease purchase agreement with the County. Under this agreement, USA Waste of Virginia is responsible for all closure and postclosure monitoring costs related to the landfill. USA Waste of Virginia is obligated to finance these costs through a trust fund mechanism. This trust fund is currently being monitored by the County. No amounts have been recorded in these financial statements for this liability because the third party has assumed all closure and postclosure obligations.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 10—Unavailable Revenue:

Unavailable 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. Unavailable revenue in the general fund totaling \$3,529,275 is comprised of the following:

Unavailable Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$3,380,665 (including 2nd half tax billings of \$2,786,344 not due until December 5) at June 30, 2013.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2013 but paid in advance by the taxpayers totaled \$148,610 at June 30, 2013.

Note 11—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 12—Litigation:

At June 30, 2013, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 13 –Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation and public officials' liability coverage with the Virginia Association of Counties Group Self Insurance Risk Pool. This program is administered by a servicing contractor, which furnishes claims review and processing.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 13 –Risk Management: (Continued)

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of loss. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

Note 14 –Lease-Purchase Receivable:

On October 1, 1996, the Economic Development Authority (EDA) entered into a lease-purchase with Chesapeake Engineering to purchase property in the amount of \$100,000. The principal and interest payments of \$822 per month were due to the EDA for 20 years. On October 20, 2004, the EDA loaned Chesapeake Engineering an additional \$50,000 due in monthly installments of \$792 for seven years and a balloon payment in three years. At June 30, 2013, the balance of these lease purchase receivables was \$123,768.

Note 15 –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 (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of 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 service 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 were vested as of January 1, 2013 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 five years of service credit or age 50 with at least ten years of service credit.

Note 15 – Defined Benefit Pension Plan (Continued):

A. Plan Description (Continued)

- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 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 a least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the members plan apply.

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. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. 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 (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at: <http://www.varetire.org/Pdf/Publications/2012-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 15 – Defined Benefit Pension Plan (Continued):

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board non-professional's contribution rate for the fiscal year ended 2013 were 12.31% and 7.87% of annual covered payroll, respectively.

The School Board's professional employees contributed \$524,292, \$289,741, and \$183,084, to the teacher cost-sharing pool for the fiscal years ended June 30, 2013, 2012, and 2011 respectively. The School Board's rate was 11.66%, 6.33% and 3.93% of annual covered payroll, respectively.

C. Annual Pension Cost

For the fiscal year 2013, the County's annual pension cost of \$355,235 was equal to the County's required and actual contributions.

For the fiscal year 2013, the School Board's annual pension cost for the School Board's non-professional employees was \$20,881 which was equal to the School Board's required and actual contributions.

<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, 2013	\$	355,235	100%	\$	-
June 30, 2012		262,941	100%		-
June 30, 2011		264,562	100%		-
School Board:					
Non-Professional:					
June 30, 2013	\$	20,881	100%	\$	-
June 30, 2012		1,459	100%		-
June 30, 2011		1,478	100%		-

(1) Employer portion only

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 15 – Defined Benefit Pension Plan (Continued):

C. Annual Pension Cost (Continued)

The fiscal year 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, 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 for Plan 1 employees and 2.25% for Plan 2 employees. 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 and 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, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the plan was 72.17% funded. The actuarial accrued liability for benefits was \$14,334,930, and the actuarial value of assets was \$10,345,654, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,989,276. The covered payroll (annual payroll of active employees covered by the plan) was \$2,791,270, and ratio of the UAAL to the covered payroll was 142.92%.

As of June 30, 2012, the most recent actuarial valuation date, the School Board's Non-Professional's plan was 96.25% funded. The actuarial accrued liability for benefits was \$1,629,544 and the actuarial value of assets was \$1,568,413, resulting in an unfunded actuarial accrued liability (UAAL) of \$61,131. The covered payroll (annual payroll of active employees covered by the plan) was \$296,465 and ratio of the UAAL to the covered payroll was 20.62%.

The schedule of funding progress, presented as required supplementary information (RSI) 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.

Note 16 – Surety Bonds:

	<u>Amount</u>
Division of Risk Management Surety:	
Commonwealth Funds	
Edith K. Holmes, Clerk of the Circuit Court	\$ 265,000
Mindy Bradby, Treasurer	300,000
Denise B. Smith, Commissioner of the Revenue	3,000
Javier J. Smith, Sheriff	30,000
Fidelity and Deposit company of Maryland – Surety:	
Board of Supervisors and County Administrator	1,000
Association of Counties Group Self Insurance Risk Pool	
- Public Officials Liability	2,000,000
- Employee Dishonesty Policy	250,000

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 17–Other Postemployment Benefits - Health Insurance:

A. Plan Description

The County allows retirees that have at least 10 years of service with the County to remain on their health insurance plan after they retire with a pension benefit from the Virginia Retirement System. Health benefits include medical and dental coverage for retirees and eligible spouses/dependents. Coverage for the retiree and spouse ends at the earlier of the retiree's death or the retiree's attainment of age 65.

B. Funding Policy

The County pays 50% of the amount of the retiree - only premium for the Anthem POS value Advantage option and 50% of the retiree only dental premium. The retiree must pay the difference for any spouse or dependent. The County establishes contribution rates as part of its annual budget process. The County has 5 retirees and 1 spouse on its plan.

C. Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The County and School Board have elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retired employees by the County. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the Retiree Health Plan:

	<u>COUNTY</u>
Annual required contribution	\$ 67,500
Interest on net OPEB obligation	4,800
Adjustment to annual required contribution	(4,300)
Annual OPEB cost (expense)	\$ <u>68,000</u>
Contributions made	(45,300)
Increase in net OPEB obligation	<u>22,700</u>
Net OPEB obligation-beginning of year	119,500
Net OPEB obligation-end of year	\$ <u><u>142,200</u></u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 17-Other Postemployment Benefits - Health Insurance: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation (Continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County:			
6/30/2011	\$ 68,300	57.54%	\$ 90,100
6/30/2012	65,100	54.84%	119,500
6/30/2013	68,000	66.62%	142,200

D. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation, the County's actuarial accrued liability for benefits was \$624,400, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,340,800, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 26.67 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees-Retirement age was estimated based on tables used for the VRS pension valuation and assumed that participants begin to retire when they become eligible to receive healthcare benefits.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 17-Other Postemployment Benefits - Health Insurance: (Continued)

E. Actuarial Methods and Assumptions (Continued)

Mortality-Life expectancies were based on mortality tables from the RP-2000 Combined Healthy mortality tables for males and females projected to 2009 using Scale AA.

Coverage elections -The actuarial assumed that 50% of eligible County retirees will elect coverage.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount of 4.0% was used. In addition, the projected unit credit actuarial cost method was used. The 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, 2011 was thirty years.

Note 18-Other Postemployment Benefits - VRS Health Insurance Credit:

A. Plan Description

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a monthly health insurance credit of \$4 multiplied by the smaller of (i) twice the amount of their creditable service or (ii) the amount of creditable service they would have completed at age 60 if they had remained in service to that age.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 15.

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2013, 2012, and 2011 were \$54,302, \$27,464, and \$27,952, respectively and equaled the required contributions for each year.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 19–Upcoming Pronouncements:

The GASB has issued Statement No.68, “Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27.” This Statement replaces the requirements of Statements No.27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014 (fiscal year ended June 30, 2015). The County has not determined the impact of this pronouncement on its financial statements.

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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County of Charles City, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget -
	Original	Final Appropriated	Actual Amounts	Positive (Negative)
REVENUES				
General property taxes	\$ 7,657,557	\$ 7,657,557	\$ 7,494,925	\$ (162,632)
Other local taxes	704,388	704,388	889,625	185,237
Permits, privilege fees, and regulatory licenses	2,718,767	2,718,767	2,656,407	(62,360)
Fines and forfeitures	4,000	4,000	54,685	50,685
Revenue from the use of money and property	30,500	30,500	24,459	(6,041)
Charges for services	251,824	251,824	186,725	(65,099)
Miscellaneous	118,790	118,790	188,867	70,077
Recovered costs	3,000	3,000	63,768	60,768
Intergovernmental revenues:				
Commonwealth	2,444,242	2,786,160	2,544,232	(241,928)
Federal	485,001	485,001	618,915	133,914
Total revenues	\$ 14,418,069	\$ 14,759,987	\$ 14,722,608	\$ (37,379)
EXPENDITURES				
Current:				
General government administration	\$ 1,592,702	\$ 1,607,382	\$ 1,717,109	\$ (109,727)
Judicial administration	620,309	622,449	649,772	(27,323)
Public safety	2,425,758	2,311,722	2,167,817	143,905
Public works	1,151,116	1,158,770	1,137,354	21,416
Health and welfare	1,873,899	1,364,070	1,354,067	10,003
Education	4,768,660	4,783,840	4,720,314	63,526
Parks, recreation, and cultural	533,833	543,154	517,637	25,517
Community development	334,763	688,313	621,719	66,594
Nondepartmental	148,000	2,000	-	2,000
Capital projects	364,217	1,092,368	629,899	462,469
Debt service:				
Principal retirement	318,268	318,268	352,461	(34,193)
Interest and other fiscal charges	115,985	115,985	93,048	22,937
Total expenditures	\$ 14,247,510	\$ 14,608,321	\$ 13,961,197	\$ 647,124
Excess (deficiency) of revenues over (under) expenditures	\$ 170,559	\$ 151,666	\$ 761,411	\$ 609,745
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (241,189)	\$ (241,189)	\$ (357,253)	\$ (116,064)
Issuance of capital leases	-	-	29,663	29,663
Total other financing sources (uses)	\$ (241,189)	\$ (241,189)	\$ (327,590)	\$ (86,401)
Net change in fund balances	\$ (70,630)	\$ (89,523)	\$ 433,821	\$ 523,344
Fund balances - beginning	70,630	89,523	2,929,591	2,840,068
Fund balances - ending	\$ -	\$ -	\$ 3,363,412	\$ 3,363,412

County of Charles City, Virginia
Schedule of Pension Funding Progress-Virginia Retirement System
For The Year Ended June 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
County:						
6/30/2012	\$ 10,345,654	\$ 14,334,930	\$ 3,989,276	72.17%	\$ 2,791,270	142.92%
6/30/2011	10,477,029	13,832,908	3,355,879	75.74%	2,864,035	117.17%
6/30/2010	10,268,926	13,350,008	3,081,082	76.92%	2,782,684	110.72%
6/30/2009	10,293,054	12,310,574	2,017,520	83.61%	2,852,697	70.72%
6/30/2008	10,389,555	11,600,287	1,210,732	89.56%	2,903,321	41.70%
6/30/2007	9,543,656	10,785,200	1,241,544	88.49%	2,915,765	42.58%
6/30/2006	8,451,312	9,359,572	908,260	90.30%	2,773,547	32.75%
6/30/2005	7,912,044	9,125,817	1,213,773	86.70%	2,420,764	50.14%
6/30/2004	7,637,723	7,677,418	39,695	99.48%	2,471,727	1.61%
6/30/2003	7,447,850	7,195,264	(252,586)	103.51%	2,306,694	-10.95%
School Board Non-Professionals:						
6/30/2012	\$ 1,568,413	\$ 1,629,544	\$ 61,131	96.25%	\$ 296,465	20.62%
6/30/2011	1,617,553	1,567,960	(49,593)	103.16%	301,579	-16.44%
6/30/2010	1,630,692	1,518,241	(112,451)	107.41%	306,491	-36.69%
6/30/2009	1,678,365	1,390,905	(287,460)	120.67%	306,815	-93.69%
6/30/2008	1,703,744	1,226,779	(476,965)	138.88%	338,537	-140.89%
6/30/2007	1,566,765	1,302,015	(264,750)	120.33%	286,776	-92.32%
6/30/2006	1,396,860	1,263,842	(133,018)	110.52%	275,773	-48.23%
6/30/2005	1,348,754	1,310,835	(37,919)	102.89%	258,882	-14.65%
6/30/2004	1,342,583	1,042,674	(299,909)	128.76%	255,206	-117.52%
6/30/2003	1,342,739	968,902	(373,837)	138.58%	265,077	-141.03%

County of Charles City, Virginia

Schedule of OPEB Funding Progress - Retiree Healthcare Plan

For the Year Ended June 30, 2013

Actuarial Valuation Date*	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Payroll ((b-a)/c)
County:						
6/30/2009 \$	-	\$ 613,000	\$ 613,000	0.00%	\$ 2,667,500	22.98%
6/30/2012	-	624,400	624,400	0.00%	2,340,800	26.67%

* Only two valuations available

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OTHER SUPPLEMENTARY INFORMATION

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INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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County of Charles City, Virginia

Statement of Changes in Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2013

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 31,588	\$ 9,420	\$ 5,723	\$ 35,285
	<u>31,588</u>	<u>9,420</u>	<u>5,723</u>	<u>35,285</u>
Liabilities:				
Amounts held for social services clients	\$ 31,588	\$ 9,420	\$ 5,723	\$ 35,285
	<u>31,588</u>	<u>9,420</u>	<u>5,723</u>	<u>35,285</u>

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*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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County of Charles City, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2013

	School Operating Fund	Textbook Fund	School Cafeteria Fund	Total
ASSETS				
Cash and cash equivalents	\$ 216,536	\$ 20,554	\$ 7,720	\$ 244,810
Receivables (net of allowance for uncollectibles):				
Accounts receivable	80,823	-	2,938	83,761
Due from other governmental units	452,387	-	4,095	456,482
Prepaid items	18,707	-	-	18,707
Total assets	<u>\$ 768,453</u>	<u>\$ 20,554</u>	<u>\$ 14,753</u>	<u>\$ 803,760</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 26,287	\$ -	\$ -	\$ 26,287
Accrued liabilities	742,166	1,869	14,753	758,788
Total liabilities	<u>\$ 768,453</u>	<u>\$ 1,869</u>	<u>\$ 14,753</u>	<u>\$ 785,075</u>
Fund balances:				
Nonspendable	\$ 18,707	\$ -	\$ -	\$ 18,707
Committed	-	18,685	-	18,685
Unassigned	(18,707)	-	-	(18,707)
Total fund balances	<u>\$ -</u>	<u>\$ 18,685</u>	<u>\$ -</u>	<u>\$ 18,685</u>
Total liabilities and fund balances	<u>\$ 768,453</u>	<u>\$ 20,554</u>	<u>\$ 14,753</u>	<u>\$ 803,760</u>

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balances per above	\$ 18,685
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Capital assets, cost	\$ 21,644,709	
Accumulated depreciation	<u>(12,029,718)</u>	9,614,991

Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, are not reported in the funds.

Capital leases	\$ (17,898)	
Compensated absences	(126,507)	
Accrued interest payable	<u>(708)</u>	(145,113)

Net position of governmental activities	<u>\$ 9,488,563</u>
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County of Charles City, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2013

	School Operating Fund	Textbook Fund	School Cafeteria Fund	Total
REVENUES				
Revenue from the use of money and property	\$ 225	\$ -	\$ -	\$ 225
Charges for services	-	-	143,294	143,294
Miscellaneous	37,397	174	578	38,149
Recovered costs	235,156	-	-	235,156
Intergovernmental revenues:				
Local government	4,719,158	-	-	4,719,158
Commonwealth	4,401,710	36,224	7,075	4,445,009
Federal	716,084	-	248,699	964,783
Total revenues	\$ 10,109,730	\$ 36,398	\$ 399,646	\$ 10,545,774
EXPENDITURES				
Current:				
Education	\$ 10,042,609	\$ 31,425	\$ 423,100	\$ 10,497,134
Debt service:				
Principal retirement	28,091	-	-	28,091
Interest and other fiscal charges	1,864	-	-	1,864
Total expenditures	\$ 10,072,564	\$ 31,425	\$ 423,100	\$ 10,527,089
Excess (deficiency) of revenues over (under) expenditures	\$ 37,166	\$ 4,973	\$ (23,454)	\$ 18,685
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 13,712	\$ 23,454	\$ 37,166
Transfers out	(37,166)	-	-	(37,166)
Total other financing sources and uses	\$ (37,166)	\$ 13,712	\$ 23,454	\$ -
Net change in fund balances	\$ -	\$ 18,685	\$ -	\$ 18,685
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ 18,685	\$ -	\$ 18,685

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	\$ 18,685
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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. The following is a summary of items supporting this adjustment:

Depreciation expense	\$ (596,378)	(596,378)
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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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.

Principal retirement of capital leases	\$ 28,091	28,091
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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	\$ (7,250)	
(Increase) decrease in accrued interest payable	536	(6,714)

Change in net position of governmental activities	\$ (556,316)
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County of Charles City, 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, 2013

	School Operating Fund				Textbook Fund				School Cafeteria Fund			
	Budgeted Amounts		Variance with Final Budget		Budgeted Amounts		Variance with Final Budget		Budgeted Amounts		Variance with Final Budget	
	Original	Appropriated	Actual	Positive	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
REVENUES												
Revenue from the use of money and property	\$ 1,800	\$ 1,800	\$ 225	\$ (1,575)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	3,100	3,100	-	(3,100)	-	-	-	-	161,621	161,621	143,294	(18,327)
Miscellaneous	29,000	29,000	37,397	8,397	-	-	174	174	-	-	578	578
Recovered costs	317,227	632,133	235,156	(396,977)	-	-	-	-	-	-	-	-
Intergovernmental revenues:												
Local government	4,767,504	4,782,684	4,719,158	(63,526)	-	-	-	-	-	-	-	-
Commonwealth	4,314,707	4,421,730	4,401,710	(20,020)	36,116	36,116	36,224	108	9,954	9,954	7,075	(2,879)
Federal	559,686	917,633	716,084	(201,549)	-	-	-	-	168,998	213,998	248,699	34,701
Total revenues	\$ 9,993,024	\$ 10,788,080	\$ 10,109,730	\$ (678,350)	\$ 36,116	\$ 36,116	\$ 36,398	\$ 282	\$ 340,573	\$ 385,573	\$ 399,646	\$ 14,073
EXPENDITURES												
Current:												
Education	\$ 10,312,369	\$ 11,233,030	\$ 10,042,609	\$ 1,190,421	\$ 49,828	\$ 49,828	\$ 31,425	\$ 18,403	\$ 340,573	\$ 385,573	\$ 423,100	\$ (37,527)
Debt service:												
Principal retirement	28,091	28,091	28,091	-	-	-	-	-	-	-	-	-
Interest and other fiscal charges	7,898	7,898	1,864	6,034	-	-	-	-	-	-	-	-
Total expenditures	\$ 10,348,358	\$ 11,269,019	\$ 10,072,564	\$ 1,196,455	\$ 49,828	\$ 49,828	\$ 31,425	\$ 18,403	\$ 340,573	\$ 385,573	\$ 423,100	\$ (37,527)
Excess (deficiency) of revenues over (under) expenditures	\$ (355,334)	\$ (480,939)	\$ 37,166	\$ 518,105	\$ (13,712)	\$ (13,712)	\$ 4,973	\$ 18,685	\$ -	\$ -	\$ (23,454)	\$ (23,454)
OTHER FINANCING SOURCES (USES)												
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 13,712	\$ 13,712	\$ 13,712	\$ -	\$ -	\$ -	\$ 23,454	\$ 23,454
Transfers out	(13,712)	(13,712)	(37,166)	(23,454)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ (13,712)	\$ (13,712)	\$ (37,166)	\$ (23,454)	\$ 13,712	\$ 13,712	\$ 13,712	\$ -	\$ -	\$ -	\$ 23,454	\$ 23,454
Net change in fund balances	\$ (369,046)	\$ (494,651)	\$ -	\$ 494,651	\$ -	\$ -	\$ 18,685	\$ 18,685	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	369,046	494,651	-	(494,651)	-	-	-	-	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,685	\$ 18,685	\$ -	\$ -	\$ -	\$ -

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*DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY*

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County of Charles City, Virginia
Statement of Net Position
Discretely Presented Component Unit - Economic Development Authority
June 30, 2013

ASSETS

Current assets:

Cash and cash equivalents	\$ 130,617
Investments	858,250
Leases receivable	123,768
Total assets	<u>\$ 1,112,635</u>

NET POSITION

Unrestricted	\$ 1,112,635
Total net position	<u><u>\$ 1,112,635</u></u>

County of Charles City, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2013

OPERATING REVENUES

Charges for services:

Bond fees	\$ 51,224
Total operating revenues	<u>\$ 51,224</u>

OPERATING EXPENSES

Other expenses	\$ 10,060
Total operating expenses	<u>\$ 10,060</u>

Operating income (loss)	<u>\$ 41,164</u>
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NONOPERATING REVENUES (EXPENSES)

Interest income	\$ 263
Total nonoperating revenues (expenses)	<u>\$ 263</u>

Change in net position	\$ 41,427
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Total net position - beginning	1,071,208
Total net position - ending	<u><u>\$ 1,112,635</u></u>

County of Charles City, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 51,224
Payments for operating activities	(10,060)
Net cash provided by (used for) operating activities	<u>\$ 41,164</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$ 8
Net cash provided by (used for) investing activities	<u>\$ 8</u>

Net increase (decrease) in cash and cash equivalents	\$ 41,172
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Cash and cash equivalents - beginning	89,445
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Cash and cash equivalents - ending	<u><u>\$ 130,617</u></u>
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**Reconciliation of operating income (loss) to net cash
provided by (used for) operating activities:**

Operating income (loss)	\$ 41,164
Total adjustments	<u>\$ -</u>

Net cash provided by (used for) operating activities	<u><u>\$ 41,164</u></u>
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SUPPORTING SCHEDULES

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County of Charles City, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 5,696,960	\$ 5,696,960	\$ 5,316,642	\$ (380,318)
Real and personal public service corporation taxes	349,524	349,524	478,971	129,447
Personal property taxes	1,296,000	1,296,000	1,395,065	99,065
Mobile home taxes	9,600	9,600	8,572	(1,028)
Machinery and tools taxes	165,000	165,000	100,889	(64,111)
Merchant's capital taxes	22,000	22,000	30,872	8,872
Penalties	70,473	70,473	96,176	25,703
Interest	48,000	48,000	67,738	19,738
Total general property taxes	<u>\$ 7,657,557</u>	<u>\$ 7,657,557</u>	<u>\$ 7,494,925</u>	<u>\$ (162,632)</u>
Other local taxes:				
Local sales and use taxes	\$ 350,000	\$ 350,000	\$ 661,116	\$ 311,116
Consumers' utility taxes	268,300	268,300	150,432	(117,868)
Consumption tax	40,713	40,713	31,813	(8,900)
Cable television franchise license tax	5,875	5,875	4,990	(885)
Motor vehicle licenses	500	500	209	(291)
Taxes on recordation and wills	39,000	39,000	41,065	2,065
Total other local taxes	<u>\$ 704,388</u>	<u>\$ 704,388</u>	<u>\$ 889,625</u>	<u>\$ 185,237</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 11,000	\$ 11,000	\$ 8,934	\$ (2,066)
Transfer fees	200	200	242	42
Landfill host fees	2,644,017	2,644,017	2,579,800	(64,217)
Permits and other licenses	63,550	63,550	67,431	3,881
Total permits, privilege fees, and regulatory licenses	<u>\$ 2,718,767</u>	<u>\$ 2,718,767</u>	<u>\$ 2,656,407</u>	<u>\$ (62,360)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 4,000	\$ 4,000	\$ 54,685	\$ 50,685
Revenue from use of money and property:				
Revenue from use of money	\$ 9,000	\$ 9,000	\$ 4,195	\$ (4,805)
Revenue from use of property	21,500	21,500	20,264	(1,236)
Total revenue from use of money and property	<u>\$ 30,500</u>	<u>\$ 30,500</u>	<u>\$ 24,459</u>	<u>\$ (6,041)</u>
Charges for services:				
Clerk's interest fees	\$ 200	\$ 200	\$ 791	\$ 591
Sheriff's fees	350	350	505	155
Courthouse maintenance fees	2,500	2,500	3,147	647
Courthouse security fees	12,000	12,000	14,127	2,127
Court fees	42,100	42,100	5,948	(36,152)
Commonwealth's attorney fees	300	300	827	527
Charges for parks and recreation	27,800	27,800	50,465	22,665
Charges for other protection	2,200	2,200	1,840	(360)
Document reproduction fees	1,514	1,514	1,652	138

County of Charles City, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for EMS transport	\$ 137,860	\$ 137,860	\$ 83,747	\$ (54,113)
Sale of gas byproducts	25,000	25,000	23,676	(1,324)
Total charges for services	<u>\$ 251,824</u>	<u>\$ 251,824</u>	<u>\$ 186,725</u>	<u>\$ (65,099)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 116,840	\$ 116,840	\$ 84,392	\$ (32,448)
Donations	1,950	1,950	104,475	102,525
Total miscellaneous revenue	<u>\$ 118,790</u>	<u>\$ 118,790</u>	<u>\$ 188,867</u>	<u>\$ 70,077</u>
Recovered costs:				
Jurors	\$ 3,000	\$ 3,000	\$ 1,410	\$ (1,590)
Central gas receipts	-	-	16,006	16,006
IPR recipient payments	-	-	46,352	46,352
Total recovered costs	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 63,768</u>	<u>\$ 60,768</u>
Total revenue from local sources	<u>\$ 11,488,826</u>	<u>\$ 11,488,826</u>	<u>\$ 11,559,461</u>	<u>\$ 70,635</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 9,460	\$ 9,460	\$ 7,458	\$ (2,002)
Rolling stock tax	6,000	6,000	15,110	9,110
Communications tax	-	-	158,266	158,266
State recordation tax	7,500	7,500	10,495	2,995
Personal property tax relief funds	690,963	690,963	690,963	-
Total noncategorical aid	<u>\$ 713,923</u>	<u>\$ 713,923</u>	<u>\$ 882,292</u>	<u>\$ 168,369</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 150,155	\$ 150,155	\$ 150,489	\$ 334
Sheriff	470,594	470,594	459,888	(10,706)
Commissioner of revenue	59,256	59,256	59,207	(49)
Treasurer	64,350	64,350	55,363	(8,987)
Registrar/electoral board	26,364	26,364	29,616	3,252
Clerk of the Circuit Court	153,943	153,943	151,570	(2,373)
Total shared expenses	<u>\$ 924,662</u>	<u>\$ 924,662</u>	<u>\$ 906,133</u>	<u>\$ (18,529)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 254,130	\$ 254,130	\$ 238,517	\$ (15,613)
Comprehensive services act program	356,027	356,027	156,364	(199,663)
Asset forfeiture	-	-	1,657	1,657
Litter control	-	-	7,216	7,216
Emergency services	20,500	20,500	41,641	21,141

County of Charles City, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (Continued)				
Chesapeake bay implementation grant	\$ -	\$ -	\$ 18,800	\$ 18,800
Wireless grant	40,000	40,000	36,356	(3,644)
Art grant	3,000	3,000	5,000	2,000
PSAP grant	115,000	115,000	7,130	(107,870)
Fire programs fund	17,000	17,000	20,695	3,695
Indoor plumbing grant	-	333,000	133,040	(199,960)
Other state funds	-	8,918	89,391	80,473
Total other categorical aid	<u>\$ 805,657</u>	<u>\$ 1,147,575</u>	<u>\$ 755,807</u>	<u>\$ (391,768)</u>
Total categorical aid	<u>\$ 1,730,319</u>	<u>\$ 2,072,237</u>	<u>\$ 1,661,940</u>	<u>\$ (410,297)</u>
Total revenue from the Commonwealth	<u>\$ 2,444,242</u>	<u>\$ 2,786,160</u>	<u>\$ 2,544,232</u>	<u>\$ (241,928)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 1,122	\$ 1,122	\$ 994	\$ (128)
Categorical aid:				
Public assistance and welfare administration	\$ 482,788	\$ 482,788	\$ 453,127	\$ (29,661)
Community development block grant	-	-	116,541	116,541
Disaster relief	-	-	32,487	32,487
Local law enforcement block grant	1,091	1,091	1,091	-
Transportation safety	-	-	14,675	14,675
Total categorical aid	<u>\$ 483,879</u>	<u>\$ 483,879</u>	<u>\$ 617,921</u>	<u>\$ 134,042</u>
Total revenue from the federal government	<u>\$ 485,001</u>	<u>\$ 485,001</u>	<u>\$ 618,915</u>	<u>\$ 133,914</u>
Total General Fund	<u>\$ 14,418,069</u>	<u>\$ 14,759,987</u>	<u>\$ 14,722,608</u>	<u>\$ (37,379)</u>
Total Primary Government	<u>\$ 14,418,069</u>	<u>\$ 14,759,987</u>	<u>\$ 14,722,608</u>	<u>\$ (37,379)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 1,800	\$ 1,800	\$ 225	\$ (1,575)
Total revenue from use of money and property	<u>\$ 1,800</u>	<u>\$ 1,800</u>	<u>\$ 225</u>	<u>\$ (1,575)</u>
Charges for services:				
Tuition and payments from other divisions	\$ 3,100	\$ 3,100	\$ -	\$ (3,100)
Total charges for services	<u>\$ 3,100</u>	<u>\$ 3,100</u>	<u>\$ -</u>	<u>\$ (3,100)</u>

County of Charles City, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 29,000	\$ 29,000	\$ 37,397	\$ 8,397
Recovered costs:				
Workforce investment act	\$ 313,227	\$ 626,454	\$ 231,480	\$ (394,974)
English language learners	-	1,679	1,366	(313)
Transportation - recreation department	4,000	4,000	2,310	(1,690)
Total recovered costs	\$ 317,227	\$ 632,133	\$ 235,156	\$ (396,977)
Total revenue from local sources	\$ 351,127	\$ 666,033	\$ 272,778	\$ (393,255)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Charles City, Virginia	\$ 4,767,504	\$ 4,782,684	\$ 4,719,158	\$ (63,526)
Total revenues from local governments	\$ 4,767,504	\$ 4,782,684	\$ 4,719,158	\$ (63,526)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 899,680	\$ 899,680	\$ 901,770	\$ 2,090
Basic school aid	1,930,275	1,930,275	1,930,945	670
Regular foster care	21,835	21,835	3,968	(17,867)
Gifted and talented	18,515	18,515	18,570	55
Remedial education	79,291	79,291	79,528	237
Special education	378,746	378,746	379,877	1,131
GED funding	7,859	7,859	7,859	-
Vocational education	88,526	88,526	89,073	547
English as a second language	7,895	7,895	10,197	2,302
School fringes	396,233	396,233	397,302	1,069
Technology grant	164,264	243,539	243,549	10
Early reading intervention	8,612	8,612	5,167	(3,445)
Remedial Ed-Summer School	9,655	9,655	12,004	2,349
Smart beginning grant	-	4,947	-	(4,947)
Project graduation	-	21,575	21,575	-
At risk payments	123,746	123,746	123,912	166
Primary class size	78,702	78,702	74,705	(3,997)
Standards of Learning algebra readiness	10,581	10,581	10,581	-
Mentor teacher	269	1,495	1,226	(269)
Other state	89,375	89,375	89,670	295
Homebound	648	648	232	(416)
Total categorical aid	\$ 4,314,707	\$ 4,421,730	\$ 4,401,710	\$ (20,020)
Total revenue from the Commonwealth	\$ 4,314,707	\$ 4,421,730	\$ 4,401,710	\$ (20,020)

County of Charles City, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 168,325	\$ 210,360	\$ 160,934	\$ (49,426)
Vocational education	14,690	14,690	13,943	(747)
Title VIB	224,737	257,432	207,863	(49,569)
1003 G school improvement	-	272,613	217,588	(55,025)
Education technology	-	-	1,481	1,481
Preschool grant	18,005	28,609	2,756	(25,853)
Title II -- part a	61,530	61,530	44,455	(17,075)
JROTC grant	72,399	72,399	67,064	(5,335)
Total categorical aid	<u>\$ 559,686</u>	<u>\$ 917,633</u>	<u>\$ 716,084</u>	<u>\$ (201,549)</u>
 Total revenue from the federal government	 \$ 559,686	 \$ 917,633	 \$ 716,084	 \$ (201,549)
 Total School Operating Fund	 <u>\$ 9,993,024</u>	 <u>\$ 10,788,080</u>	 <u>\$ 10,109,730</u>	 <u>\$ (678,350)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 161,621	\$ 161,621	\$ 143,294	\$ (18,327)
Total charges for services	<u>\$ 161,621</u>	<u>\$ 161,621</u>	<u>\$ 143,294</u>	<u>\$ (18,327)</u>
 Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 578	\$ 578
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 578</u>	<u>\$ 578</u>
 Total revenue from local sources	 \$ 161,621	 \$ 161,621	 \$ 143,872	 \$ (17,749)
 Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 9,954	\$ 9,954	\$ 7,075	\$ (2,879)
Total categorical aid	<u>\$ 9,954</u>	<u>\$ 9,954</u>	<u>\$ 7,075</u>	<u>\$ (2,879)</u>
 Total revenue from the Commonwealth	 \$ 9,954	 \$ 9,954	 \$ 7,075	 \$ (2,879)

County of Charles City, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Cafeteria Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 168,998	\$ 213,998	\$ 228,064	\$ 14,066
Commodities	-	-	20,635	20,635
Total categorical aid	\$ 168,998	\$ 213,998	\$ 248,699	\$ 34,701
Total revenue from the federal government	\$ 168,998	\$ 213,998	\$ 248,699	\$ 34,701
Total School Cafeteria Fund	\$ 340,573	\$ 385,573	\$ 399,646	\$ 14,073
Textbook Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 174	\$ 174
Total miscellaneous revenue	\$ -	\$ -	\$ 174	\$ 174
Total revenue from local sources	\$ -	\$ -	\$ 174	\$ 174
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Textbook payment	\$ 36,116	\$ 36,116	\$ 36,224	\$ 108
Total categorical aid	\$ 36,116	\$ 36,116	\$ 36,224	\$ 108
Total revenue from the Commonwealth	\$ 36,116	\$ 36,116	\$ 36,224	\$ 108
Total Textbook Fund	\$ 36,116	\$ 36,116	\$ 36,398	\$ 282
Total Discretely Presented Component Unit - School Board	\$ 10,369,713	\$ 11,209,769	\$ 10,545,774	\$ (663,995)

County of Charles City, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 64,956	\$ 68,036	\$ 60,993	\$ 7,043
General and financial administration:				
County administrator	\$ 182,984	\$ 185,839	\$ 163,379	\$ 22,460
Legal services	50,535	50,535	49,735	800
Commissioner of revenue	186,653	188,394	185,193	3,201
Independent Auditor	37,100	37,100	38,272	(1,172)
Treasurer	172,057	173,393	166,764	6,629
Motor pool	77,442	77,442	74,527	2,915
Central gas	5,328	5,328	3,752	1,576
Memberships	3,200	3,200	2,504	696
Information technology	293,098	296,541	296,360	181
Management services	254,369	259,682	260,302	(620)
Other general and financial administration	200,603	197,515	344,887	(147,372)
Total general and financial administration	\$ 1,463,369	\$ 1,474,969	\$ 1,585,675	\$ (110,706)
Board of elections:				
Electoral board and officials	\$ 16,514	\$ 16,514	\$ 17,255	\$ (741)
Registrar	47,863	47,863	53,186	(5,323)
Total board of elections	\$ 64,377	\$ 64,377	\$ 70,441	\$ (6,064)
Total general government administration	\$ 1,592,702	\$ 1,607,382	\$ 1,717,109	\$ (109,727)
Judicial administration:				
Courts:				
Circuit court	\$ 24,813	\$ 24,813	\$ 22,180	\$ 2,633
General district court	6,764	6,764	4,193	2,571
Courthouse security fund	21,330	21,330	22,370	(1,040)
Special Magistrates	1,177	1,177	137	1,040
Sheriff	138,391	139,930	174,445	(34,515)
9th district court services	19,020	19,020	22,415	(3,395)
Crater Criminal Justice	8,552	8,552	6,414	2,138
Clerk of the circuit court	194,736	194,736	195,195	(459)
Total courts	\$ 414,783	\$ 416,322	\$ 447,349	\$ (31,027)
Commonwealth's attorney:				
Commonwealth's attorney	\$ 205,526	\$ 206,127	\$ 202,423	\$ 3,704
Total commonwealth's attorney	\$ 205,526	\$ 206,127	\$ 202,423	\$ 3,704
Total judicial administration	\$ 620,309	\$ 622,449	\$ 649,772	\$ (27,323)

County of Charles City, Virginia
Schedule of Expenditures - Budget and Actual
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For the Year Ended June 30, 2013

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 772,831	\$ 792,473	\$ 844,205	\$ (51,732)
E-911	266,215	106,464	103,782	2,682
Total law enforcement and traffic control	<u>\$ 1,039,046</u>	<u>\$ 898,937</u>	<u>\$ 947,987</u>	<u>\$ (49,050)</u>
Fire and rescue services:				
Fire department	\$ 139,626	\$ 158,626	\$ 146,588	\$ 12,038
Ambulance and rescue services	635,630	635,630	450,344	185,286
Total fire and rescue services	<u>\$ 775,256</u>	<u>\$ 794,256</u>	<u>\$ 596,932</u>	<u>\$ 197,324</u>
Correction and detention:				
Confinement and care of prisoners	\$ 317,600	\$ 317,600	\$ 347,480	\$ (29,880)
Criminal justice planner	4,589	4,589	4,589	-
Total correction and detention	<u>\$ 322,189</u>	<u>\$ 322,189</u>	<u>\$ 352,069</u>	<u>\$ (29,880)</u>
Other protection:				
Animal control	\$ 110,256	\$ 111,425	\$ 101,909	\$ 9,516
Codes enforcement	130,133	135,560	131,517	4,043
Emergency services	41,428	41,905	30,113	11,792
VJCCCA	7,150	7,150	7,150	-
Medical examiner	300	300	140	160
Total other protection	<u>\$ 289,267</u>	<u>\$ 296,340</u>	<u>\$ 270,829</u>	<u>\$ 25,511</u>
Total public safety	<u>\$ 2,425,758</u>	<u>\$ 2,311,722</u>	<u>\$ 2,167,817</u>	<u>\$ 143,905</u>
Public works:				
Sanitation and waste removal:				
Landfill monitoring	\$ 343,276	\$ 344,474	\$ 307,666	\$ 36,808
Maintenance of general buildings and grounds:				
General properties	\$ 807,840	\$ 814,296	\$ 829,688	\$ (15,392)
Total public works	<u>\$ 1,151,116</u>	<u>\$ 1,158,770</u>	<u>\$ 1,137,354</u>	<u>\$ 21,416</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 85,936	\$ 85,936	\$ 95,660	\$ (9,724)
Mental health and mental retardation:				
Henrico area community services	\$ 110,660	\$ 110,660	\$ 110,660	\$ -

County of Charles City, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 1,056,565	\$ 723,440	\$ 825,425	\$ (101,985)
Comprehensive services act	530,160	353,456	231,744	121,712
Contributions	90,578	90,578	90,578	-
Total welfare	<u>\$ 1,677,303</u>	<u>\$ 1,167,474</u>	<u>\$ 1,147,747</u>	<u>\$ 19,727</u>
Total health and welfare	<u>\$ 1,873,899</u>	<u>\$ 1,364,070</u>	<u>\$ 1,354,067</u>	<u>\$ 10,003</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 1,156	\$ 1,156	\$ 1,156	\$ -
Contribution to County School Board	4,767,504	4,782,684	4,719,158	63,526
Total education	<u>\$ 4,768,660</u>	<u>\$ 4,783,840</u>	<u>\$ 4,720,314</u>	<u>\$ 63,526</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 445,389	\$ 451,090	\$ 437,860	\$ 13,230
Total parks and recreation	<u>\$ 445,389</u>	<u>\$ 451,090</u>	<u>\$ 437,860</u>	<u>\$ 13,230</u>
Cultural enrichment:				
Center for local history	\$ 18,000	\$ 16,620	\$ 4,333	\$ 12,287
Cultural alliance	5,000	10,000	10,000	-
Total cultural enrichment	<u>\$ 23,000</u>	<u>\$ 26,620</u>	<u>\$ 14,333</u>	<u>\$ 12,287</u>
Library:				
Library	\$ 65,444	\$ 65,444	\$ 65,444	\$ -
Total library	<u>\$ 65,444</u>	<u>\$ 65,444</u>	<u>\$ 65,444</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 533,833</u>	<u>\$ 543,154</u>	<u>\$ 517,637</u>	<u>\$ 25,517</u>
Community development:				
Planning and community development:				
Indoor plumbing rehab grant	\$ -	\$ 333,000	\$ 267,666	\$ 65,334
Planning commission	5,385	3,685	851	2,834
Department of development	246,962	250,558	244,750	5,808
Community development contribution	33,547	33,547	33,573	(26)
Total planning and community development	<u>\$ 285,894</u>	<u>\$ 620,790</u>	<u>\$ 546,840</u>	<u>\$ 73,950</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 5,977	\$ 5,977	\$ 5,977	\$ -
Litter control program	9,064	-	7,846	(7,846)
Conservation grant	-	18,800	18,800	-
Water supply management grant	-	8,918	10,511	(1,593)
Total environmental management	<u>\$ 15,041</u>	<u>\$ 33,695</u>	<u>\$ 43,134</u>	<u>\$ (9,439)</u>

County of Charles City, Virginia
Schedule of Expenditures - Budget and Actual
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For the Year Ended June 30, 2013

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development: (Continued)				
Cooperative extension program:				
Extension office	\$ 33,828	\$ 33,828	\$ 31,745	\$ 2,083
Total cooperative extension program	\$ 33,828	\$ 33,828	\$ 31,745	\$ 2,083
Total community development	\$ 334,763	\$ 688,313	\$ 621,719	\$ 66,594
Nondepartmental:				
Contingency	\$ 148,000	\$ 2,000	\$ -	\$ 2,000
Total nondepartmental	\$ 148,000	\$ 2,000	\$ -	\$ 2,000
Capital projects:				
County capital improvements	\$ 364,217	\$ 1,092,368	\$ 629,899	\$ 462,469
Total capital projects	\$ 364,217	\$ 1,092,368	\$ 629,899	\$ 462,469
Debt service:				
Principal retirement	\$ 318,268	\$ 318,268	\$ 352,461	\$ (34,193)
Interest and other fiscal charges	115,985	115,985	93,048	22,937
Total debt service	\$ 434,253	\$ 434,253	\$ 445,509	\$ (11,256)
Total General Fund	\$ 14,247,510	\$ 14,608,321	\$ 13,961,197	\$ 647,124
Total Primary Government	\$ 14,247,510	\$ 14,608,321	\$ 13,961,197	\$ 647,124
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 749,956	\$ 785,316	\$ 764,966	\$ 20,350
Instruction costs	6,539,846	6,696,512	6,505,530	190,982
Pupil transportation	747,289	762,289	742,576	19,713
Grants	1,155,848	1,869,483	910,118	959,365
Operation and maintenance of school plant	1,119,430	1,119,430	1,119,419	11
Total education	\$ 10,312,369	\$ 11,233,030	\$ 10,042,609	\$ 1,190,421
Debt service:				
Principal retirement	\$ 28,091	\$ 28,091	\$ 28,091	\$ -
Interest and other fiscal charges	7,898	7,898	1,864	6,034
Total debt service	\$ 35,989	\$ 35,989	\$ 29,955	\$ 6,034
Total School Operating Fund	\$ 10,348,358	\$ 11,269,019	\$ 10,072,564	\$ 1,196,455

County of Charles City, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board (Continued)				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 340,573	\$ 385,573	\$ 402,465	\$ (16,892)
Commodities	-	-	20,635	(20,635)
Total School Cafeteria Fund	\$ 340,573	\$ 385,573	\$ 423,100	\$ (37,527)
Textbook Fund				
Education:				
Purchase of textbooks	\$ 49,828	\$ 49,828	\$ 31,425	\$ 18,403
Total Textbook Fund	\$ 49,828	\$ 49,828	\$ 31,425	\$ 18,403
Total Discretely Presented Component Unit - School Board	\$ 10,738,759	\$ 11,704,420	\$ 10,527,089	\$ 1,177,331

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STATISTICAL INFORMATION

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Table 1

County of Charles City, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration			Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Sanitary District	Total
	\$		\$			\$		\$		\$		\$	
2003-04	\$ 1,401,119	\$ 570,278	\$ 1,348,489	\$ 910,300	\$ 1,527,490	\$ 6,041,220	\$ 459,389	\$ 884,606	\$ 478,919	\$ 318,300	\$ 13,940,110		
2004-05	1,640,312	690,019	1,437,013	920,261	1,222,107	6,119,134	532,155	819,989	437,104	362,368	14,180,462		
2005-06	1,982,532	469,581	1,578,343	953,873	1,730,460	6,589,265	487,665	674,304	386,302	436,259	15,288,584		
2006-07	1,838,094	677,752	1,567,677	1,112,282	1,732,268	6,088,937	536,976	555,357	352,806	434,208	14,896,357		
2007-08	1,862,735	643,074	1,691,980	1,002,415	1,993,208	6,453,624	500,508	460,901	302,479	452,988	15,363,912		
2008-09	1,647,362	791,996	1,804,071	1,104,170	2,197,436	5,364,940	525,758	355,897	292,134	473,618	14,557,382		
2009-10	1,739,638	738,957	2,055,534	1,084,483	1,877,355	5,490,863	414,432	612,185	199,819	448,855	14,662,121		
2010-11	1,656,026	738,044	1,660,029	1,059,608	1,539,830	5,368,675	481,388	972,003	139,078	429,105	14,043,786		
2011-12	1,767,309	774,788	2,056,551	1,061,341	1,359,051	5,033,080	535,238	635,421	117,319	393,013	13,733,111		
2012-13	1,920,864	785,863	2,231,982	1,414,659	1,362,437	4,720,314	571,404	583,638	93,477	469,770	14,154,408		

Table 2

County of Charles City, Virginia
Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions		
									Not Restricted to Specific Programs	Gain on Disposal of Capital Assets	Total
2003-04	\$ 3,418,059	\$ 2,406,970	\$ -		\$ 4,792,362	\$ 821,513	\$ 275,457	\$ 171,516	\$ 686,784	\$ 53,953	\$ 12,626,614
2004-05	3,241,398	2,245,149	-		5,107,477	1,008,952	223,172	155,966	768,807	29,930	12,780,851
2005-06	3,365,879	2,432,800	-		5,486,231	1,053,249	327,691	224,878	744,316	(61,550)	13,573,494
2006-07	3,261,270	2,241,386	-		5,776,256	846,451	298,119	204,708	747,470	18,124	13,393,784
2007-08	3,222,283	2,572,482	-		6,373,816	851,971	204,194	197,301	749,543	-	14,171,590
2008-09	3,114,550	2,950,534	-		6,450,632	755,316	185,085	206,711	724,303	-	14,387,131
2009-10	2,893,295	2,756,479	343,256		6,651,861	625,777	26,038	222,205	702,501	55,500	14,276,912
2010-11	3,091,665	2,698,173	-		6,943,710	692,967	14,926	161,279	882,985	55,327	14,541,032
2011-12	3,082,016	2,247,585	-		7,305,508	721,386	23,341	227,354	884,612	17,474	14,509,276
2012-13	3,000,008	2,279,861	-		7,456,501	889,625	24,459	188,867	883,286	-	14,722,607

Table 3

County of Charles City, Virginia
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government Administration			Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Debt Service	Total (3)							
	\$	1,255,577	\$	482,952	\$	1,410,583	\$	1,517,094	\$	10,133,017	\$	374,170	\$	872,143	\$	124,424	\$	1,083,992	\$	18,079,333
2003-04																				
2004-05		1,556,015		470,843		1,409,671		1,240,503		11,438,087		406,200		819,884		134,600		1,246,882		19,555,820
2005-06		1,785,759		498,124		1,609,986		1,734,926		11,756,333		447,457		664,952		222,131		1,173,905		20,839,407
2006-07		1,904,866		488,797		1,592,741		1,667,864		11,205,424		482,327		551,372		47,682		1,185,668		20,161,713
2007-08		1,939,120		557,295		1,625,252		1,967,938		12,552,537		458,689		493,780		165,547		1,203,297		21,983,247
2008-09		1,672,398		655,982		1,817,459		2,113,520		11,849,174		487,283		364,286		18,143		1,251,056		21,298,001
2009-10		1,676,350		606,158		2,023,606		1,852,837		11,897,241		476,678		669,925		20,649		1,247,240		21,527,351
2010-11		1,619,203		607,375		1,621,518		1,524,240		10,820,904		497,944		992,238		1,185		1,145,983		19,877,387
2011-12		1,599,706		635,502		2,052,116		1,339,500		10,519,014		537,786		627,515		-		1,092,964		19,377,034
2012-13		1,717,109		649,772		2,167,817		1,354,067		10,498,290		517,637		621,719		-		475,464		19,139,229

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

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

(3) Excludes capital projects expenditures.

Table 4

County of Charles City, Virginia
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes		Other Local Taxes		Permits, Privilege Fees, Regulatory Licenses		Fines and Forfeitures		Revenue from the Use of Money and Property		Charges for Services		Miscellaneous		Recovered Costs		Inter- governmental (2)		Total	
	\$		\$		\$		\$		\$		\$		\$		\$		\$			
2003-04	\$	4,923,306	\$	821,513	\$	3,233,298	\$	36,221	\$	248,699	\$	211,921	\$	191,245	\$	209,087	\$	7,429,072	\$	17,304,362
2004-05		5,167,309		1,008,952		3,036,178		40,005		294,807		249,275		176,554		173,993		8,579,156		18,726,229
2005-06		5,458,729		1,053,249		3,177,831		16,513		642,589		299,614		259,720		225,195		8,574,648		19,708,088
2006-07		5,752,817		846,451		3,060,535		36,323		320,690		292,542		223,653		258,008		8,965,592		19,756,611
2007-08		6,354,328		851,971		3,119,343		927		230,520		321,518		359,524		419,584		9,413,231		21,070,946
2008-09		6,498,076		755,316		2,811,953		8,137		185,085		350,930		272,665		126,053		10,218,831		21,227,046
2009-10		6,713,249		625,777		2,652,175		1,616		57,861		340,307		254,759		191,348		10,372,397		21,209,489
2010-11		6,947,917		692,967		2,837,442		6,818		29,486		334,967		179,577		114,394		9,439,113		20,582,681
2011-12		7,246,242		721,386		2,746,988		1,202		25,470		399,660		266,737		260,840		8,897,618		20,566,143
2012-13		7,494,925		889,625		2,656,407		54,685		24,684		330,019		227,016		298,924		8,572,939		20,549,224

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit - School Board

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

Table 5

County of Charles City, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2003-04	\$ 5,560,796	\$ 5,311,106	95.51%	\$ 99,071	\$ 5,410,177	97.29%	\$ 505,133	9.08%
2004-05	5,838,182	5,571,395	95.43%	174,577	5,745,972	98.42%	531,295	9.10%
2005-06	6,162,903	5,597,411	90.82%	445,308	6,042,719	98.05%	532,990	8.65%
2006-07	6,575,203	6,303,617	95.87%	73,926	6,377,543	96.99%	598,669	9.10%
2007-08	7,134,528	6,632,327	92.96%	272,984	6,905,311	96.79%	675,186	9.46%
2008-09	7,332,724	6,955,920	94.86%	121,905	7,077,825	96.52%	553,342	7.55%
2009-10	7,264,395	6,919,265	95.25%	236,066	7,155,331	98.50%	682,660	9.40%
2010-11	7,705,043	7,223,716	93.75%	272,961	7,496,677	97.30%	729,005	9.46%
2011-12	7,915,274	7,476,887	94.46%	300,303	7,777,190	98.26%	792,435	10.01%
2012-13	8,159,392	7,720,167	94.62%	301,807	8,021,974	98.32%	750,599	9.20%

(1) Exclusive of penalties and interest. Includes Commonwealth of Virginia's reimbursement for personal property taxes and balances outstanding.

(2) Includes three most current delinquent tax years and first half of current tax year.

(3) Does not include land redemptions.

Table 6

County of Charles City, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)	Total
2003-04	\$ 436,941,423	\$ 41,324,933	\$ 8,881,002	\$ 1,243,293	\$ 32,713,140	\$ 521,103,791
2004-05	515,887,069	41,790,354	10,264,697	1,236,805	29,914,950	599,093,875
2005-06	584,292,131	46,119,510	8,682,662	798,598	37,001,751	676,894,652
2006-07	580,077,477	54,829,767	5,500,042	787,449	33,233,074	674,427,809
2007-08	589,551,974	58,210,197	3,659,829	805,521	28,920,474	681,147,995
2008-09	597,928,422	59,492,001	6,351,653	820,569	26,054,623	690,647,268
2009-10	765,790,469	55,409,143	3,052,807	809,342	27,769,101	852,830,862
2010-11	783,055,397	55,156,017	4,385,891	784,140	54,891,549	898,272,994
2011-12	760,354,950	58,619,679	6,189,565	799,942	60,307,748	886,271,884
2012-13	770,185,362	61,739,681	6,498,282	1,109,586	66,079,189	905,612,100

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

County of Charles City, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Merchant's Capital	Machinery and Tools
2003-04	\$ 0.82	\$ 0.82	\$ 3.40	\$ 2.80	\$ 2.50
2004-05	0.70	0.82	3.40	2.80	2.50
2005-06	0.70	0.70	3.40	2.80	2.50
2006-07	0.75	0.75	3.40	2.80	2.50
2007-08	0.82	0.75	3.50	2.80	2.50
2008-09	0.82	0.82	3.50	2.80	2.50
2009-10	0.68	0.68	3.50	2.80	2.50
2010-11	0.68	0.68	3.50	2.80	2.50
2011-12	0.70	0.68	3.50	2.80	2.50
2012-13	0.70	0.70	3.50	2.80	2.50

(1) Per \$100 of assessed value.

Table 8

County of Charles City, Virginia
Ratio of Net General Obligation Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of		Net Bonded Debt per Capita
					Net Bonded Debt to	Assessed Value	
2003-04	6,926	\$ 521,103,791	\$ 4,246,296	\$ 4,246,296	0.81%	\$	613
2004-05	6,926	599,093,875	3,768,061	3,768,061	0.63%		544
2005-06	6,926	676,894,652	3,276,209	3,276,209	0.48%		473
2006-07	6,926	674,427,809	2,769,811	2,769,811	0.41%		400
2007-08	6,926	681,147,995	2,247,874	2,247,874	0.33%		325
2008-09	6,926	690,647,268	1,709,337	1,709,337	0.25%		247
2009-10	6,926	852,830,862	1,158,660	1,158,660	0.14%		167
2010-11	7,256	898,272,994	589,448	589,448	0.07%		81
2011-12	7,256	886,271,884	-	-	0.00%		-
2012-13	7,256	905,612,100	-	-	0.00%		-

(1) Weldon Cooper Center for Public Service for 2000 census information.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes revenue bonds, capital leases, and compensated absences.

COMPLIANCE

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To The Honorable Members of the Board of Supervisors
County of Charles City
Charles City, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Charles City Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County of Charles City, Virginia's basic financial statements, and have issued our report thereon dated January 24, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Charles City, Virginia'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*.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "D. F. Clark", followed by a long horizontal line.

Richmond, Virginia
January 24, 2014

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

To The Honorable Members of the Board of Supervisors
County of Charles City
Charles City, Virginia

Report on Compliance for Each Major Federal Program

We have audited County of Charles City, 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 Charles City, Virginia's major federal programs for the year ended June 30, 2013. County of Charles City, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Charles City, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Charles City, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of County of Charles City, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Charles City, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of County of Charles City, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Charles City, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Charles City, Virginia's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "D. F. Clark", followed by a horizontal line.

Richmond, Virginia
January 24, 2014

County of Charles City, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/State Pass - Through Grantor/ Program Title 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	0950112/0950113	\$ 4,237
Temporary Assistance for Needy Families	93.558	0400112/0400113	92,128
Refugee and Entrant Assistance - State Administered Programs	93.566	0500112/0500113	326
Low Income Home Energy Assistance	93.568	0600412/0600413	11,386
Child Care Mandatory and Matching Funds of the Child Care Development Fund	93.596	0760112/0760113	14,517
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900112/090113	527
Foster Care - Title IV-E	93.658	1100112/1100113	30,297
Adoption Assistance	93.659	1120112/1120113	6,132
Social Services Block Grant	93.667	1000112/1000113	78,530
Chafee Foster Care Independence Program	93.674	9150112/9150113	492
Children's Health Insurance Program	93.767	0540112/0540113	2,641
Medical Assistance Program	93.778	1200112/1200113	79,212
			<u>320,425</u>
Total Department of Health and Human Services			\$ 320,425
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Disaster relief	97.036	77602-155	32,487
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.555	17901-45707	\$ 20,635
Department of Education:			
National School Lunch Program	10.555	17901-40623	157,836
Total CFDA# 10.555			<u>\$ 178,471</u>
Department of Education:			
School Breakfast Program	10.553	17901-40591	70,228
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010112/0010113	132,702
Total Department of Agriculture			\$ 381,401

County of Charles City, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2013

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Local Law Enforcement Block Grant	16.592	39001-71200	<u>1,091</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	60507-52230	<u>\$ 14,675</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	53305-50798	<u>\$ 116,541</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 160,934
Special Education Cluster:			
Special Education - Grants to States	84.027	17901-43071	207,863
Special Education - Preschool Grants	84.173	17901-62521	2,756
Career and Technical Education - Basic Grants to States	84.048	17901-61095	13,943
Improving Teacher Quality State Grants	84.367	17901-61480	44,455
Education Technology State Grants	84.318	17901-61600	1,481
School Improvement Grant	84.377	17901-43040	<u>217,588</u>
Total Department of Education			<u>\$ 649,020</u>
Department of Defense:			
Direct payments:			
Payments to States in Lieu of Real Estate Taxes	12.112		\$ 994
Junior ROTC	12.xxx		<u>67,064</u>
Total Department of Defense			<u>\$ 68,058</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,583,698</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

County of Charles City, Virginia

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2013

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Charles City, Virginia under programs of the federal government for the year ended June 30, 2013. The information in this Schedule is presented in accordance with the requirements of the 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 Charles City, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Charles City, Virginia.

Note B - Summary of Significant Accounting Policies

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

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

Note C - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received or disbursed.

Note D - 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	\$ 618,915
Total primary government	\$ 618,915

Component Unit-School Board:

School Operating Fund	\$ 964,783
Total component unit public schools	\$ 964,783

Total federal expenditures per basic financial statements	\$ 1,583,698
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 1,583,698
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County of Charles City, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Page 1 of 2

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes ✓ no

Significant deficiency(ies) identified? _____ yes ✓

Noncompliance material to financial statements noted? _____ yes ✓ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes ✓ no

Significant deficiency(ies) identified? _____ yes ✓ none reported

Type of auditors' report issued on compliance
for major programs: unmodified

Any findings disclosed that are required to be
reported in accordance with section 510(a) of
Circular A-133? _____ yes ✓ no

Identification of major programs:

CFDA Number(s)
10.553/10.555
84.027/84.173

Name of Federal Program or Cluster
Child Nutrition Cluster
Special Education Cluster (IDEA)

Dollar threshold used to distinguish between type A
and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

✓ yes _____ no

**County of Charles City, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Page 2 of 2

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None

**County of Charles City, Virginia
Schedule of Prior Year Findings
For the Year Ended June 30, 2013**

There was a Financial Statement Finding in the prior year, #2012-01, which has been resolved and therefore not reported for the current year.