

TOWN OF COLONIAL BEACH, VIRGINIA

FINANCIAL REPORT

June 30, 2010

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TOWN OF COLONIAL BEACH

PRINCIPAL OFFICIALS

For the Year Ended June 30, 2010

Town Council

Frederick Rummage - Mayor
P.A. "Trish" King - Vice Mayor
David Coombs
Burkett Lyburn
Stephen R. Kennedy
Karen Payne
Ronald Ridgely

Town Officials

Val Foulds - Town Manager
Joan H. Grant - Chief Financial Officer
Shelley Butler - Treasurer
Andrea G. Erard - Town Attorney
Barbara A. Goff - Town Clerk

School Board

Tim Trivett - School Board Chair
Mike Looney - Vice Chairman
Anne Congdon
Wayne Kennedy
Partrice Lyburn

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the Honorable Members of the Town Council
Town of Colonial Beach, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Colonial Beach, Virginia as of and for the year ended June 30, 2010. Which collectively comprise the Town of Colonial Beach's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Colonial Beach, Virginia's management. Our responsibility is to express an opinion 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 *Specifications for Audit of Counties, Cities and Towns*, issued by the Auditor of Public Accountants 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis of our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Colonial Beach as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We were unable to obtain sufficient audit evidence regarding capital assets for the discretely presented component unit stated at \$1,381,455 at June 30, 2010 and related depreciation expense of \$73,680 which is included in changes in net assets for the year then ended as described in Note 1 to the financial statements.


In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding capital assets and related depreciation expense, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units of the Town of Colonial Beach as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 22, 2010 on our consideration of the Town of Colonial Beach, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Town of Colonial Beach, Virginia has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Accounting principles generally accepted in the United States of America require that budgetary comparison information on exhibit VIII 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 principally 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Colonial Beach's basic financial statements. The supplementary information listed in the table of contents is presented for the purpose of additional analysis and not a required part of the basic financial statements. We did not audit this information and express no opinion thereon.

A handwritten signature in cursive script, reading "Miller Kelly Gray".

Fredericksburg, Virginia
November 22, 2010

FINANCIAL STATEMENTS

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TOWN OF COLONIAL BEACH, VIRGINIA

STATEMENT OF NET ASSETS

June 30, 2010

Exhibit I

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	School Board
ASSETS				
Pooled cash and investments	\$ 2,502,197	\$ 1,256,541	\$ 3,758,738	\$ 301,516
Receivables, net	217,034	203,225	420,259	177,840
Interfund receivable (payable)	328,031	(328,031)	-	-
Prepaid expense	-	-	-	35,861
Due from component unit	338,487	-	338,487	-
Other assets	-	527,480	527,480	-
Capital assets, net:				
Non depreciable assets	1,395,942	76,960	1,472,902	106,699
Depreciable assets	890,849	16,134,660	17,025,509	1,274,756
Total assets	<u>\$ 5,672,540</u>	<u>\$ 17,870,835</u>	<u>\$ 23,543,375</u>	<u>\$ 1,896,672</u>
LIABILITIES				
Accounts payable and accrued amounts	\$ 151,844	\$ 116,934	\$ 268,778	\$ 457,988
Due to primary government	-	-	-	338,487
Noncurrent liabilities:				
Due in less than one year	215,577	599,361	814,938	153,691
Due in more than one year	1,870,090	5,978,206	7,848,296	49,728
Total liabilities	<u>\$ 2,237,511</u>	<u>\$ 6,694,501</u>	<u>\$ 8,932,012</u>	<u>\$ 999,894</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$ 286,384	\$ 9,634,053	\$ 9,920,437	\$ 1,308,806
Unrestricted	3,148,645	1,542,281	4,690,926	(412,028)
Total net assets	<u>\$ 3,435,029</u>	<u>\$ 11,176,334</u>	<u>\$ 14,611,363</u>	<u>\$ 896,778</u>

TOWN OF COLONIAL BEACH

STATEMENT OF ACTIVITIES

Year Ended June 30, 2010

Exhibit II

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants & Contributions	Primary Government		Total	
				Governmental Activities	Business-Type Activities		
Primary government:							
General government	\$ 692,682	\$ 55,580	\$ -	\$ (637,102)	\$ -	\$ (637,102)	
Public safety	1,186,956	178,429	103,209	(905,318)		(905,318)	
Public works	628,173	29,784	1,812	(596,577)		(596,577)	
Health and welfare	3,920	-	-	(3,920)		(3,920)	
Education	1,973,420	-	2,400	(1,971,020)		(1,971,020)	
Culture and recreation	6,267	14,958	5,000	13,691		13,691	
Community development	211,638	-	-	(211,638)		(211,638)	
Interest on long-term debt	83,619	-	-	(83,619)		(83,619)	
Total government activities	\$ 4,786,675	\$ 278,751	\$ 112,421	\$ (4,395,503)		\$ (4,395,503)	
Business-type activities:							
Water and sewer	\$ 1,947,472	\$ 2,002,605	\$ -	\$ 683,651	\$ 738,784	\$ 738,784	
Total primary government	\$ 6,734,147	\$ 2,281,356	\$ 112,421	\$ 683,651	\$ 738,784	\$ (3,656,719)	
Component unit:	\$ 6,655,817	\$ 238,914	\$ 6,474,742	\$ -		\$ 57,839	
Education							
General revenues:							
Property taxes				\$ 3,523,585	\$ -	\$ 3,523,585	\$ -
Other				853,628	-	853,628	-
Grants and contributions not restricted to a specific program				240,317	-	240,317	-
Interest and investment earnings				24,412	-	24,412	4
Miscellaneous				6,161	-	6,161	53,581
Gain on disposal of capital assets				58,315	-	58,315	-
Transfers				14,674	(14,674)	-	-
Total general revenues				\$ 4,721,092	\$ (14,674)	\$ 4,706,418	\$ 53,585
Change in net assets				325,589	724,110	1,049,699	111,424
Net assets, beginning, as restated				3,109,440	10,452,224	13,561,664	785,354
Net assets, ending				\$ 3,435,029	\$ 11,176,334	\$14,611,363	\$ 896,778

See accompanying notes.

TOWN OF COLONIAL BEACH, VIRGINIA
BALANCE SHEET-GOVERNMENTAL FUNDS
June 30, 2010

Exhibit III

	General Fund	Erosion Fund	Totals (Memorandum only)
ASSETS			
Cash	\$ 2,467,436	\$ 34,761	\$ 2,502,197
Receivable, net	217,034	-	217,034
Interfund receivable	328,031	-	328,031
Due from component unit	338,487	-	338,487
Total assets	<u>\$ 3,350,988</u>	<u>\$ 34,761</u>	<u>\$ 3,385,749</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued amounts	\$ 117,372	\$ -	\$ 117,372
Deferred revenue	90,409	-	90,409
Total liabilities	<u>\$ 207,781</u>	<u>\$ -</u>	<u>\$ 207,781</u>
Fund balances:			
Reserved:			
Advances to other funds	\$ 328,031	\$ -	\$ 328,031
Advances to component unit	338,487	-	338,487
Unreserved:			
Undesignated	\$ 2,476,689	\$ 34,761	\$ 2,511,450
Total fund balances	<u>\$ 3,143,207</u>	<u>\$ 34,761</u>	<u>\$ 3,177,968</u>
Total liabilities and fund balances	<u>\$ 3,350,988</u>	<u>\$ 34,761</u>	<u>\$ 3,385,749</u>
<i>Adjustments for the Statement of Net Assets</i>			
Total fund balances, above			\$ 3,177,968
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			2,286,791
Long-term liabilities, including lease payable, are not due and payable in the current period and therefore are not reported in the funds.			(2,120,139)
Deferred revenue in governmental funds is susceptible to full accrual on the entity-wide statements.			90,409
Net assets of governmental activities			<u>\$ 3,435,029</u>

TOWN OF COLONIAL BEACH, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE-GOVERNMENTAL FUNDS

Year Ended June 30, 2010

Exhibit IV

	General Fund	Erosion Fund	Total (Memorandum Only)
Revenues:			
General property taxes	\$ 3,260,880	\$ -	\$ 3,260,880
Other local taxes	1,179,787	-	1,179,787
Permits, privilege fees, and regulatory licenses	92,996	-	92,996
Revenues use of money and property	291,069	-	291,069
Charges for services	29,784	-	29,784
Miscellaneous	24,513	-	24,513
Intergovernmental	350,338	-	350,338
Total revenues	\$ 5,229,367	\$ -	\$ 5,229,367
Expenditures:			
Current:			
General government administration	\$ 698,030	\$ -	\$ 698,030
Public safety	1,067,869	-	1,067,869
Public works	539,102	-	539,102
Health and welfare	3,920	-	3,920
Education	1,973,420	-	1,973,420
Parks, recreation, and culture	5,000	-	5,000
Community development	211,453	-	211,453
Capital outlay	90,415	-	90,415
Debt service:			
Principal	238,832	-	238,832
Interest	83,619	-	83,619
Total expenditures	\$ 4,911,659	\$ -	\$ 4,911,659
Excess of revenues over expenditures	\$ 317,708	\$ -	\$ 317,708
Other financing sources:			
Transfer in	\$ 14,674	\$ -	\$ 14,674
Total other financing sources	\$ 14,674	\$ -	\$ 14,674
Excess of revenues and other financing sources over expenditures	\$ 332,382	\$ -	\$ 332,382
Fund balance, beginning	2,810,825	34,761	2,845,586
Fund balance, ending	<u>\$ 3,143,207</u>	<u>\$ 34,761</u>	<u>\$ 3,177,968</u>
Adjustments for Statement of Activities			
Net change in fund balances			\$ 332,382
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.			(285,482)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.			23,224
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.			255,465
Change in net assets of governmental activities			<u>\$ 325,589</u>

TOWN OF COLONIAL BEACH, VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY FUND
June 30, 2010

Exhibit V

ASSETS

Current assets:

Pooled cash and investments	\$ 1,256,541
Receivables	203,225
Interfund receivable (payable)	<u>(328,031)</u>
Total current assets	<u>\$ 1,131,735</u>

Noncurrent assets:

Other assets	\$ 527,480
Land and construction	76,960
Depreciable assets (net of accumulated depreciation)	<u>16,134,660</u>
Total noncurrent assets	<u>\$ 16,739,100</u>
Total assets	<u>\$ 17,870,835</u>

LIABILITIES

Current liabilities:

Accounts payable and accrued amounts	\$ 116,934
Current maturities of long-term debt	<u>599,361</u>
Total current liabilities	<u>\$ 716,295</u>

Revenue bonds payable, less maturities	\$ 5,978,206
Total liabilities	<u>\$ 6,694,501</u>

NET ASSETS

Invested in capital assets, net of related debt	\$ 9,634,053
Unrestricted	<u>1,542,281</u>
Total net assets	<u>\$ 11,176,334</u>

TOWN OF COLONIAL BEACH, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - PROPRIETARY FUND

Year Ended June 30, 2010

Exhibit VI

Operating revenues:	
Charges for services-water and sewer	\$ 1,867,303
Other	10,102
	<u>\$ 1,877,405</u>
Operating expenses:	
Personnel	\$ 676,292
Operating expenses	812,962
Depreciation	346,602
	<u>\$ 1,835,856</u>
Operating income	<u>\$ 41,549</u>
Non-operating revenues (expenses):	
Connection fees	\$ 125,200
Interest and fiscal charges	(111,616)
Intergovernmental capital grants	658,651
	<u>\$ 672,235</u>
Income before contributions and transfers	<u>\$ 713,784</u>
Capital contributions	\$ 25,000
Transfers (out)	<u>\$ (14,674)</u>
	<u>\$ 10,326</u>
Change in net assets	<u>\$ 724,110</u>
Net assets, beginning	10,452,224
Net assets, ending	<u><u>\$ 11,176,334</u></u>

TOWN OF COLONIAL BEACH, VIRGINIA

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

Year Ended June 30, 2010

Exhibit VII

Cash flows from operating activities:	
Cash received from customers	\$ 1,877,981
Cash payments to suppliers for goods and services	(1,241,162)
Cash payments to employees for services	(676,292)
Net cash (used in) operating activities	\$ (39,473)
Cash flows from noncapital financing activities:	
Transfers to other funds	\$ (29,974)
Connection fees	125,200
Net cash provided by noncapital financing activities	\$ 95,226
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (276,488)
Capital grants	593,964
Loan proceeds	150,474
Interest paid on capital debt	(59,816)
Principal paid on capital debt	(593,418)
Net cash (used in) capital and related financing activities	\$ (185,284)
Net (decrease) in cash and cash equivalents	\$ (129,531)
Cash and cash equivalents:	
Beginning	1,328,351
Ending	<u><u>\$ 1,198,820</u></u>
Shown as:	
Pooled cash and investments	\$ 1,256,541
Less: investments	(57,721)
Cash and cash equivalents	<u><u>\$ 1,198,820</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 41,549
Depreciation	346,602
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	576
(Increase) decrease in liabilities:	
Accounts payable and accrued expenses	(428,200)
Net cash (used in) operating activities	\$ (39,473)
Noncash capital and investing activities:	
Donated capital assets	<u><u>\$ 25,000</u></u>
Investment income	<u><u>\$ 6,444</u></u>

Note 1. Summary of Significant Accounting Policies

The Town of Colonial Beach, Virginia (the Town) was established by an act of the Virginia General Assembly in 1837, and is the county seat for Westmoreland County, Virginia. It is a political subdivision of the Commonwealth of Virginia, and operated under the Town Council-Mayor form of government, as elected by the residents of the Town of Colonial Beach. The Town owns and operates its own water and sewer systems, provides trash and garbage pickup, and police protection for its residents.

The financial statements of the Town, have been prepared in conformity with accounting principles generally accepted in the United States as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies of the Town are described below.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

A. Financial Reporting Entity

As required by the accounting principles generally accepted in the United States, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. 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. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize they are legally separate from the primary government.

The Colonial Beach School Board has been included as a discretely presented component unit of the Town. While the Town does not appoint members to the Board, the Town does approve the School Board's budget and any debt issued and does provide significant funding. The School Board does not issue separate financial reports.

B. Government-Wide and Fund Financial Statements

State and local governments traditionally have used a financial reporting model substantially different from one used to prepare private-sector financial reports.

Management's Discussion and Analysis - GASB Standards require that 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). Management has elected not to include this analysis.

NOTES TO 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 (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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.

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Programs 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 contribution 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 and proprietary funds. 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. The Town and many governments revise their original budgets over the course of the year for a variety of reasons. Presentation of the original budget to the final budget and actual results are required.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *erosion fund* is used to account for financial resources required to be accounted for separately.

The government reports the following major proprietary fund:

The *water and sewer fund* accounts for the activities of the water and sewage treatment plants, sewage pumping stations and collection systems, and the water distribution system.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from *nonoperating* 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 principal operating revenues of the utility enterprise fund are charges to the customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Measurement Focus, Basics of Accounting and Financial Presentation

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

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are 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 provider have been met.

NOTES TO FINANCIAL STATEMENTS

Governmental fund financial statements are accounted for using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they become both measurable and available. Accordingly, real and personal property taxes are recorded as deferred revenues and property taxes receivable when billed. Real and personal property taxes recorded at June 30, and received within the first 45 days after year-end are included in tax revenues, with the related amount reduced from deferred revenues. Sales and utility taxes, which are collected by the State or utility companies and subsequently remitted to the Town, are recognized as revenues and amounts receivable when the underlying exchange transaction occurs, which is generally two months preceding receipt by the town. 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 specific funding are recognized when earned or at the time of the specific reimbursable expenditures. Revenues from general purpose grants are recognized during the period in which the grants apply.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this rule include: 1) accumulated unpaid vacation leave, which are recorded as compensated absences, and are recognized when paid, and 2) principal and interest payments on general long-term debt, both of which are recognized when paid.

D. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. The budget is prepared by fund, function and department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. Budgets are not adopted for the erosion fund.

E. Equity in Pooled Cash and Investments

Cash resources of the individual funds in the General Fund, Special Revenue Fund, Proprietary Fund, and discretely presented component unit are combined to form a pool of cash and investments to maximize interest earnings. Income from pooled investments is allocated only when contractually or legally required.

All investment earnings not legally or contractually required to be credited to individual accounts or funds are credited to the General Fund.

For purposes of the statement of cash flows, the Proprietary Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments for the government, as well as for its component units, are reported at fair value. The Local Government's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

NOTES TO FINANCIAL STATEMENTS

F. Receivables and Payables

Advances between funds and the primary government/component unit, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable, available financial resources. These advances are not expected to be repaid within the next year.

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy is divided into two billings. The first billing (due June 5th) is for real estate taxes only and is an estimate of the current year's levy based on the prior year's taxes. The second billing (due December 5th) for both real estate and personal property taxes reflects adjustments to the current year's actual levy. When the billings are past due, the applicable property is subject to lien, and penalties and interest are assessed.

G. Restricted Assets

Certain proceeds of the Town's bonds are classified as restricted assets on the statement of net assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

H. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Assets with a basis in excess of \$5,000 and an estimated useful life greater than one year are capitalized. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Renovation and repairs	20
Vehicles	5-20
Street improvements	20

The component unit School Board has not developed a verifiable inventory of its capital assets and can't determine the value of its capital assets or related depreciation expense. Values reported are based on an unverified inventory.

NOTES TO FINANCIAL STATEMENTS

I. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

J. Reservations and Designations

Governmental Fund balance reserves are used to indicate that portion of the fund balance which is appropriated for expenditures or is legally segregated for a specific future use. Designations of portions of the fund balance are established to indicate tentative plans for financial resource utilization in a future period. Reservations reflect amounts reserved for interfund loans which do not represent available resources.

K. Net Assets

Net assets are comprised of three categories: Net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The first category reflects the portion of net assets which is associated with non-liquid, capital assets, less the outstanding debt (net) related to these capital assets. The related debt (net) is the debt less the outstanding liquid assets and any associated unamortized costs. Restricted net assets are restricted assets, net of related debt. Net assets which are neither restricted nor related to capital assets are reported as unrestricted net assets.

Note 2. Cash and Investments***Deposits***

All cash of the Town is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposit Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

TOWN OF COLONIAL BEACH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

The Town has not adopted an investment policy.

Note 3. Receivables

Receivables at June 30, 2010 consist of the following:

	Primary Government	Component Unit School Board
Other receivables	\$ 60,261	\$ -
Taxes receivable	146,918	-
Accounts receivable	268,975	7,406
Intergovernmental receivables	40,335	170,434
Gross receivables	\$ 516,489	\$ 177,840
Less: Allowance for uncollectibles	(96,230)	-
Net Receivables	\$ 420,259	\$ 177,840

The taxes receivable account represents the current and past four years of uncollected tax levies for personal property taxes and the current and past 20 years for uncollected tax levies on real property. The allowance for estimated uncollectible taxes receivable is 14.3% of the total taxes receivable at June 30, 2010 and is based on historical collection rates.

Receivables on a government-wide basis include taxes receivable of \$90,409 that are not available to pay for current period expenditure and are therefore offset by the deferred revenue for the governmental funds.

Note 4. Property Taxes

The Town collects real property taxes semiannually and personal property taxes annually. Real property in the Town is assessed by the Commissioner of Revenue of the County of Westmoreland, Virginia. Personal property is assessed by the Commissioner of Revenue of the County of Westmoreland, Virginia annually for property owned on January 1st. Town Council adopts tax rates in May of each year as a part of the budget process. Real property taxes are levied and attached as an enforceable lien, as of January 1st for a calendar year; penalties and interest accrue on all unpaid balances as of these dates. Personal property taxes are levied as of January 1st and are due on December 5th of each year; penalties and interest accrue on all unpaid balances of these dates. The town bills and collects its own property taxes.

TOWN OF COLONIAL BEACH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Real estate taxes are billed in equal semi-annual installments due June 5 and December 5. The taxes receivable balance at June 30, 2010 includes amounts not yet received from the January 1, 2010 levy (due June 5 and December 5, 2010), less an allowance for uncollectibles. The considered installment due on December 5, 2010 is not included as revenue since these taxes are for use until fiscal year 2011. Liens are placed on the property on the date real estate taxes are delinquent, and must be satisfied prior to the sale or transfer of the property.

In addition, any uncollected amounts from previous years' levies are incorporated in the taxes receivable balance. The tax rate was \$0.60 per \$100 of assessed value during 2010.

Personal property tax assessments are based upon a percentage of fair market value on January 1 of each year. Assessments on tangible business property are based upon a declining scale of 50% to 20% of the original purchase price and the year the property was acquired. Motor vehicles are assessed at 50% of fair market value and the tax may be prorated for the length of time the vehicle has status in the County. Personal property taxes for the calendar year are due in annual installments on December 5. Personal property taxes do not create a lien on property, however, a hold on the issuance of Virginia Department of Motor Vehicles license plates may be issued to any individual having outstanding personal property taxes.

The taxes receivable balance at June 30, 2010 includes amounts not yet billed or received from the January 1, 2010 levy. The tax rates during 2010 were \$3.75 per \$100 of assessed value. In addition, any uncollected amounts from prior year levies are incorporated in the taxes receivable balance. Under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA), the Town receives a flat reimbursement from the State of \$240,317, for the local personal property tax payments.

Note 5. Capital Assets

A summary of changes in capital assets is presented below:

	Balance, Beginning	Increases	Decreases	Balance, Ending
Primary Government - government activities:				
Capital assets, not being depreciated:				
Land	\$ 1,550,942	\$ -	\$ 155,000	\$ 1,395,942
Total capital assets, not being depreciated	\$ 1,550,942	\$ -	\$ 155,000	\$ 1,395,942
Capital assets, being depreciated:				
Building and improvements	\$ 791,898	\$ -	\$ -	\$ 791,898
Equipment	481,816	15,155	-	496,971
Vehicles	857,949	-	-	857,949
Total capital assets, being depreciated	\$ 2,131,663	\$ 15,155	\$ -	\$ 2,146,818
Less accumulated depreciation for:				
Building and improvements	\$ 211,319	\$ 16,334	\$ -	\$ 227,653
Equipment	336,033	37,711	-	373,744
Vehicles	562,981	91,591	-	654,572
Total accumulated depreciation	\$ 1,110,333	\$ 145,636	\$ -	\$ 1,255,969
Total capital assets, net-governmental activities	\$ 2,572,272	\$ (130,481)	\$ 155,000	\$ 2,286,791

TOWN OF COLONIAL BEACH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

	Balance, Beginning	Increases	Decreases	Balance, Ending
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 29,280	\$ -	\$ -	\$ 29,280
Construction in progress	8,568,956	(8,521,276)	-	47,680
Total capital assets, not being depreciated	\$ 8,598,236	\$(8,521,276)	\$ -	\$ 76,960
Capital assets, being depreciated:				
Building and improvements	14,474,531	8,800,379	-	23,274,910
Equipment	170,000	22,385	-	192,385
Vehicles	124,892	-	-	124,892
Total capital assets, being depreciated	\$ 14,769,423	\$ 8,822,764	\$ -	\$ 23,592,187
Less accumulated depreciation for:				
Building and improvements	\$ 6,913,821	\$ 304,975	\$ -	\$ 7,218,796
Equipment	131,167	17,789	-	148,956
Vehicles	65,937	23,838	-	89,775
Total accumulated depreciation	\$ 7,110,925	\$ 346,602	\$ -	\$ 7,457,527
Total capital assets, net-business-type activities	\$ 16,256,734	\$ (45,114)	\$ -	\$ 16,211,620
Total capital assets, net-primary government	\$ 18,829,006	\$ (175,595)	\$ 155,000	\$ 18,498,411
Component unit-school board:				
Capital assets, not being depreciated:				
Land	\$ 106,699	\$ -	\$ -	\$ 106,699
Total capital assets, not being depreciated	\$ 106,699	\$ -	\$ -	\$ 106,699
Capital assets, being depreciated:				
Building and improvements	\$ 1,988,930	\$ -	\$ -	\$ 1,988,930
Vehicles	433,604	-	-	433,604
Total capital assets, being depreciated	\$ 2,422,534	\$ -	\$ -	\$ 2,422,534
Less accumulated depreciation for:				
Building and improvements	\$ 814,913	\$ 42,159	\$ -	\$ 857,072
Vehicles	259,185	31,521	-	290,706
Total accumulated depreciation	\$ 1,074,098	\$ 73,680	\$ -	\$ 1,147,778
Total capital assets, net-component unit-school board	\$ 1,455,135	\$ (73,680)	\$ -	\$ 1,381,455

Depreciation expense was charged to the following functions for the primary government-government activities.

General government	\$ 25,730
Public safety	37,617
Public works	80,836
Parks, recreation & cultural	1,267
Community development	186
	<u>\$ 145,636</u>

All of the component unit depreciation is charged to education.

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Leases

The School Board has the following capital lease obligation June 30, 2010:

Bus lease, dated August 2007, annual payments of \$26,952 including interest.

Following is a schedule of future minimum lease payments:

	Year	Amount
	2011	26,952
	2012	26,952
	2013	26,952
		<u>\$ 80,856</u>
Less amount representing interest		<u>(8,207)</u>
		<u>\$ 72,649</u>

The total value of assets purchased is \$126,620.

Note 7. Long-Term Debt

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due within One Year
PRIMARY GOVERNMENT:					
Governmental activities:					
General obligation bonds payable	\$ 2,239,239	\$ -	\$ 238,832	\$ 2,000,407	\$ 154,376
Compensated absences	85,260	71,224	71,224	85,260	61,201
Total governmental activities	<u>\$ 2,324,499</u>	<u>\$ 71,224</u>	<u>\$ 310,056</u>	<u>\$ 2,085,667</u>	<u>\$ 215,577</u>
Business-type activities:					
General obligation bonds payable	\$ 2,728,633	\$ 47,680	\$ 116,086	\$ 2,660,227	\$ 122,035
Revenue bonds payable	4,296,807	101,576	481,043	3,917,340	477,326
Total business-type activities	<u>\$ 7,025,440</u>	<u>\$ 149,256</u>	<u>\$ 597,129</u>	<u>\$ 6,577,567</u>	<u>\$ 599,361</u>
	<u>\$ 9,349,939</u>	<u>\$ 220,480</u>	<u>\$ 907,185</u>	<u>\$ 8,663,234</u>	<u>\$ 814,938</u>

The annual requirements to amortize all primary government debt outstanding as of June 30, 2010 are as follows:

	General Government		Business Type Activity		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
6/30/2011	154,377	76,702	603,509	134,630	757,886	211,332
6/30/2012	162,388	71,369	621,132	130,074	783,520	201,443
6/30/2013	156,870	65,696	619,678	124,869	776,548	190,565
6/30/2014	164,474	60,157	625,040	119,770	789,514	179,927
6/30/2015	170,136	54,135	288,066	114,261	458,202	168,396
2016-2020	545,796	184,045	1,332,204	486,601	1,878,000	670,646
2021-2025	260,000	110,238	1,198,235	375,120	1,458,235	485,358
2026-2030	167,500	63,104	1,024,484	272,639	1,191,984	335,743
2031-2035	172,500	28,627	565,836	170,508	738,336	199,135
2036-2040	46,366	900	349,638	68,294	396,004	69,194
2041-2045	-	-	182,312	36,528	182,312	36,528
2046-2050	-	-	207,754	12,339	194,620	12,339
Totals	<u>\$ 2,000,407</u>	<u>\$ 714,973</u>	<u>\$ 7,617,888</u>	<u>\$ 2,045,633</u>	<u>\$ 9,605,161</u>	<u>\$ 2,760,606</u>

NOTES TO FINANCIAL STATEMENTS

The preceding amortization assumes that the Town has borrowed all funds available (an additional \$1,040,320) under Sewer Bond 2010.

General obligation bonds payable at June 30, 2010 backed by full faith and credit of the Town, are comprised of the following individual issues:

\$ in Thousands

Series	Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments	Original Issue	Principal Outstanding
General Government						
Refunding 2004	3.46%	05/04/2004	07/01/2017	\$52-149	\$ 1,191	\$ 825
Revenue 2005A	4.67% to 14.86%	07/28/2005	08/01/2035		1,343	1,175
					<u>\$ 2,534</u>	<u>\$ 2,000</u>
Series	Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments	Original Issue	Principal Outstanding
Utilities						
Refunding 2004	3.46%	05/04/2004	07/01/2017		\$ 624	\$ 437
Revenue 2005A	4.67% to 14.86%	07/28/2005	08/01/2035		1,343	1,175
Sewer bond 1993	0.00%	08/12/1993	03/01/2014		6,875	1,382
RUS Loan Sewer 1997	4.50%	12/29/1997	12/29/2037		1,161	1,000
Sewer Bond 2008	0.00%	04/30/2008	06/01/2029		2,672	2,535
Sewer Bond 2010	2.50%	05/27/2010	02/27/2010	17-42	1,088	48
					<u>\$ 13,763</u>	<u>\$ 6,577</u>
					<u>\$ 16,297</u>	<u>\$ 8,577</u>

Sewer bond 2008 has imputed interest at 2.50% recorded as a loan discount. Interest is ratably amortized over the life of the loan.

Sewer bond 2010 was issued during 2010 and the Town has the ability to borrow up to \$1,088,000. The amount drawn is \$47,680 at June 30, 2010.

The following is a summary of changes in long-term obligations for the component unit-School Board for the year ended June 30, 2010.

	Beginning	Additions	Payments	Ending	Current
Capital lease	\$ 94,364	\$ -	\$ 21,715	\$ 72,649	\$ 22,921
Accrued vacation	82,110	48,660	-	130,770	130,770
	<u>\$ 176,474</u>	<u>\$ 48,660</u>	<u>\$ 21,715</u>	<u>\$ 203,419</u>	<u>\$ 153,691</u>

The school board was unable to determine gross amounts earned and used for the accrued vacation. As a result, all amounts were reported as current obligations.

Note 8. Retirement Plan**Primary Government*****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 (VRS)

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

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

B. Funding Policy

Plan members are required, by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual reported compensation to the VRS. The employer has assumed this 5.00% member contribution. In addition, the Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended June 30, 2010 was 10.02% of annual covered payroll.

The School Board's contribution rate for the fiscal year ended June 30, 2010 was 8.81% of annual covered payroll for July 2009 through March 2010, and 0.00% for April through June 2010.

The School Board's required contribution to the teacher cost sharing pool for professional employees was \$326,409, \$374,113, and \$436,362, for 2010, 2009 and 2008, respectively. 100% of the required contribution was paid for each year.

TOWN OF COLONIAL BEACH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

C. Annual Pension Cost

For fiscal year 2010, the Town's annual pension cost of \$237,818 was equal to the Town's required and actual contributions. The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal cost method.

Three year trend information for the Town is as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2010	\$ 237,818	100%	\$ 0
June 30, 2009	\$ 198,981	100%	\$ 0
June 30, 2008	\$ 161,586	100%	\$ 0

The amortization method used is a level percent, open method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the Town'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 Town's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis.

D. Funding Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the plan was 100% funded. The actuarial accrued liability (AAL) for benefits was \$3,443,554 and the actuarial value of assets was \$3,936,379, resulting in an unfunded actuarial accrued liability (UAAL) of (\$492,825). The covered payroll (annual payroll of active employees covered by the plan) was \$1,583,076 and the ratio of the UAAL to the covered payroll was 1.13%.

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
June 30, 2009	\$3,936,379	\$ 3,443,554	\$ (492,825)	114%	1,583,076	(31)%
June 30, 2008	\$3,738,308	\$ 3,184,235	\$ (554,072)	117%	1,696,728	(33)%
June 30, 2007	\$3,326,239	\$ 2,891,078	\$ (435,161)	115%	1,544,182	(28)%

NOTES TO FINANCIAL STATEMENTS

Note 9. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10. Contingent Liabilities

Federal programs in which the Town participates were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-profit Organizations*. Pursuant to the provisions of these documents certain programs were tested for compliance with applicable grant requirements. Matters of noncompliance were disclosed by the audit amounting to questioned costs of approximately \$21,000 and \$440,000 for the years ended June 30, 2009 and 2008, respectively. Other non-compliance was noted where amounts were not determined. The State and/or the Federal Government may also subject grant programs to additional compliance tests, which may result in disallowed expenditures.

Note 11. Commitments

The Town has construction contracts with remaining commitments totaling approximately \$1,000,000 for improvements to the water/sewer system. The Town has loan funds available to meet the construction commitment.

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REQUIRED SUPPLEMENTARY INFORMATION

In accordance with the Governmental Accounting Standards Board Statement No. 34, the following information is a required part of the general purpose statements.

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TOWN OF COLONIAL BEACH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL

Year Ended June 30, 2010

Exhibit VIII

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
Revenues				
General property taxes	\$ 3,101,833	\$ 3,101,833	\$ 3,260,880	\$ 159,047
Other local taxes	1,261,047	1,261,047	1,179,787	(81,260)
Permits and privileges fees	88,425	88,425	92,996	4,571
Revenues from use of money and property	237,000	244,804	291,069	46,265
Charges for services	9,700	9,700	29,784	20,084
Miscellaneous revenues	4,460	4,460	24,513	20,053
Intergovernmental	352,759	352,759	350,338	(2,421)
Total revenues	<u>\$ 5,055,224</u>	<u>\$ 5,063,028</u>	<u>\$ 5,229,367</u>	<u>\$ 166,339</u>
Expenditures				
General government administration	\$ 969,033	\$ 976,837	\$ 698,030	\$ 278,807
Public safety	1,111,383	1,111,314	1,067,869	43,445
Public works	584,561	682,561	539,102	143,459
Health and welfare	3,920	3,920	3,920	-
Education	1,973,420	1,973,420	1,973,420	-
Park, recreation, and culture	5,000	5,000	5,000	-
Community development	229,506	228,581	211,453	17,128
Capital outlay	127,273	128,267	90,415	37,852
Debt service	153,128	153,128	322,451	(169,323)
Total expenditures	<u>\$ 5,157,224</u>	<u>\$ 5,263,028</u>	<u>\$ 4,911,659</u>	<u>\$ 351,369</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (102,000)</u>	<u>\$ (200,000)</u>	<u>\$ 317,708</u>	<u>\$ 517,708</u>
Other financing sources				
Transfer in	\$ 200,000	\$ 200,000	\$ 14,674	\$ (185,326)
Total other financing sources	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 14,674</u>	<u>\$ (185,326)</u>
Excess of revenues over expenditures before other sources	<u>\$ 98,000</u>	<u>\$ -</u>	<u>\$ 332,382</u>	<u>\$ 332,382</u>
Fund balance, beginning	-	98,000	2,810,825	2,712,825
Fund balance, ending	<u>\$ 98,000</u>	<u>\$ 98,000</u>	<u>\$ 3,143,207</u>	<u>\$ 3,045,207</u>

All budgets are presented on the modified accrual basis of accounting.

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SUPPLEMENTARY INFORMATION

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TOWN OF COLONIAL BEACH

COMBINING BALANCE SHEET SCHEDULE
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 June 30, 2010

Schedule A-1

	Operating	Cafeteria	Capital Projects	Total
ASSETS				
Equity in pooled cash and investments	\$ 217,220	\$ 50,288	\$ 34,008	\$ 301,516
Receivables, net	177,840	-	-	177,840
Total assets	<u>\$ 395,060</u>	<u>\$ 50,288</u>	<u>\$ 34,008</u>	<u>\$ 479,356</u>
LIABILITIES				
Accounts payable and accrued expenditures	\$ 457,988	\$ -	\$ -	\$ 457,988
Payable to primary government	20,683	-	317,804	338,487
Total liabilities	<u>\$ 478,671</u>	<u>\$ -</u>	<u>\$ 317,804</u>	<u>\$ 796,475</u>
FUND EQUITY				
Fund balance:				
Unreserved:				
Undesignated	\$ (83,611)	\$ 50,288	\$ (283,796)	\$ (317,119)
Total fund equity and other credits	<u>\$ (83,611)</u>	<u>\$ 50,288</u>	<u>\$ (283,796)</u>	<u>\$ (317,119)</u>
Total liabilities and fund equity	<u>\$ 395,060</u>	<u>\$ 50,288</u>	<u>\$ 34,008</u>	<u>\$ 479,356</u>
<i>Adjustments for the Statement of Net Assets:</i>				
Total fund balances, above				\$ (317,119)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds				(203,419)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds				1,381,455
Assets using current financial resources but are expensed in future periods are reported in the governmental funds				35,861
Net assets of governmental activities				<u>\$ 896,778</u>

TOWN OF COLONIAL BEACH

COMBINING BUDGETARY COMPARISON SCHEDULE - SCHOOL BOARD

Year Ended June 30, 2010

Schedule A-2
Page 1

	Operating				Cafeteria			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final			Original	Final		
Revenues:								
Revenues from use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	120,000	120,000	116,263	(3,737)	286,708	286,708	122,651	(164,057)
Miscellaneous	34,000	34,000	53,581	19,581	-	-	-	-
Intergovernmental	4,451,757	4,451,757	4,357,431	(94,326)	-	-	143,891	143,891
Payments from primary government	1,973,420	1,973,420	1,973,420	-	-	-	-	-
	<u>\$ 6,579,177</u>	<u>\$ 6,579,177</u>	<u>\$ 6,500,695</u>	<u>\$ (78,482)</u>	<u>\$ 286,708</u>	<u>\$ 286,708</u>	<u>\$ 266,546</u>	<u>\$ (20,162)</u>
Expenditures:								
Current:								
Education	\$ 6,556,475	\$ 6,556,475	\$ 6,270,637	\$ 285,838	\$ 181,641	\$ 181,641	\$ 215,250	\$ (33,609)
Capital Projects	127,769	127,769	78,213	49,556	-	-	-	-
Debt service:								
Principal	-	-	21,715	(21,715)	-	-	-	-
Interest and fiscal charges	-	-	5,238	(5,238)	-	-	-	-
	<u>\$ 6,684,244</u>	<u>\$ 6,684,244</u>	<u>\$ 6,375,803</u>	<u>\$ 308,441</u>	<u>\$ 181,641</u>	<u>\$ 181,641</u>	<u>\$ 215,250</u>	<u>\$ (33,609)</u>
Excess (deficiency) of revenues over expenditures	\$ (105,067)	\$ (105,067)	\$ 124,892	\$ 229,959	\$ 105,067	\$ 105,067	\$ 51,296	\$ (53,771)
Fund balance, beginning	-	-	(208,503)	(208,503)	-	-	(1,008)	(1,008)
Fund balance, ending	<u>\$ (105,067)</u>	<u>\$ (105,067)</u>	<u>\$ (83,611)</u>	<u>\$ 21,455</u>	<u>\$ 105,067</u>	<u>\$ 105,067</u>	<u>\$ 50,288</u>	<u>\$ (54,779)</u>

Budgets are prepared on a modified accrual basis adjusted for school debt service payments. The amounts presented here include school debt service payments and school bonds issued that are obligations of the primary government.

Year Ended June 30, 2010

Construction

[illegible]