



**County of New Kent, Virginia
Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2011**

INTRODUCTORY SECTION

COUNTY OF NEW KENT, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Prepared By:
Mary F. Altemus
Director of Financial Services

COUNTY OF NEW KENT, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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COUNTY OF NEW KENT, VIRGINIA
PRINCIPAL OFFICIALS
June 30, 2011

BOARD OF SUPERVISORS

Thomas W. Evelyn, Chairman District 1
Stran L. Trout, Vice Chairman District 4
D. M. “Marty” Sparks District 2
James H. Burrell District 3
W. R. “Ray” Davis, Jr. District 5

CONSTITUTIONAL OFFICERS

Karen A. Butler Clerk of Circuit Court
Laura M. Ecimovic Commissioner of Revenue
C. Linwood Gregory Commonwealth’s Attorney
Farrah W. “Wakie” Howard, Jr. Sheriff
Herbert C. Jones, Jr. Treasurer

COUNTY ADMINISTRATIVE OFFICERS

G. Cabell Lawton, IV County Administrator
Mary F. Altemus Financial Services Director
Michelle M. Gowdy County Attorney
Edgar T. “Tommy” Hicks, IV Fire Chief and Emergency Management Coordinator
Lawrence A. Dame Public Utilities Director
James D. Tacosa General Services Director
Jonathan R. Stanger Information Systems Director
S. Michelle Cowling Social Services Director
Clarence G. Jackson Building Official and Building Development Director
William L. Kelly, III Airport Manager
Rodney A. Hathaway Economic Development and Tourism Director

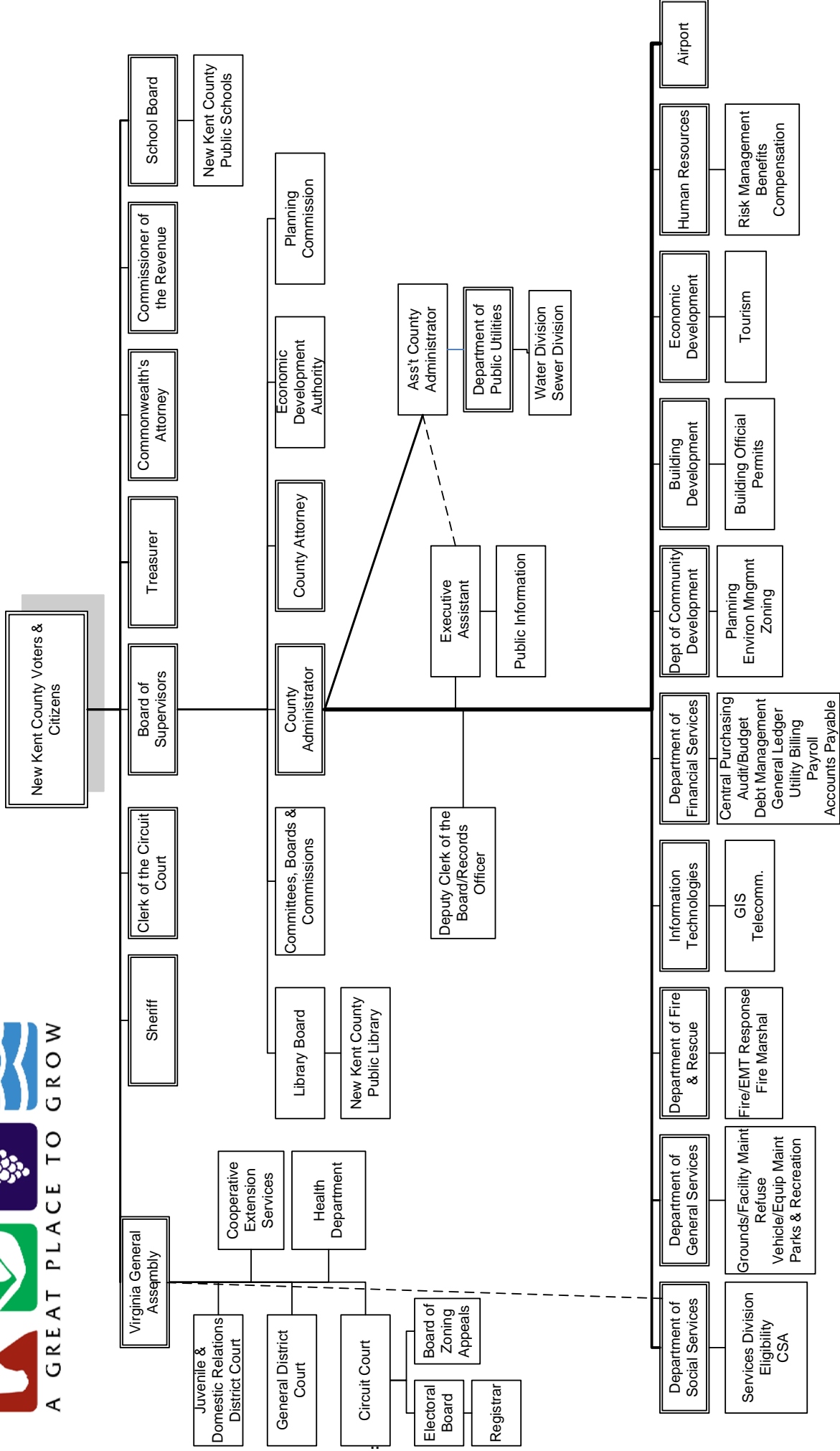
SCHOOL BOARD

Leigh R. Quick, Chairman District 3
Dr. Gail B. Hardinge, Vice Chairman District 4
James F. Noctor District 1
Joseph S. Yates District 2
Teresa D. Lindsay District 5

SCHOOL BOARD ADMINISTRATIVE OFFICERS

Robert F. “Rick” Richardson, Jr. Superintendent
David C. Papenfuse Interim Assistant Superintendent of Operations
C. Lynn Sodat Director of Elementary Instruction
Thomas N. “Nate” Collins Director of Secondary Instruction
Cynthia M. Pitts Director of Human Resources
Matthew Hilfer Interim Technology Coordinator

Organization of General Government Administrative Functions



Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of New Kent
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



Board of Supervisors

Thomas W. Evelyn	District 1
D. M. "Marty" Sparks	District 2
James H. Burrell	District 3
Stran L. Trout	District 4
W. R. "Ray" Davis, Jr.	District 5

G. Cabell Lawton, IV
County Administrator

November 22, 2011

To The Honorable Members of the Board of Supervisors and the Citizens of the County of New Kent:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of New Kent County (the County) for the fiscal year ended June 30, 2011. The *Code of Virginia* requires that local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United State of America by a firm of licensed certified public accounts. This report has been prepared by the Department of Financial Services in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Account Standards Board (FASB) where applicable, and the Virginia Auditor of Public Accounts (APA).

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects, and presents fairly the financial position and results of operations of the various funds and component units of the County.

The County's financial statements have been audited by Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County financial statements for the fiscal year ended June 30, 2011 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report.

The independent audit of the financial statements of the County was part of a broader federal and state mandated “Single Audit” designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the County’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the Compliance Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the document. The County’s MD&A can be found immediately following the report of the independent auditors.

Profile of the County

The County of New Kent (the “County”) is home to approximately 18,801 people. At the time of the 2000 census, the population of the County was approximately 13,462. In fact, in 2009 the County was ranked among the 100 fastest growing counties in the U. S. in terms of new dwelling units as well as in terms of percent population change. Even though the population density is at approximately 89 persons per square mile, demonstrating the County still remains primarily rural; the County has undergone significant development over the past several years with growth spread fairly evenly throughout the County.

The County is comprised of about 212 square miles and is located directly between two of the nation’s most dynamic Metropolitan Statistical Areas (MSA): Richmond-Petersburg and Williamsburg-Hampton Roads. At the heart of the Central East Coast, New Kent is within 750 miles of over 55% of the nation’s population and nearly 60% of its personal income and consumer expenditures. It is bisected by I-64 with four high-traffic count exits, and its intersection with I-295 is just 3 miles to the west. While the County’s rural atmosphere has been preserved, the I-64 corridor with its utilities, business sites, and amenities is growing with commercial and residential activity.

The County was created by an act of the House of Burgesses on November 20, 1654. The settlers were of English stock and the County was named for Kent of England. Land grants to the early settlers along the rivers led to large plantations and palatial manor houses, fostering a way of life long associated with our colonial era. The European history of New Kent began with the visit of Captain John Smith in 1607. At that time, it encompassed portions of today’s surrounding counties: Hanover, King William, King and Queen, James City, Charles City and Henrico.

The County of New Kent has a County Administrator form of Government with five voter-elected members of the Board of Supervisors (the “Board”) who serve four-year terms and represent five distinct election districts. The County Administrator serves at the pleasure of the Board and is the County’s chief administrative officer. The duties of the County Administrator include implementing the approved ordinances and policies of the Board of Supervisors, appointing the County’s Department Directors, and overseeing the daily administration of the County Government. The Board has overall administrative and legislative responsibilities including levying County taxes, appropriating funds, approving and enforcing the County’s Comprehensive Plan, which governs land use, making and enforcing ordinances and establishing policies and procedures for the residents of the County. A Chairman and Vice Chairman are selected by the Board on an annual basis from

among the members of the Board. In addition to the Board, other elected County officials include the Clerk of the Circuit Court, Commissioner of the Revenue, Commonwealth's Attorney, Sheriff and Treasurer. There is also an elected five-member School Board.

The County government is responsible for providing a wide array of governmental services for its citizens including animal control, building inspections, planning and community development, economic development, tourism, water and sewer services, disposal of refuse, parks and recreation, libraries/culture, police and fire services, emergency medical services, E911 and emergency services, and health and social services. Other services provided by the County, which receive partial funding from the State and Federal governments, include public education in grades kindergarten through twelve; certain technical, vocational and special education programs; mental health assistance; agricultural services; judicial activities; juvenile detention services and airport services. The Commonwealth of Virginia provides the construction and maintenance of highways, streets, and infrastructure located within the County.

In accordance with the requirements of the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the County is financially accountable. Discretely presented component units qualifying for inclusion in this report are the New Kent County School Board (the "School Board") and the New Kent County Economic Development Authority (the "EDA"). Discretely presented component units are reported separately in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial positions, results of operation and cash flows from those of the primary government.

The annual budget serves as the foundation of the County's financial planning and control. All departments and agencies of the County are required to submit requests for appropriation to the County Administrator each year. The County Administrator uses these requests as the starting point for developing a proposed budget. The proposed budget is reviewed by the Budget Team made up of the County Administrator, Financial Services Director, Financial Services Assistant Director, and a departmental Director selected on a rotating basis. The review consists of meeting with the Department Heads to discuss the details of their requests. Budget cuts and sometimes additions are made as the departments justify their requests by aligning them with the County's key performance areas. The County Administrator presents the proposed budget to the Board of Supervisors for review and approval. The Board of Supervisors is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the County's fiscal year.

The appropriated budget is prepared by fund (e.g., General Fund), function (e.g., public safety), and department (e.g., Sheriff's Office). The Code of Virginia requires that the School Board's requested budget be submitted in its entirety to the Board. Legislation passed in the 1978 General Assembly requires the County to approve an annual education budget by May 1 or within 30 days of the receipt of estimates of educational funds to the County. Activities of the general fund, special revenue funds, capital projects, debt service, school funds, and proprietary funds are included in the annual appropriated budget. Departments may make transfers of appropriations by line item within their department (except for personnel line items) with the County Administrator's authorization. All other transfers must receive approval from the Board of Supervisors. All transfers are reported to the Board of Supervisors on a monthly basis. Budget-to-actual comparisons are provided in this report for which an appropriated annual budget has been adopted. These comparisons are presented in the Other Required Supplementary Information Section of the financial statements.

The County also maintains an encumbrance accounting system as one method of maintaining budgetary control. Encumbered amounts lapse at year-end. All incomplete projects must be reconsidered annually to determine if unspent funds need to be recommitted to a given project or reallocated to other planned projects.

Economic Overview

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local economy:

While it is easy to succeed in good times, it is how a locality performs in tough times such as those that currently exist that define excellence in local government. We believe the local economy continues to be positioned to weather these tough economic conditions better than most localities. The Board of Supervisors has fostered this environment through consistently demanding innovation, effective planning and financial prudence when allocating public resources while incrementally and prudently reducing or maintaining existing tax rates. With the emphasis on excellence in customer service and sound financial management, the County will continue to prove to be a community of choice.

The County enjoys the fifth-highest median household income and the second-lowest poverty rate of the fourteen jurisdictions in the Richmond/Petersburg, VA Metropolitan Statistical Area. (Source: U.S. Bureau of the Census 2009 Quick-Facts). While the County continues to be largely a bedroom community as documented in the 2000 Census with a negative 4,276 Net In-Commuters, it has maintained a moderate unemployment rate compared to the rates of the surrounding region, Virginia, and the United States. As of June 2011, the County had an unemployment rate of 6.2% compared to 6.3% and 9.3% for Virginia and the United States respectively. (Source: Virginia Workforce Connection – Labor Force Information; Virginia Employment Commission, Local Area Unemployment Statistics; U. S. Bureau of Labor Statistics).

While residential building permit activity in the County had been increasing in recent years there was a moderate decrease in the past several years due to the weakening economy. New home permits issued for Calendar Years 2003-2008 range from 255 in 2003 to 340 in 2005 down to 235 in 2008 with a further decrease in 2009 to 130. There was a slight increase in new home permits in 2010 for a total of 146. (Source: University of Virginia, Weldon Cooper Center). Non-residential construction in the County has not kept pace with residential activity. FY 2011 saw a decrease from 22 commercial building permits issued in FY 2010 to 13 issued in FY 2011. Commercial add/alter building permits issued in FY 2011 increased to 20 from 18 issued in FY 2010. Based on approved developments building out as projected, as well as continued single-site development, approximately 2,300 new homes are proposed to be constructed by 2015. (Source: New Kent County Department of Community Development). The total single family dwelling permits for FY 2011 were 139, a decrease of 36 from 175 for FY2010. (Source: New Kent County Building Development and Community Development Department).

New Kent taxable sales have steadily increased over the last twenty years. There was a 28.1% increase from 1991 - 2009. There has been a decrease over the last two years from a high of \$96,749,625 in 2009 to \$87,797,438 for 2010. The decrease of 9.3% can be contributed to the overall

slow-down of the economy and distribution corrections made by the Commonwealth. (Source: Virginia Department of Taxation, Taxable Sales in Virginia Counties and Cities Based on Retail Sales Tax Revenues – published quarterly with annual summary).

Economic development update: New Kent County is predominately rural in nature with approximately 72% of the County covered in forests. Farming and forestry have been prominent to the New Kent County economy for many years. However, trends are slowly changing, as the agricultural and forestry industries are declining. In the first quarter of 2011, the largest employment industries were government (federal, state and local), followed by construction, health care and social assistance, retail trade and accommodation & food services. (Source: Virginia Employment Commission, Quarterly Census of Employment and Wages (QCEW), 1st Quarter (January, February, March) 2011). The County's convenient access to surrounding metropolitan areas, via four interchanges of Interstate 64, has helped sustain the residential and economic expansion although slightly repressed from prior fiscal years.

Due to the imbalance between residential and commercial activity, the County has increased its investment to promote business growth. The school and other public service demands resulting from a growing residential population have required the County to take positive steps toward the promotion of economic development and the maximization of the economic potential of its interstate interchanges. In order to address this potential challenge, the County leadership has proactively undertaken the following steps to position New Kent for continued economic growth:

- The County is host to Colonial Downs, the only pari-mutual horse track in the Commonwealth of Virginia. As host of this facility, the County also receives a share of the revenues generated from the Off-Track-Betting facilities located in other communities in the Commonwealth. There are presently eight such facilities statewide.
- The Kentland Planned Unit Development (PUD) occupies approximately 3,165 acres and is located within the southeast quadrant of the Route 155/I-64 Interchange. The Kentland community will consist of a variety of residential, office, retail, and recreational uses designed to complement the Colonial Downs racetrack and the Legends of New Kent golf complex. The Kentland PUD currently consists of approximately 1,300 lots that have been created for residential use and is approved for an additional 1,900 residential lots. Also, a commercial area has been established that consists of a gas station, several restaurants, spa and the New Kent County Library.
- The Farms of New Kent is a mixed use PUD that consists of approximately 2,500 acres located in the central area of the County near the Talleyville exit along State Route 106. This development will consist of approximately 2,400 residential units and up to one million square feet of commercial space. The New Kent Winery opened in May 2008.
- Weir Creek Commerce Park, located on U. S. Route 33 is a 150 acre tract of land planned for an industrial park. Currently, the first phase of site preparation is complete which involves the construction of an access road and three pad sites that total approximately 36 acres.
- Rock Creek Villas is a development consisting of approximately 14.2 acres that proposes 60 age-restricted attached units to be supported by an 18,000 square foot commercial facility. The commercial facility has been fully constructed and leased. This leased space includes two

restaurants, a fitness center, hair and nail spa, a dentist office, a community meeting room, and office space for small businesses.

- The Patriots Landing PUD consists of 253 acres in the western portion of the County located at the I-64 and Route 60 intersection. This development is planned for up to 638 residential units and new commercial and office uses will be located on both sides of the Bloom grocery store, continuing along the Route 33/I-64 frontage totaling 29.5 acres. Single-family residential development is underway with approximately 235 new single family homes completed and 24 new townhomes completed.

Further indicators of economic strength and financial condition are as follows:

- The County has approximately 7,800 housing units. The total number of housing units in New Kent County has increased approximately 35% since 2000. New Kent has a wide variety of single-family detached homes that range in quality, style, age, size and condition. The average sale price was \$251,830 in 2011 with an average cost of \$114.84 per square foot (\$260,055 in 2010). The average sold square footage in 2011 was 2180 whereas the square footage in 2010 was 1990 with a price of \$130.70 per square foot. When all properties are given weight, the average property value for housing in the County is \$232,765 whereas in FY 2010 it was \$269,593 (2009 was \$289,545). The housing market in New Kent County is declining, with a noticeable decrease in new construction down from 173 in 2010 to 113 in 2011. There were 160 new homes in 2009 and 240 in 2008. (Source: New Kent County Commissioner of the Revenue).

To internally assess our financial health, the County has traditionally tracked State-published indicators of fiscal stress and median adjusted gross income. The most recent State report shows that New Kent has the 27th lowest level of fiscal stress and the 18th highest median adjusted gross income. A component of the fiscal stress index is a locality's tax rate compared to State-wide averages, with low tax rate jurisdictions assigned a lower stress as they would appear to have the greater capacity to raise their taxes. New Kent County's growth does place stress upon our budgetary process as the services sought by many residents in the County are similar to services offered by higher taxing localities. The preceding economic highlights are strong indicators of good fiscal health and are also indicative of the traditionally strong indicators that the County has improved over many years but the County is seeing the effect of the downturn in the economy. The highest median adjusted gross income decreased just slightly from 16th place to 18th whereas the fiscal stress indicator moderately decreased from 20th to 27th. (Source: Commission on Local Government's Report on the *Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Counties and Cities, for fiscal year 2008/2009*).

Long-term financial planning:

The County uses Financial Advisors to guide it through the long-term financial planning needed to address the growth of the County. The same firm, Davenport & Company LLC has served the County on a contractual basis for seven years.

The Capital Improvements Program (CIP) is the County's plan for investing in facilities, equipment, and vehicles and includes those items with a unit cost greater than \$25,000. The CIP serves as a planning tool for the efficient, effective, and equitable distribution of public improvements

throughout the County. The County long had a non-debt funding strategy for the CIP that helped to strengthen the County's debt ratios. The Board members recognized that there was a need to improve and build new infrastructure, therefore, they increased borrowing and the debt ratios increased accordingly in recent years but realized its first decline since FY 2005 in FY 2010. To offset the County's increased debt due to school renovations and the commitment to build a new high school, the Board voted in FY 2005 to set aside six cents of the real estate tax rate for future school capital debt expenditures and one cent of the tax rate for County capital. The practice continued in FY 2010 to set aside six cents of the real estate tax rate for school debt expenditures but one cent of the tax rate for County capital was not funded in FY 2010. The practice to set aside six cents of the real estate tax rate ended in FY 2011 although there are funds remaining from this practice that will allow the County to off-set debt service expenditures by \$300,000 annually through FY 2016. The County Capital Improvement fund has accumulated funds due to the Board's policy requiring any funds in excess of 15% of budgeted revenues to be transferred from the General Fund into the Capital Fund. This plan was designed to reserve County savings for capital improvement projects that may have otherwise been debt financed. The County developed and the Board voted to accept a Five-Year Capital Improvements Plan. It represents the County's attempt to quantify the impacts of future needs matched with a projection of available resources. Each year this plan is reviewed, updated and adopted by the Board, thereby indicating the priority of projects, etc. The County's CIP policy requires that the County will ensure that all operating costs arising from approved capital projects are accounted for in the operating budget, will maintain its physical assets at a level adequate to protect the County's capital investment, and minimize future maintenance and replacement costs.

The County is strategically positioned to take advantage of a large and diversified workforce running the gamut from industrial laborers to high tech specialists. The County's EDA offers free assistance to companies wishing to establish, relocate, or expand their business in New Kent.

Relevant financial policies: The County Treasurer is responsible for investing County funds. Allowable investments include savings accounts, certificates of deposit, U. S. agency securities, corporate notes, banker's acceptances, commercial paper, money market accounts, mutual funds, state bonds, local bonds, mortgage-backed securities and repurchase agreements. The County Treasurer seeks to safeguard principal, meet liquidity objectives and seek fair value rates of return. The County believes that sound financial management principles require that sufficient funds be retained by the County to provide a stable financial base at all times. To retain this stable financial base, the County maintains a General Fund Balance sufficient to fund all cash flows of the County, to provide financial reserves for unanticipated expenditures and revenue shortfalls, and to provide funds for all existing encumbrances. Policy guidelines have established this amount at a minimum of 15% of governmental fund budgeted revenues.

Major initiatives and accomplishments: The County has aligned its professionalism, goals, and standards of operation with those of jurisdictions with much larger populations. Some of the initiatives completed over the past three years include:

- Renovated the Courthouse to provide adequate work space for the Juvenile and Domestic Court and Commonwealth's Attorney.
- Updated the Historic Courthouse to provide more efficient space for the Voter Registrar.
- Relocated the New Kent Office of Virginia Cooperative Extension to the historic school near the Courthouse Complex. This move not only brought Extension close to other County offices, but also saves in rent expenditures now that the County owns the historic school.

- Took advantage of countless federal, state, private and foundation grant opportunities for County programs, services, and capital programs. Grants for the fiscal year totaled over \$4.6 million.
- In January 2009, the Board of Supervisors adopted significant zoning changes.
- Continued to formulate and review Formal Fiscal Management Policies for Board Approval.
- Initiated and implemented energy savings programs and policies.
- Launched a reverse E-911 system to notify residents of emergency situations.
- Implemented economic development initiatives which included the reduction in fees for building permits.
- Leased out the Human Services Building to provide adequate space for the Social Services Department in addition to bringing together other agencies related to the welfare of our citizens such as Bay Transit, the Health Department, and Colonial Water and Conservation.
- Improved the Cable Access Channel Equipment/Technology for the recording of the Board of Supervisor meetings.
- Continued to refurbish the Administration Building.
- Modifications were made to the Historic School Gymnasium for Parks and Recreation use.
- Repairs were made to Fire Station 1, 2, 3 & 4, as well as, equipment purchases for fire stations.
- Renovations were made to the Elementary School
- Continued to purchase Sheriff's vehicles enabling the department to keep its fleet current
- Continued to provide annual funding to the Computer Fund to have funds to replace computers at least every 5 years and to provide funds for the update of IT equipment.

Acknowledgements

The County utilizes its Website www.co.new-kent.va.us for a variety of purposes, which include presentation of the proposed budget document. The budget document serves as the best source for the variety of accomplishments of County functions, new initiatives and changes in service levels. In addition, the website also provides many other topics of interest including the minutes of the Board of Supervisors meetings. While many of those accomplishments could also be made in this report, it is the County's current intention to focus this report on the results of operations and analysis of the financial statements.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of New Kent, Virginia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This was the seventh year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

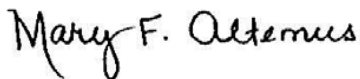
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Financial Services Department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Thanks also to the Office of the Commissioner of the Revenue, the Office of the

Treasurer, the Community Development Department, Building Codes and Compliance Department, the Human Resources Department, the Economic Development Director, and the School Board Office. The cover design was created by Krista M. Jones, Administrative Assistant to the County Administrator. Special thanks must also be given to our independent accounting firm, Robinson, Farmer, Cox Associates for their support and assistance in conducting the audit and for their insights and guidance on improving our financial reporting. In addition, credit also must be given to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of the County finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "G. Cabell Lawton, IV". The signature is fluid and cursive, with a long horizontal stroke at the end.

G. Cabell Lawton, IV
County Administrator

A handwritten signature in black ink, appearing to read "Mary F. Altemus". The signature is written in a cursive style with a distinct loop at the end.

Mary F. Altemus, CPA
Director of Financial Services

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditor's Report

**To The Honorable Members of the Board of Supervisors
County of New Kent
New Kent, Virginia**

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 the County of New Kent, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of New Kent, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of New Kent, Virginia, as of June 30, 2011, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2011, on our consideration of the County of New Kent, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and 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 management's discussion and analysis and schedules of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis and schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of New Kent, Virginia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of New Kent, Virginia. The combining and individual nonmajor fund financial statements and schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 4, 2011

County of New Kent, Virginia

Management's Discussion and Analysis

This section of the County of New Kent's (the "County") comprehensive annual financial report offers a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2011 (FY 2011). Please read it in conjunction with the transmittal letter at the front of this report and with the County's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FY 2011

- The assets of the County, on a government-wide basis excluding component units, exceeded its liabilities by \$120,627,888 (net assets) at the close of the most recent fiscal year. Of this amount, \$33,739,909 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets, excluding component units, increased by \$2,259,852 of which the governmental activities decreased by \$407,256 and business-type activities increased by \$2,667,108.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$26,075,166, a decrease of \$13,656 in comparison with the prior year. Approximately 76.2% of this total amount, \$19,875,911 is *available for spending* at the County's discretion (*Assigned and Unassigned Fund Balance*).
- At the end of the current fiscal year, assigned and unassigned fund balance for the General Fund was \$7,688,117, or 22%, of governmental fund expenditures.
- On the government-wide basis for governmental activities, the County had expenses net of program revenue of \$30,454,042. Expenses net of program revenues exceeded the general revenues of \$30,046,786 by \$407,256.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management Discussion and Analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are 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.

For over 20 years, the primary focus of local government financial statements was summarized fund type information on a current financial resource basis to provide short-term information about the County's overall financial status. This approach was modified with issuance of the Governmental Accounting Standards Board (GASB) Statement 34. Since fiscal year 2003, the County's financial statements have presented two kinds of statements, each with a different snapshot of the County's finances. The focus is on both the County as a whole (government-wide) and the fund financial statements (general, special revenue, capital projects, enterprise, and fiduciary funds). The government-wide statements provide both short-term and long-term information about the County's overall

financial status. The fund financial statements focus on individual parts of the County government, reporting the County's operations in more detail and reinforcing the information provided in the government-wide statements.

GOVERNMENT-WIDE STATEMENTS

The *government-wide financial statements* report information about the County as a whole using accounting methods similar to those used by private-sector companies. One of the most important questions asked about the County's finances is, "Is the County as a whole in better financial condition or worse as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, which are the government-wide statements, report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets and the Statement of Activities report the County's net assets and the changes in them. The County's net assets - the difference between assets and liabilities - is one way to measure the County's financial health, or financial position. Over time, increases and decreases in the County's net assets is one indicator of whether its financial health is improving or deteriorating. In addition, other nonfinancial factors such as changes in the County's property tax base and the condition of the County's infrastructure will need to be considered in order to assess the overall financial health of the County.

In the Statement of Net Assets and the Statement of Activities, we divide the County into three types of activities:

Governmental Activities – Most of the County's basic services are reported here: general government administration, judicial administration, public safety, public works, health and welfare, education, parks, recreation and cultural, and community development. Property taxes, other local taxes, and state and federal grants finance most of these activities.

Business-Type Activities – The County's operation, maintenance and construction of the County-owned water and wastewater (sewer) utility are reported here as the County charges a fee to customers to cover all or most of the cost of the services these operations provide.

Component Units – The County includes two separate legal entities in its report – the County of New Kent School Board (the School Board) and the Economic Development Authority (the EDA). Although legally separate, these "component units" are important because the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 20-22 of this report.

FUND FINANCIAL STATEMENTS

The *fund financial statements* focus on the County's most significant funds, not the County as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses

fund accounting to ensure and demonstrate fiscal accountability. All of the funds of the County can be divided into three types of funds:

Governmental Funds – The County maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Airport Fund, Debt Service Fund, the County Capital Improvements Fund and the School Construction Fund, all of which are considered major funds. Data from the other two governmental funds are combined into a single, aggregated presentation, Other Governmental Funds, and are considered to be non-major funds: Human Services and Meals Tax. Individual fund data for each of these funds is provided in the form of *combining statements* elsewhere in this report.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows* of spendable resources, as well as on *balances of spendable resources* available at the end of the fiscal year. The governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or less financial resources that can be spent in the near future to finance the County's programs. Since this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statements that explains the relationship (or reconciles the differences) between the two types of statements. (Exhibits 3 and 4)

The basic governmental fund financial statements can be found starting on page 23 of this report.

Proprietary Funds – Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary fund statements, like the government-wide statements, provide both long and short-term financial information.

The County's Enterprise Fund (one type of proprietary fund) is the same as the business-type activities included in the government-wide statements, but the fund financial statements provide more detail and additional information, such as cash flow. The County's Enterprise Fund accounts for the operation of the County's water and sewer utility fund.

The proprietary fund financial statements can be found starting on page 27 of this report.

Fiduciary Funds – The County is the trustee, or fiduciary, for Agency Funds. The County 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 assets and statement of changes in assets and liabilities. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its own operations.

The basic fiduciary fund financial statement can be found on page 30 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found starting on page 31 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary comparisons of the General Fund and Airport Fund and the County's progress in funding its obligation to provide pension benefits to its employees as well as its progress in funding the Schools' retiree healthcare plan.

Required supplementary information can be found starting on page 65 of this report.

Other Supplementary Information contains the schedule of revenues, expenditures and changes in fund balances for the Debt Service Fund, County Capital Improvements Fund, and the School Construction Fund. Also included are the combining balance sheet and combining schedule of revenues, expenditures, and changes in fund balance for the nonmajor special revenue funds: Human Services Fund and Meals Tax Fund. The last two exhibits included in this section are the combining statement of fiduciary net assets and the statement of change in assets and liabilities for agency funds.

Combining and individual fund statements and schedules can be found starting on page 69 of this report.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$120,627,888 at the close of the most recent fiscal year.

A large portion of the County's net assets (\$86,887,979, 72.0% of total) reflects its investment in capital assets (e.g., land, building, machinery, and equipment); less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

Statement of Net Assets

The following table reflects a summary of condensed information on the County's net assets at June 30, 2011 and 2010:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2011	2010	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 29,109,047	\$ 31,141,553	\$ 8,361,931	\$ 22,119,741	\$ 37,470,978	\$ 53,261,294	\$ 4,745,065	\$ 4,962,077
Capital assets	85,091,451	88,256,002	82,909,297	69,150,933	168,000,748	157,406,935	17,801,321	16,644,561
Total assets	\$ 114,200,498	\$ 119,397,555	\$ 91,271,228	\$ 91,270,674	\$ 205,471,726	\$ 210,668,229	\$ 22,546,386	\$ 21,606,638
Current and other liabilities	\$ 2,388,849	\$ 4,387,218	\$ 591,876	\$ 2,866,772	\$ 2,980,725	\$ 7,253,990	\$ 2,852,397	\$ 3,071,770
Long-term liabilities	65,627,873	68,419,305	16,235,240	16,626,898	81,863,113	85,046,203	619,323	476,992
Total Liabilities	\$ 68,016,722	\$ 72,806,523	\$ 16,827,116	\$ 19,493,670	\$ 84,843,838	\$ 92,300,193	\$ 3,471,720	\$ 3,548,762
Net assets								
Invested in capital assets, net of related debt	\$ 20,138,682	\$ 24,889,762	\$ 66,749,297	\$ 52,595,933	\$ 86,887,979	\$ 77,485,695	\$ 17,801,321	\$ 16,644,561
Unrestricted (deficit)	26,045,094	21,701,270	7,694,815	19,181,071	33,739,909	40,882,341	1,273,345	1,413,315
Total Net Assets	\$ 46,183,776	\$ 46,591,032	\$ 74,444,112	\$ 71,777,004	\$ 120,627,888	\$ 118,368,036	\$ 19,074,666	\$ 18,057,876

Current and other assets decreased by \$15,790,316 from the prior year. Most of the decrease was attributable to the use of cash by the Enterprise Fund toward the completion of two major capital projects - the Parham Forcemain Phase II and Reclaimed Water Project - and a decrease in debt service funds for Governmental Activities. There was also a \$1,889,173 decrease in governmental accounts payable, which was primarily related to construction projects. Accordingly, capital assets increased by \$10,593,813 as a result of these capital expenditures. Capital Assets under Governmental Activities decreased due to additional expenditures on the new High School and George Watkins Elementary School and the addition of machinery and equipment offset by larger decreases due to depreciation and jointly owned assets being transferred to the Component Unit – School Board.

The County's combined net assets increased by 1.9%, or \$2,259,852 to \$120,627,888 from \$118,368,036, an overall improvement resulting from the increase in net assets of Business-Type Activities in the amount of \$2,667,108 and a slight decrease in net assets of Governmental Activities in the amount of \$407,256 (Exhibit 1). The \$407,256 decrease in net assets for governmental activities is due in large part to the reduction in the amount of long-term debt. The increase for business-type activities was primarily attributable to capital contributions for sewer infrastructure.

The majority of the County's net assets reflect its investment in capital assets, less any related outstanding debt used to acquire those assets. These assets are used to provide services to citizens and consequently are not available for future spending. Unrestricted net assets represent available funds that can be used to finance day-to-day operations. At June 30, 2011, the County reported unrestricted net assets of \$33,739,909.

In the case of the component units, the School Board and EDA, assets exceeded liabilities by \$19,074,666 at the close of fiscal year 2011. The capital assets of the Schools (net of accumulated depreciation) increased by \$1,156,760. The Schools' net assets increased due to the transfer of jointly owned assets.

The Commonwealth of Virginia requires that counties, as well as their financially dependent component units, be financed under a single structure. This results in counties issuing debt to finance capital assets, such as public schools, for their component units. Schools are jointly owned with the County. The County maintains ownership of the capital asset until any debt owed on the asset is paid. The County

reports depreciation expense on these assets until such time as the debt is paid, and the asset is transferred to the component unit. The effect of this law for the year ended June 30, 2011, is that School-financed assets (net of accumulated depreciation) in the amount of \$55,845,554 are reported in the Primary Government for financial reporting purposes.

Schedule of Activities

The statement of activities, which also uses the full accrual basis of accounting, illustrates the cost of governmental activities net of related revenues. It also shows the general revenue sources that fund governmental operations. The following table summarizes the revenue and expenses of government-wide activities for the fiscal years ended June 30, 2011 and 2010:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2011	2010	2011	2010	2011	2010	2011	2010
Revenues:								
Program revenues:								
Charges for services	\$ 1,103,716	\$ 1,216,527	\$ 3,483,729	\$ 4,254,318	\$ 4,587,445	\$ 5,470,845	\$ 607,645	\$ 598,907
Operating grants and contributions	3,361,044	3,541,020	-	-	3,361,044	3,541,020	13,991,350	15,177,274
Capital grants and contributions	14,818	26,451	2,942,658	3,798,166	2,957,476	3,824,617	-	-
General revenues:								
Property taxes	22,263,513	22,330,764	117,658	112,973	22,381,171	22,443,737	-	-
Other taxes	3,884,188	3,665,210	-	-	3,884,188	3,665,210	-	-
Unrestricted revenues from use of money and property	797,493	872,932	203,188	63,610	1,000,681	936,542	27,072	16,577
Miscellaneous	781,793	858,794	-	-	781,793	858,794	132,638	248,306
Grant and contributions not restricted to specific programs	2,323,459	6,635,296	-	-	2,323,459	6,635,296	-	-
Payment from New Kent County	-	-	-	-	-	-	13,318,430	13,992,460
Transfers	(3,660)	560	3,660	(560)	-	-	-	-
Total Revenue	\$ 34,526,364	\$ 39,147,554	\$ 6,750,893	\$ 8,228,507	\$ 41,277,257	\$ 47,376,061	\$ 28,077,135	\$ 30,033,524
Expenses:								
General government administration	\$ 3,127,903	\$ 3,178,178	\$ -	\$ -	\$ 3,127,903	\$ 3,178,178	\$ -	\$ -
Judicial administration	1,626,082	1,281,668	-	-	1,626,082	1,281,668	-	-
Public safety	6,873,657	6,974,536	-	-	6,873,657	6,974,536	-	-
Public works	2,135,389	2,111,602	-	-	2,135,389	2,111,602	-	-
Health and welfare	2,632,900	2,470,269	-	-	2,632,900	2,470,269	-	-
Education	13,735,944	15,413,852	-	-	13,735,944	15,413,852	-	-
Parks, recreation, and cultural	710,686	707,331	-	-	710,686	707,331	-	-
Community development	1,194,287	1,017,515	-	-	1,194,287	1,017,515	-	-
Interest on long-term debt	2,896,772	3,141,450	-	-	2,896,772	3,141,450	-	-
Business type activities:								
Water & Sewer	-	-	3,043,612	2,665,738	3,043,612	2,665,738	-	-
Bottoms Bridge	-	-	1,040,173	1,053,599	1,040,173	1,053,599	-	-
Component Units:								
School Board	-	-	-	-	-	-	26,953,150	24,634,653
Economic Development Authority	-	-	-	-	-	-	107,195	29,206
Total Expenses	\$ 34,933,620	\$ 36,296,401	\$ 4,083,785	\$ 3,719,337	\$ 39,017,405	\$ 40,015,738	\$ 27,060,345	\$ 24,663,859
Change in net assets, before transfers	\$ (407,256)	\$ 2,851,153	\$ 2,667,108	\$ 4,509,170	\$ 2,259,852	\$ 7,360,323	\$ 1,016,790	\$ 5,369,665
Transfers	-	-	-	-	-	-	-	-
Change in net assets	(407,256)	2,851,153	2,667,108	4,509,170	2,259,852	7,360,323	1,016,790	5,369,665
Net assets at beginning of year	46,591,032	43,739,879	71,777,004	67,267,834	118,368,036	111,007,713	18,057,876	12,688,211
Net assets at end of year	\$ 46,183,776	\$ 46,591,032	\$ 74,444,112	\$ 71,777,004	\$ 120,627,888	\$ 118,368,036	\$ 19,074,666	\$ 18,057,876

Governmental Activities

For the fiscal year ended June 30, 2011, revenues for governmental activities totaled \$34,526,364, a decrease of \$4,621,190, or 11.8% from FY 2010. Real Estate Tax revenues, the County's largest revenue source, totaled \$17,868,756, a decrease of \$41,479 from the prior fiscal year. The County's assessed real property tax base for calendar year 2011 saw an assessed value increase of \$24,524,180 (\$171,670 tax). New construction accounted for approximately 57% of this increase (Source: New Kent Commissioner of the Revenue). The balance is primarily due to the ongoing Real Estate inspections performed by the Office of the Commissioner of the Revenue. The County Board of Supervisors adopted a Real Estate Tax

Rate for FY 2011 (calendar year 2010) of 70 cents per \$100 of assessed value. The tax rate for FY 2010 was 73 cents.

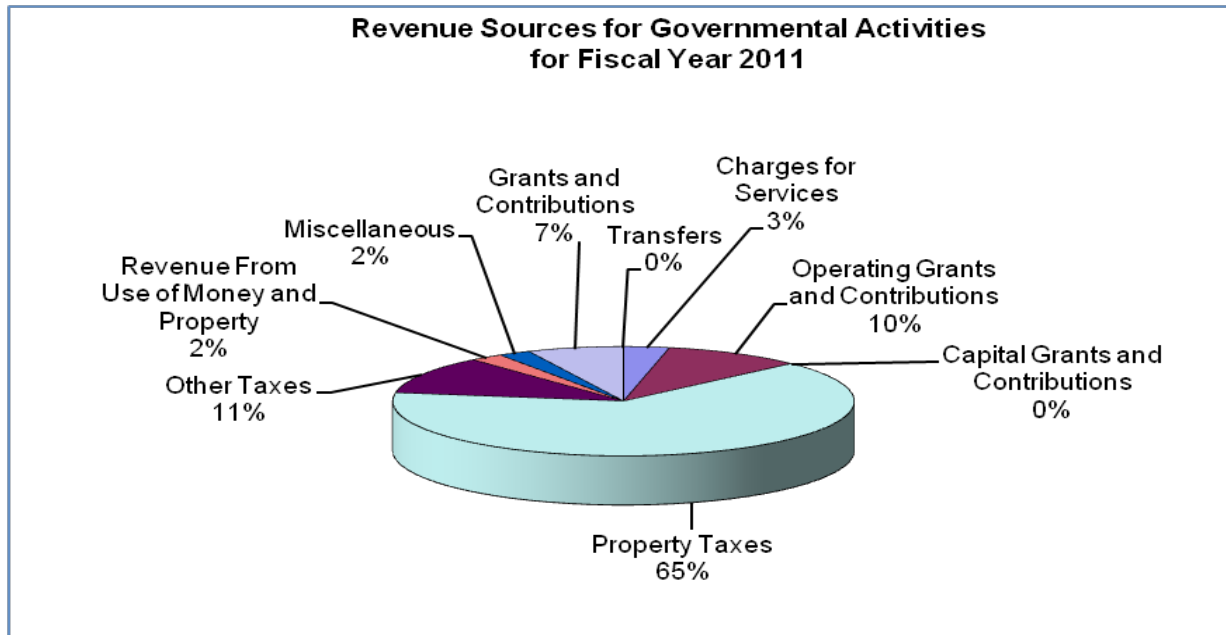
In the General Fund, the County reported current year collections of \$5,710,633 in personal property taxes, the County's second largest revenue source. Of that amount, \$2,217,883 was received as reimbursement from the Commonwealth of Virginia as an entitlement grant under the provisions of the Personal Property Tax Relief Act (PPTRA), offset by \$112,750 of local aid returned to the Commonwealth through reductions from Comprehensive Services Act (CSA) reimbursements. In the past a check was written directly to the Commonwealth. Personal property taxes increased in collections by \$133,983 due to the increase in assessed value of vehicles.

For the fiscal year ended June 30, 2011, expenses relating to governmental activities were \$6.9 million less than planned. During the FY 2011 budget process, when it became apparent that state and national economic conditions would continue to negatively impact the local budgets, various strategies were enacted in order to reduce expenses. These strategies included continuing the position freezes from the prior fiscal year unless the position was critical to the safety of citizens or crucial to the operations of the County, evaluation of current Capital Projects for potential deferment, evaluation of one-time funding for discretionary items and review and approval of all training/travel requests by the County Administrator.

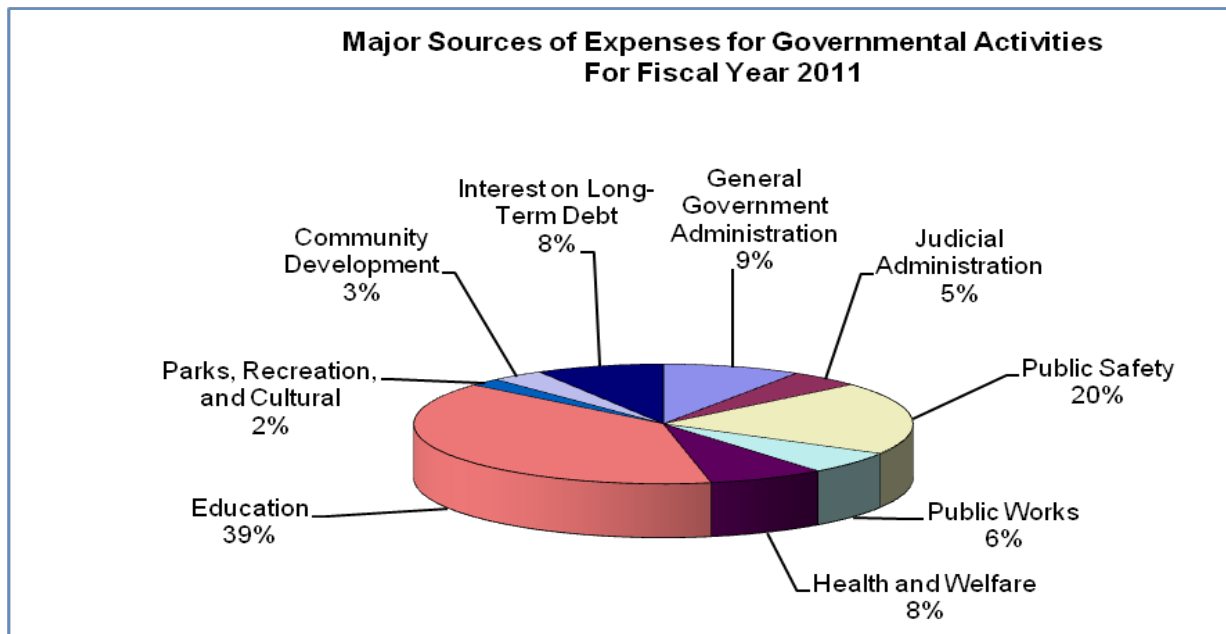
Other taxes include revenue from local sales and use taxes, communication sales tax, business license taxes and motor vehicle registration fees. Local sales and use tax revenues in the amount of \$1,027,953 made up the largest source of other taxes for FY 2011. Local sales and use tax and business license taxes increased during the current year as a result of improved auditing practices and enforcement by the County (Source: Commissioner of the Revenue). The combination of these revenue sources resulted in a modest overall increase in revenue of \$203,457 or 6.5% from other taxes for FY 2011.

During FY 2011, the County received \$5,699,321 in operating and capital grants and contributions and unrestricted intergovernmental revenue from the Commonwealth of Virginia and the Federal government. Of the amount received for operating grants and capital contributions, the major component was a grant from the Federal government for categorical aid for welfare from the Department of Health and Human Services.

Revenues: The following pie chart summarizes the major sources of revenues for the governmental activities.



Expenses: The following chart summarizes the major sources of expenses for the governmental activities.



For FY 2011, expenses for governmental activities totaled \$34,933,620 which includes payments for education to the New Kent County School Board (transfers). As a result of the GASB Statement No. 34 financial reporting requirements, depreciation expense is allocated to governmental activities. The

majority of the decrease in expenses from FY 2010 (\$1,362,781) was due to the adjustment for School debt-financed assets.

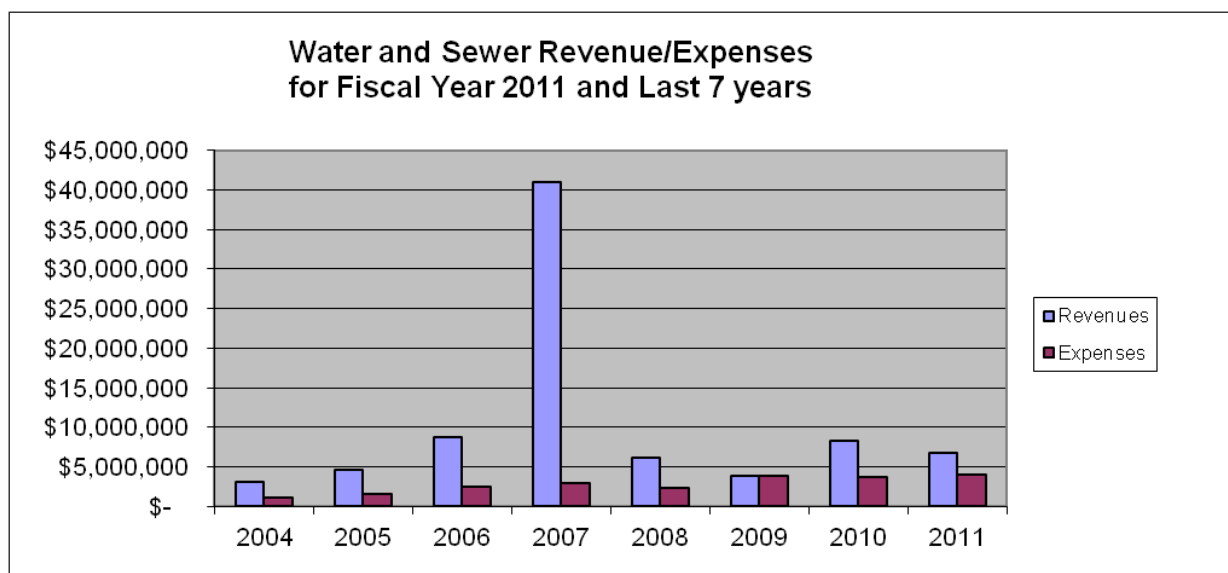
The County's largest funded programs are local support for education, public safety, public works, health and human services and Capital projects. Education continues to be one of the County's highest priorities and commitments. The County's operating subsidy to the Schools totaled \$10,685,099. In addition, the County continued its policy of allowing the School to carry forward unspent funds to its Capital Fund to be used for unplanned capital expenditures.

FY 2011 was the fourth full year that revenue has been recovered for ambulance and EMS services. Expenses for public safety (fire and rescue) increased to provide part-time fire-rescue personnel to allow additional coverage during the day and weekends due to decreased volunteer participation and call volume increase due to the upswing in population. This increase in personnel also reduced response time within the County.

For governmental activities, the Statement of Activities on pages 21-22 indicates that \$1,103,716 was financed by those receiving services, \$3,361,044 from operating grants and contributions, \$14,818 from capital grants and contributions, with the County's general revenues financing \$30,046,786 of the remaining program expenses.

Business-Type Activities: Business-type activities increased the County's net assets by \$2,667,108, accounting for 61.7% of the total growth in the County's net assets for FY 2011. Similar to changes in net assets attributable to governmental activities, changes in business-type activity net assets also result from the difference between revenues and expenses. Unlike governmental activities, which primarily rely on general tax revenue to finance operations, business-type activities are financed to a significant extent by fees charged for goods and services provided. The operating gain for FY 2011 is due primarily to the increase in charges for services combined with the receipt of capital grants and contributions totaling \$2,942,658 used for construction projects.

The following chart is a summary of water and sewer income and expenses for the current and last seven fiscal years. The chart illustrates this correlation.



Revenues for Business-type activities totaled \$6,750,893, a decrease of \$1,477,614 for FY 2011. Service fees and federal grant funds make up the largest portion of the total revenues. Total revenue from property taxes was \$117,658 or 1.7% of revenues. These tax revenues are related to the Bottoms Bridge Service District which was established to support utility improvements in the area.

For FY 2011, operating revenues were \$219,451 higher than the prior year due to a modest increase in customer water and sewer revenues due to the slight rise in the number of water and utility customers and a rate increase. Operating expenses totaled \$3,362,595, which reflects a \$377,875 increase over the prior year. The higher operating expenses resulted from a slight increase in personnel costs, depreciation expense, and contractual services. The water and sewer rates, as well as water and sewer connection fees and sewer connection availability fees, were increased again by 8% in FY 2011. These increases were recommended by the County's financial advisors to prepare for future debt service payments, and eventually to cover its operating expenditures with operating revenues. The majority of the decrease from FY 2010 in non-operating revenues (expenses) was due to the reduction in connection and reconnection fees and availability fees collected due to the reduction in the number of homes being built in the County.

Component Unit – School Board: For FY 2011, revenues for the School Board totaled \$28,065,823, which includes the transfer from the County. Operating Grants and Contributions is the largest component of revenues for the School Board totaling \$13,991,350 or 49.9% of the total revenues. The School Board received \$11,766,791 from the Commonwealth, a decrease of \$667,797 from FY 2010 and \$2,224,559 from the Federal government. The decrease from the Federal government from FY 2010 was \$518,127. The Payment from New Kent County is the second largest component of revenues for the School Board totaling \$13,318,430, or 44.4% of the total revenues recorded for the School Board. As mentioned earlier, education continues to be one of the County's highest priorities and commitments.

Component Unit – Economic Development Authority: The net assets of the EDA decreased \$95,883 from the prior year. The revenues for the EDA, \$11,312, are made up almost entirely of revenues from investments held by the EDA. Expenses are made up of activities to attract new businesses, encourage existing businesses to expand, and to promote tourism opportunities in the County. The EDA manages several business incentive programs that include assistance with signage and façade improvements, grants to new businesses locating to the County, and grants to assist existing businesses with expansion projects.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds: The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements.

At the end of FY 2011, the County's *governmental funds* reported a combined ending fund balance of \$26,075,166, a decrease of \$13,656 in comparison with the prior fiscal year

GASB Statement No. 54 (Fund Balance Reporting and Governmental Fund Type Definitions) is effective for financial statements for periods beginning after June 15, 2010. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as fund balance associated with inventories. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The GASB Statement No. 34 Fund Balance Policy resolution was presented to the Board of Supervisors and adopted on June 29, 2011.

Of the combined fund balances, \$4,183,193 is restricted fund balance to indicate that the amounts have been constrained for E-911 wireless, clean county committee/litter control, asset forfeiture, and school capital projects not completed at FY 2011 year end and carried forward.

Funds reported as committed in the amount of \$756,219 are constrained for the computer fund, airport operations, human services, meals tax and debt service.

Funds reported as assigned in the amount of \$12,187,794 and defined as amounts the government intends to use for specific purposes are for Capital improvements.

Lastly, funds reported as nonspendable in the amount of \$1,259,843 are for prepaid expenses.

Fund balance details can be found on page 41 of this report.

The General Fund is the chief operating fund of the County. At the end of FY 2011 the fund balance of the General Fund was \$7,820,625. The "net change in fund balance" reflects a decline of \$885,090 which compares to a prior year decrease of \$446,764. The reader should not be concerned by these decreases as the County has established a policy to maintain a fund balance at 15% of budgetary revenues. Unassigned fund balances exceeding the 15% threshold are transferred from the General Fund to the Capital Projects Fund at year end. For FY 2011, the County transferred \$2,632,866 in excess funds to the Capital Fund which will be used to fund future capital procurements on a cash basis. The County's Capital Improvement Fund balance increased by \$1,513,072. The majority of this increase is due the transfer from the General Fund keeping with the practice of transferring general fund balance greater than 15% to Capital as discussed earlier. Because the budgeted revenues continue to be conservative and expenditures were monitored tightly, there have been funds transferred to the capital projects account for each of the past ten years. The County Capital Improvements Fund has an assigned balance of \$12,187,794.

When compared to FY 2010, General Fund revenues increased a total of \$31,119. Property taxes increased \$75,516, while other local taxes increased by \$203,457 primarily due to increases in vehicle

assessments. Permits and licenses decreased \$120,324 due to a slowdown in building activity and an economic incentive plan that expired June 30, 2011. Other notable changes include a \$23,680 increase in fines and forfeitures, a \$35,287 decrease in charges for services and a \$109,212 decrease in recovered costs. The decrease in recovered cost is primarily due to a reduction in ambulance fees billed and collected. It is also worth noting that combined state and federal funding is uncertain, as these governments are dealing with budgetary challenges relative to their respective budgets. Overall, expenditures increased \$2,101,264. This increase is primarily due to the hiring of additional public safety personnel, increase for inmate incarceration, and increased funding for education.

The School Construction Fund is used to account for financial resources to be used for construction of major School capital facilities. The School Construction Fund balance decreased by \$268,218. This decrease was due to construction expenditures that were paid from remaining loan funds combined with interest earned. These funds are designated for future capital projects.

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 assets of the Utility Fund at the end of the fiscal year amount to \$7,694,815. Total net assets for the proprietary fund increased by \$2,667,108. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities.

General Government Functions

The following schedule presents a summary of revenues of the major funds, general and capital projects, and other non-major governmental funds of the County for the fiscal year ended June 30, 2011 and the amount and percentage of increases and decreases in relation to prior year revenues.

Summary of Revenues June 30, 2011 and 2010					
	2011 Amount	Percent of total	2010 Amount	Increase (Decreases) from 2010	Percent Increase (Decreases)
Revenues					
General property taxes	\$ 22,297,958	63.6%	\$ 22,222,442	\$ 75,516	0.3%
Other local taxes	3,884,188	11.1%	3,665,210	218,978	6.0%
Permits, privilege fees and regulatory licenses	310,578	0.9%	430,902	(120,324)	-27.9%
Fines and forfeitures	215,521	0.6%	191,841	23,680	12.3%
Revenue from the use of money and property	797,493	2.3%	872,932	(75,439)	-8.6%
Charges for services	577,617	1.6%	593,784	(16,167)	-2.7%
Miscellaneous	781,793	2.2%	858,794	(77,001)	-9.0%
Recovered costs	485,748	1.4%	594,960	(109,212)	-18.4%
Commonwealth	4,823,858	13.8%	4,869,299	(45,441)	-0.9%
Federal	875,463	2.5%	990,768	(115,305)	-11.6%
Total Revenues	\$ <u>35,050,217</u>	100.0%	\$ <u>35,290,932</u>	\$ <u>(240,715)</u>	-0.7%

The following schedule presents the General Fund budgetary highlights for FY 2011:

**General Fund Budgetary Highlights
Fiscal Year 2011**

	Original Budget	Amended Budget	Actual	Original vs. Actual	Amended vs. Actual
Revenues					
Taxes	\$ 25,149,285	\$ 25,149,285	\$ 25,655,084	\$ 505,799	\$ 505,799
Intergovernmental	4,971,351	6,090,977	5,284,254	312,903	(806,723)
Other	2,475,929	2,918,508	2,917,354	441,425	(1,154)
Total	32,596,565	\$ 34,158,770	\$ 33,856,692	\$ 1,260,127	\$ (302,078)
Expenditures and Other Financing Sources (Uses)					
Expenditures	\$ 25,945,185	\$ 28,993,170	\$ 26,427,585	\$ (482,400)	\$ 2,565,585
Transfers In/Out	5,936,022	5,982,883	8,365,265	(2,429,243)	(2,382,382)
Sale of Capital Assets		(51,118)	(51,068)	51,068	(50)
Total	\$ 31,881,207	\$ 34,924,935	\$ 34,741,782	\$ (2,860,575)	\$ 183,153

Actual General Fund revenues exceeded original budgeted revenues by \$1,260,127 during FY 2011. This increase is attributable in part to increased real estate assessments and other increases in local taxes such as real estate and personal property tax revenues, which account for \$505,799 of the increase. Revenue collections were less than the revised budget by \$302,078. Actual General Fund expenditures were greater than the original budget by \$482,400, which is due in part to supplemental appropriations approved by the Board of Supervisors. Actual General Fund expenditures were less than the revised budget by \$2,565,585.

During FY 2011, the Board of Supervisors amended the budget throughout the year. These budget amendments or supplemental appropriations were primarily for the following purposes:

To re-appropriate monies to pay for continuing programs whose fiscal year extended beyond June 30, 2010.

To re-appropriate grants revenues authorized in fiscal year 2010 or earlier, but not expended or encumbered as of June 30, 2010.

To appropriate grants or donations accepted or adjusted in fiscal year 2011.

To appropriate funds for program enhancements, small-scale capital projects or other operational needs that were not anticipated in the original fiscal year 2011 budget.

Proprietary Funds: The County's proprietary fund is comprised of the Utility Fund and the Bottoms Bridge Fund. In the budgetary management of the Enterprise Fund, the County has chosen not to budget for depreciation. Connection Fees have been used to balance the budget.

CAPITAL ASSETS

Capital assets: At the end of fiscal year 2011, the County's investment in capital assets for its governmental and business-type activities amounts to \$168 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment. The decrease in governmental activities is attributable to depreciation expense, the completion of various School and County projects, and the adjustment for jointly owned assets.

The Enterprise Fund is committed to meeting the present and future water and sewer needs of the County by providing quality public utility services at a reasonable cost while meeting and/or exceeding all federal, state, and local regulations with regard to water quality. At the end of June 2011, the department provided water service to approximately 2,101 water customers and 916 sewer customers. The Enterprise Fund is continuing with Utility infrastructure construction that began with phase one in 2004. At that time the Board of Supervisors created the Bottoms Bridge Service District as a financing mechanism to allow the utility users to pay for the utilities through an ad valorem tax surcharge in addition to traditional connection and user charges. The Board also decided to run the sewer utility main line along Interstate I64 through the Routes 106 and 155 intersections to the Chickahominy Wastewater Treatment Plant.

Capital assets, net of accumulated depreciation for the fiscal years ended June 30, 2011 and 2010, are illustrated in the following table:

Capital Assets
(Net of accumulated depreciation)
June 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2011	2010	2011	2010	2011	2010	2011	2010
Non-Depreciable Assets								
Land	\$ 3,578,529	\$ 3,578,529	\$ 2,711,055	\$ 2,691,535	\$ 6,289,584	\$ 6,270,064	\$ 2,022,600	\$ 2,022,600
Construction in progress	2,974,985	2,634,616	31,328,507	16,769,899	34,303,492	19,404,515	110,390	
Jointly owned assets	-	-			-	-	-	-
Other Capital Assets								
Buildings	20,262,440	19,703,486			20,262,440	19,703,486		
Machinery and equipment	10,981,547	10,836,403			10,981,547	10,836,403	5,355,973	4,842,859
Capital improvements	2,201,326	2,715,314			2,201,326	2,715,314		
Jointly owned assets	63,428,065	64,620,253			63,428,065	64,620,253	16,335,630	14,850,401
Water production and distribution facilities			5,569,481	5,569,481	5,569,481	5,569,481		
Machinery and Equipment			5,423,559	5,388,684	5,423,559	5,388,684		
Infrastructure			43,997,492	43,817,190	43,997,492	43,817,190		
Less Accumulated Depreciation	<u>(18,335,441)</u>	<u>(15,832,599)</u>	<u>(6,120,797)</u>	<u>(5,085,856)</u>	<u>(24,456,238)</u>	<u>(20,918,455)</u>	<u>(6,023,272)</u>	<u>(5,071,299)</u>
	<u>\$ 85,091,451</u>	<u>\$ 88,256,002</u>	<u>\$ 82,909,297</u>	<u>\$ 69,150,933</u>	<u>\$ 168,000,748</u>	<u>\$ 157,406,935</u>	<u>\$ 17,801,321</u>	<u>\$ 16,644,561</u>

Additional information on the County's capital assets can be found in note 6 of this report.

LONG-TERM DEBT

At the end of the current fiscal year, New Kent County (including the component units) had a total outstanding debt of \$82,482,436. Of this amount, \$14,062,018 comprises debt backed by the full faith and credit of the government and \$65,203,926 represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The remainder of New Kent County's long-term debt is accrued vacation and sick leave (\$1,103,667), bond premium (\$1,846,825) and OPEB liability (\$266,000). Details are summarized in the following table:

Long-Term Debt
June 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2011	2010	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 107,071	\$ 120,727	\$ -	\$ -	\$ 107,071	\$ 120,727	\$ 13,954,947	\$ 14,832,419
Bond premium	136,733	149,844	-	-	136,733	149,844	1,710,092	1,888,881
Accrued vacation/sick	675,104	647,772	75,240	71,898	750,344	719,670	353,323	323,992
Lease Revenue Bonds	7,153,319	7,426,237	16,160,000	16,555,000	23,313,319	23,981,237	41,890,607	43,353,425
OPEB Liability	-	-	-	-	-	-	266,000	153,000
	<u>\$ 8,072,227</u>	<u>\$ 8,344,580</u>	<u>\$ 16,235,240</u>	<u>\$ 16,626,898</u>	<u>\$ 24,307,467</u>	<u>\$ 24,971,478</u>	<u>\$ 58,174,969</u>	<u>\$ 60,551,717</u>

New Kent County's total debt obligations including the Component Units decreased by \$3,040,759 or 3.7%. Debt obligations of Governmental Activities and Component Units (the County and School Board) decreased by \$2,649,101 and the Enterprise debt obligation decreased by \$391,658.

- The County's debt obligation has a decrease of \$272,353 or 3.3%, while the School Board debt decreased by \$2,519,079 or 4.2%. The County's debt obligation decrease is a combination of FY 2011 debt payments, a net decrease in compensated absences in the amount of \$27,332. The majority of the School decrease is due to the payment of principal.

The primary factor in the decrease in the business-type activities was the pay down of principal during the year.

Additional information on the County's long-term liabilities can be found in note 8 of this report.

OTHER INFORMATION

The FY 2012 adopted budget was developed with the Board of Supervisors' goal of maintaining service levels while living within our means, or working within existing resources. As the Budget Management Team worked through the budget process, the following principles served as the foundation for the decision making process:

- Maintain taxes and fees at FY 2011 levels
- Utilize existing cash reserves for capital projects – No new debt
- Ensure educational excellence in an environment of diminishing state aid and local resources
- Maintain public safety and social services during a period of increasing demand for services
- Promote and maintain a business friendly environment within the County

As adopted, the budget does not reflect reductions to existing services. Going forward the County will face revenue and operational cost challenges that will test our ability to maintain our current service levels. Although the U.S. and State economies show some signs of recovery, it is anticipated that any recovery in the County will be modest and slow to materialize in the local housing market. For this reason, the FY 2012 budget was developed with the premise that the 2012 reassessment would not provide significant new revenues to fund services. Also, it is unlikely that we will see any large new infusion of state and federal funds as these entities deal with revenue and spending challenges relative to their respective budgets. The FY 2012 budget was crafted with these uncertainties in mind, and as a result, no new services or programs were adopted that would obligate significant future resources.

The FY 2012 revenue budget totals \$53,302,919, which reflects a \$3,080,381 (6.1%) increase over the adopted current year (FY 2011) budget of \$50,222,538. The following schedule denotes increases and decreases by fund.

**Adopted Budget – Revenues
FY12 and FY11**

Fund	FY12 Adopted Budget	FY11 Adopted Budget	Increase (Decrease)
General Fund	\$33,517,565	\$31,726,043	\$1,791,522
Schools	15,168,874	14,483,778	685,096
Capital Projects	1,777,770	842,400	935,370
Airport Operations	415,534	281,800	133,734
Social Services	958,922	830,522	128,400
E-911 Wireless Fund	60,000	40,000	20,000
Meals Tax Fund	--	515,000	(515,000)
Human Services (CSA)	1,104,254	1,202,995	(98,741)
Debt Service	300,000	300,000	--
Total	\$53,302,919	\$50,222,538	\$3,080,381

General Fund revenues are projected to increase \$1,791,522. Of this amount, \$875,000 is directly related to meals tax revenues, which will be moved to the General Fund for FY 2012. Collectively, real estate, personal property, and machinery and tools revenues are projected to increase \$419,185, net of delinquent collections. Delinquent collections relative to these revenues are forecast to increase a combined \$120,150. The real estate collection rate of 97% reflects historical trends, while the collection rate for personal property of 94% reflects uncertainty that remains in the economy. One penny of the real estate rate, net of the 3% uncollectible allowance, now totals \$253,331. State revenues for the School System are forecast to increase \$713,571, while federal revenues are budgeted to decrease \$324,492. The School Board will receive an additional \$236,000 transfer from the County for FY 2012 and will re-appropriate an estimated FY 2011 fund balance totaling approximately \$126,157. The entire \$1,783,040 capital improvements budget will be funded with existing cash reserves; and therefore, no new debt is anticipated. The audited cash balance in the Capital Projects Fund at June 30, 2010 totaled \$10,948,769. The \$128,400 increase in the Social Services revenue budget is directly related to additional state revenue relative to the two new personnel positions approved for FY 2012, and the expected partial state funding of CSA staff.

The schedule below reflects increases and decreases, by fund, for the FY 2012 expenditure budget.

**Adopted Budget – Expenditures
FY12 and FY11**

Fund	FY12 Adopted Budget	FY11 Adopted Budget	Increase (Decrease)
General Fund	\$15,995,982	\$14,861,526	\$1,134,456
Schools	25,903,469	24,982,373	921,096
Capital Projects	1,431,270	816,250	615,020
Airport Operations	716,344	322,862	393,482
Social Services	1,300,595	1,158,222	142,373
E-911 Wireless Fund	60,000	40,000	20,000
Human Services (CSA)	2,133,073	2,208,981	(75,908)
Debt Service	5,692,186	5,730,124	(37,938)
Computer Replacement	70,000	102,200	(32,200)
Total	\$53,302,919	\$50,222,538	\$3,080,381

The \$1,134,456 increase for the General Fund is primarily related to a \$400,971 increase relative to additional public safety personnel, an \$185,150 increase for inmate incarceration, a two percent salary increase for County employees and a one-time \$350,000 transfer from the Meal Tax Fund. As indicated above, capital project procurements will be funded with existing cash reserves. The Social Services budget increase of \$142,373 reflects the addition of two new employees that will be primarily funded by the Commonwealth of Virginia. The School Board budget includes a two percent salary increase for employees, and additional cost relative to employee retirement contributions and the Comprehensive Services Act.

The current economic climate is expected to continue into fiscal year 2014.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Financial Services, County of New Kent, P. O. Box 50, New Kent, VA 23124 or via email at MFAItemus@co.newkent.state.va.us. Additional financial information can be found on our web-site www.co.new-kent.va.us.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Assets
June 30, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 20,339,855	\$ 7,460,832	\$ 27,800,687	\$ 2,140,109	\$ 683,576
Receivables (net of allowance for uncollectibles):					
Taxes receivable	1,221,680	6,957	1,228,637	-	-
Accounts receivable	355,333	951,162	1,306,495	1,040	-
Internal balances	57,020	(57,020)	-	-	-
Due from other governmental units	961,460	-	961,460	1,198,832	-
Inventories	-	-	-	-	721,508
Prepaid expenses	1,259,843	-	1,259,843	-	-
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents (in custody of others)	4,137,075	-	4,137,075	-	-
Other assets:					
Unamortized bond issue costs	776,781	-	776,781	-	-
Capital assets (net of accumulated depreciation):					
Land	3,578,529	2,711,055	6,289,584	2,022,600	-
Buildings and system	74,488,733	4,872,243	79,360,976	14,382,786	-
Machinery and equipment	4,049,204	-	4,049,204	1,285,545	-
Infrastructure	-	43,997,492	43,997,492	-	-
Construction in progress	2,974,985	31,328,507	34,303,492	110,390	-
Total assets	<u>\$ 114,200,498</u>	<u>\$ 91,271,228</u>	<u>\$ 205,471,726</u>	<u>\$ 21,141,302</u>	<u>\$ 1,405,084</u>
LIABILITIES					
Accounts payable	\$ 506,197	\$ 228,549	\$ 734,746	\$ 1,022,754	\$ -
Accrued liabilities	90,441	-	90,441	1,829,643	-
Accrued interest payable	1,278,545	178,795	1,457,340	-	-
Unearned revenue	233,209	-	233,209	-	-
Deposits held in escrow	280,457	184,532	464,989	-	-
Long-term liabilities:					
Due within one year	3,564,498	480,240	4,044,738	231,082	-
Due in more than one year	62,063,375	15,755,000	77,818,375	388,241	-
Total liabilities	<u>\$ 68,016,722</u>	<u>\$ 16,827,116</u>	<u>\$ 84,843,838</u>	<u>\$ 3,471,720</u>	<u>\$ -</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 20,138,682	\$ 66,749,297	\$ 86,887,979	\$ 17,801,321	\$ -
Unrestricted (deficit)	26,045,094	7,694,815	33,739,909	(131,739)	1,405,084
Total net assets	<u>\$ 46,183,776</u>	<u>\$ 74,444,112</u>	<u>\$ 120,627,888</u>	<u>\$ 17,669,582</u>	<u>\$ 1,405,084</u>

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

COUNTY OF NEW KENT, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 3,127,903	\$ -	\$ 204,604	\$ -
Judicial administration	1,626,082	363,772	485,392	-
Public safety	6,873,657	319,879	1,242,527	-
Public works	2,135,389	50,901	-	-
Health and welfare	2,632,900	-	1,280,484	-
Education	13,735,944	-	-	-
Parks, recreation, and cultural	710,686	263,089	4,500	-
Community development	1,194,287	106,075	143,537	14,818
Interest on long-term debt	2,896,772	-	-	-
Total governmental activities	\$ 34,933,620	\$ 1,103,716	\$ 3,361,044	\$ 14,818
Business-type activities:				
Water and sewer	\$ 3,043,612	\$ 3,191,329	\$ -	\$ 2,942,658
Bottom's Bridge	1,040,173	292,400	-	-
Total business-type activities	\$ 4,083,785	\$ 3,483,729	\$ -	\$ 2,942,658
Total primary government	\$ 39,017,405	\$ 4,587,445	\$ 3,361,044	\$ 2,957,476
COMPONENT UNITS:				
School Board	\$ 26,953,150	\$ 607,645	\$ 13,991,350	\$ -
Economic Development Authority	107,195	-	-	-
Total component units	\$ 27,060,345	\$ 607,645	\$ 13,991,350	\$ -
General revenues:				
General property taxes				
Local sales and use tax				
Consumer utility tax				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Payment from New Kent County				
Transfers				
Total general revenues				
Change in net assets				
Net assets - beginning				
Net assets - ending				

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

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	EDA
\$ (2,923,299)	\$ -	\$ (2,923,299)	\$ -	\$ -
(776,918)	-	(776,918)	-	-
(5,311,251)	-	(5,311,251)	-	-
(2,084,488)	-	(2,084,488)	-	-
(1,352,416)	-	(1,352,416)	-	-
(13,735,944)	-	(13,735,944)	-	-
(443,097)	-	(443,097)	-	-
(929,857)	-	(929,857)	-	-
(2,896,772)	-	(2,896,772)	-	-
<u>\$ (30,454,042)</u>	<u>\$ -</u>	<u>\$ (30,454,042)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 3,090,375	\$ 3,090,375	\$ -	\$ -
-	(747,773)	(747,773)	-	-
<u>\$ -</u>	<u>\$ 2,342,602</u>	<u>\$ 2,342,602</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (30,454,042)</u>	<u>\$ 2,342,602</u>	<u>\$ (28,111,440)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (12,354,155)	\$ -
-	-	-	-	(107,195)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,354,155)</u>	<u>\$ (107,195)</u>
\$ 22,263,513	\$ 117,658	\$ 22,381,171	\$ -	\$ -
1,027,953	-	1,027,953	-	-
204,865	-	204,865	-	-
2,651,370	-	2,651,370	-	-
797,493	203,188	1,000,681	16,263	10,809
781,793	-	781,793	132,135	503
2,323,459	-	2,323,459	-	-
-	-	-	13,318,430	-
(3,660)	3,660	-	-	-
<u>\$ 30,046,786</u>	<u>\$ 324,506</u>	<u>\$ 30,371,292</u>	<u>\$ 13,466,828</u>	<u>\$ 11,312</u>
<u>\$ (407,256)</u>	<u>\$ 2,667,108</u>	<u>\$ 2,259,852</u>	<u>\$ 1,112,673</u>	<u>\$ (95,883)</u>
<u>46,591,032</u>	<u>71,777,004</u>	<u>118,368,036</u>	<u>16,556,909</u>	<u>1,500,967</u>
<u>\$ 46,183,776</u>	<u>\$ 74,444,112</u>	<u>\$ 120,627,888</u>	<u>\$ 17,669,582</u>	<u>\$ 1,405,084</u>

FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2011

	General	Airport	Debt Service	County Capital Improvements	School Construction	Other Governmental Funds	Total
ASSETS							
Cash and cash equivalents	\$ 7,081,770	\$ 86,894	\$ 292,453	\$ 12,646,989	\$ -	\$ 231,749	\$ 20,339,855
Receivables (net of allowance for uncollectibles):							
Taxes receivable	1,221,680	-	-	-	-	-	1,221,680
Accounts receivable	261,375	19,074	-	17,959	-	56,925	355,333
Due from other funds	57,020	-	-	-	-	-	57,020
Due from other governmental units	883,258	-	-	-	-	78,202	961,460
Prepaid items	3,934	16,855	1,239,054	-	-	-	1,259,843
Temporarily restricted:							
Cash and cash equivalents	-	-	-	-	4,137,075	-	4,137,075
Total assets	<u>\$ 9,509,037</u>	<u>\$ 122,823</u>	<u>\$ 1,531,507</u>	<u>\$ 12,664,948</u>	<u>\$ 4,137,075</u>	<u>\$ 366,876</u>	<u>\$ 28,332,266</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 219,095	\$ 19,149	\$ -	\$ 198,097	\$ -	\$ 69,856	\$ 506,197
Accrued liabilities	89,312	1,129	-	-	-	-	90,441
Deferred revenue	1,380,005	-	-	-	-	-	1,380,005
Deposits held in escrow	-	1,400	-	279,057	-	-	280,457
Total liabilities	<u>\$ 1,688,412</u>	<u>\$ 21,678</u>	<u>\$ -</u>	<u>\$ 477,154</u>	<u>\$ -</u>	<u>\$ 69,856</u>	<u>\$ 2,257,100</u>
Fund balances:							
Nonspendable	\$ 3,934	\$ 16,855	\$ 1,239,054	\$ -	\$ -	\$ -	\$ 1,259,843
Restricted	46,118	-	-	-	4,137,075	-	4,183,193
Committed	82,456	84,290	292,453	-	-	297,020	756,219
Assigned	-	-	-	12,187,794	-	-	12,187,794
Unassigned	7,688,117	-	-	-	-	-	7,688,117
Total fund balances	<u>\$ 7,820,625</u>	<u>\$ 101,145</u>	<u>\$ 1,531,507</u>	<u>\$ 12,187,794</u>	<u>\$ 4,137,075</u>	<u>\$ 297,020</u>	<u>\$ 26,075,166</u>
Total liabilities and fund balances	<u>\$ 9,509,037</u>	<u>\$ 122,823</u>	<u>\$ 1,531,507</u>	<u>\$ 12,664,948</u>	<u>\$ 4,137,075</u>	<u>\$ 366,876</u>	<u>\$ 28,332,266</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Assets
 June 30, 2011

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	26,075,166
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$	103,426,892	
Less: accumulated depreciation		<u>(18,335,441)</u>	85,091,451

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,146,796
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Long-term liabilities and related assets, including unamortized bond issue costs and bonds payable. Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable	\$	(63,105,944)	
Bond issuance premium		(1,846,825)	
Interest payable		(1,278,545)	
Unamortized bond issue costs		776,781	
Compensated absences		<u>(675,104)</u>	<u>(66,129,637)</u>

Net assets of governmental activities	\$	<u><u>46,183,776</u></u>
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The notes to the financial statements are an integral part of this statement.

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

	General	Airport	Debt Service	County Capital Improvements	School Construction	Other Governmental Funds	Total
REVENUES							
General property taxes	\$ 22,297,958	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,297,958
Other local taxes	3,357,126	-	-	-	-	527,062	3,884,188
Permits, privilege fees, and regulatory licenses	310,578	-	-	-	-	-	310,578
Fines and forfeitures	215,521	-	-	-	-	-	215,521
Revenue from the use of money and property	707,207	90,109	-	-	177	-	797,493
Charges for services	473,509	104,108	-	-	-	-	577,617
Miscellaneous	724,791	7,240	-	49,762	-	-	781,793
Recovered costs	485,748	-	-	-	-	-	485,748
Intergovernmental revenues:							
Commonwealth	4,431,032	2,638	-	-	-	390,188	4,823,858
Federal	853,222	7,423	-	14,818	-	-	875,463
Total revenues	\$ 33,856,692	\$ 211,518	\$ -	\$ 64,580	\$ 177	\$ 917,250	\$ 35,050,217
EXPENDITURES							
Current:							
General government administration	\$ 2,859,703	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,859,703
Judicial administration	1,293,438	-	-	-	-	-	1,293,438
Public safety	6,757,429	-	-	-	-	-	6,757,429
Public works	1,608,005	224,232	-	-	-	-	1,832,237
Health and welfare	1,448,752	-	-	-	-	1,080,896	2,529,648
Education	10,689,229	-	-	-	-	-	10,689,229
Parks, recreation, and cultural	652,519	-	-	-	-	-	652,519
Community development	1,118,510	-	-	-	-	-	1,118,510
Capital projects	-	29,304	-	1,351,369	268,395	-	1,649,068
Debt service:							
Principal retirement	-	-	2,626,864	-	-	-	2,626,864
Interest and other fiscal charges	-	-	3,102,636	-	-	-	3,102,636
Total expenditures	\$ 26,427,585	\$ 253,536	\$ 5,729,500	\$ 1,351,369	\$ 268,395	\$ 1,080,896	\$ 35,111,281
Excess (deficiency) of revenues over (under) expenditures	\$ 7,429,107	\$ (42,018)	\$ (5,729,500)	\$ (1,286,789)	\$ (268,218)	\$ (163,646)	\$ (61,064)
OTHER FINANCING SOURCES (USES)							
Transfers in	\$ 279,638	\$ 68,851	\$ 5,430,124	\$ 2,907,061	\$ -	\$ 769,898	\$ 9,455,572
Transfers out	(8,644,903)	(19,466)	-	(107,200)	-	(687,663)	(9,459,232)
Sale of capital assets	51,068	-	-	-	-	-	51,068
Total other financing sources (uses)	\$ (8,314,197)	\$ 49,385	\$ 5,430,124	\$ 2,799,861	\$ -	\$ 82,235	\$ 47,408
Net change in fund balances	\$ (885,090)	\$ 7,367	\$ (299,376)	\$ 1,513,072	\$ (268,218)	\$ (81,411)	\$ (13,656)
Fund balances - beginning	8,705,715	93,778	1,830,883	10,674,722	4,405,293	378,431	26,088,822
Fund balances - ending	\$ 7,820,625	\$ 101,145	\$ 1,531,507	\$ 12,187,794	\$ 4,137,075	\$ 297,020	\$ 26,075,166

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

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2011

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

Net change in fund balances - total governmental funds	\$	(13,656)
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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 capital outlays exceeded depreciation in the current period.

Capital asset additions	\$	(193,000)	
Depreciation expense		<u>(2,819,212)</u>	(3,012,212)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(152,339)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Increase (decrease) in deferred property taxes	\$	<u>(34,445)</u>	(34,445)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments	\$	2,626,864	
Amortization of Issuance costs		(51,785)	
Premium amortization		<u>191,900</u>	2,766,979

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	\$	(27,332)	
(Increase) decrease in interest payable		<u>65,749</u>	<u>38,417</u>

Change in net assets of governmental activities	\$	<u><u>(407,256)</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Assets
 Proprietary Fund
 June 30, 2011

	Enterprise Funds		
	Water & Sewer	Bottom's Bridge	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,862,821	\$ 598,011	\$ 7,460,832
Taxes receivable, net of allowances for uncollectibles	-	6,957	6,957
Accounts receivable, net of allowance for uncollectibles	951,162	-	951,162
Total current assets	\$ 7,813,983	\$ 604,968	\$ 8,418,951
Noncurrent assets:			
Capital assets:			
Infrastructure	\$ 23,263,644	\$ 20,733,848	\$ 43,997,492
Land	1,458,014	1,253,041	2,711,055
Water production and distribution facilities	10,993,040	-	10,993,040
Construction in progress	31,328,507	-	31,328,507
Less accumulated depreciation	(5,163,850)	(956,947)	(6,120,797)
Total capital assets	\$ 61,879,355	\$ 21,029,942	\$ 82,909,297
Total noncurrent assets	\$ 61,879,355	\$ 21,029,942	\$ 82,909,297
Total assets	\$ 69,693,338	\$ 21,634,910	\$ 91,328,248
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 228,549	\$ -	\$ 228,549
Accrued interest payable	-	178,795	178,795
Due to other funds	57,020	-	57,020
Compensated absences	75,240	-	75,240
Deposits held in escrow	184,532	-	184,532
Bonds payable - current portion	-	405,000	405,000
Total current liabilities	\$ 545,341	\$ 583,795	\$ 1,129,136
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ -	\$ 15,755,000	\$ 15,755,000
Total noncurrent liabilities	\$ -	\$ 15,755,000	\$ 15,755,000
Total liabilities	\$ 545,341	\$ 16,338,795	\$ 16,884,136
NET ASSETS			
Invested in capital assets, net of related debt	\$ 61,879,355	\$ 4,869,942	\$ 66,749,297
Unrestricted	7,268,642	426,173	7,694,815
Total net assets	\$ 69,147,997	\$ 5,296,115	\$ 74,444,112

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Proprietary Fund
 For the Year Ended June 30, 2011

	Enterprise Funds		
	Water & Sewer	Bottom's Bridge	Total
OPERATING REVENUES			
Charges for services:			
Water and sewer revenues	\$ 2,517,450	\$ -	\$ 2,517,450
Other revenues	31,801	-	31,801
Total operating revenues	<u>\$ 2,549,251</u>	<u>\$ -</u>	<u>\$ 2,549,251</u>
OPERATING EXPENSES			
Personal services	\$ 819,167	\$ -	\$ 819,167
Fringe benefits	288,871	-	288,871
Contractual services	594,395	-	594,395
Other charges	625,221	-	625,221
Depreciation	715,958	318,983	1,034,941
Total operating expenses	<u>\$ 3,043,612</u>	<u>\$ 318,983</u>	<u>\$ 3,362,595</u>
Operating income (loss)	<u>\$ (494,361)</u>	<u>\$ (318,983)</u>	<u>\$ (813,344)</u>
NONOPERATING REVENUES (EXPENSES)			
Connection and reconnection fees	\$ 581,229	\$ 292,400	\$ 873,629
Investment earnings	199,964	3,224	203,188
Availability fees	60,849	-	60,849
Taxes	-	117,658	117,658
Interest expense	-	(721,190)	(721,190)
Total nonoperating revenues (expenses)	<u>\$ 842,042</u>	<u>\$ (307,908)</u>	<u>\$ 534,134</u>
Income before contributions and transfers	<u>\$ 347,681</u>	<u>\$ (626,891)</u>	<u>\$ (279,210)</u>
Capital contributions - construction grants	\$ 2,942,658	\$ -	\$ 2,942,658
Transfers in	3,660	805,252	808,912
Transfers out	(805,252)	-	(805,252)
Change in net assets	<u>\$ 2,488,747</u>	<u>\$ 178,361</u>	<u>\$ 2,667,108</u>
Total net assets - beginning	<u>66,659,250</u>	<u>5,117,754</u>	<u>71,777,004</u>
Total net assets - ending	<u><u>\$ 69,147,997</u></u>	<u><u>\$ 5,296,115</u></u>	<u><u>\$ 74,444,112</u></u>

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

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2011

	Enterprise Funds		
	Water & Sewer	Bottom's Bridge	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,645,524	\$ -	\$ 2,645,524
Receipts for miscellaneous items	31,801	-	31,801
Payments to suppliers	(3,461,482)	-	(3,461,482)
Payments to employees	(1,104,696)	-	(1,104,696)
Net cash provided (used) by operating activities	<u>\$ (1,888,853)</u>	<u>\$ -</u>	<u>\$ (1,888,853)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	\$ (805,252)	\$ -	\$ (805,252)
Transfers from other funds	-	805,252	805,252
Tax revenue	-	119,629	119,629
Net cash provided (used) by noncapital financing activities	<u>\$ (805,252)</u>	<u>\$ 924,881</u>	<u>\$ 119,629</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	\$ (14,793,305)	\$ -	\$ (14,793,305)
Loan proceeds from general fund	(14,251)	-	(14,251)
Principal payments on bonds	-	(395,000)	(395,000)
Capital contributions and construction grants	5,617,366	-	5,617,366
Connection and availability fees	642,078	292,400	934,478
Interest payments	-	(724,252)	(724,252)
Net cash provided (used) by capital and related financing activities	<u>\$ (8,548,112)</u>	<u>\$ (826,852)</u>	<u>\$ (9,374,964)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	\$ 199,964	\$ 3,224	\$ 203,188
Net cash provided (used) by investing activities	<u>\$ 199,964</u>	<u>\$ 3,224</u>	<u>\$ 203,188</u>
Net increase (decrease) in cash and cash equivalents	\$ (11,042,253)	\$ 101,253	\$ (10,941,000)
Cash and cash equivalents - beginning	17,905,074	496,758	18,401,832
Cash and cash equivalents - ending	<u>\$ 6,862,821</u>	<u>\$ 598,011</u>	<u>\$ 7,460,832</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (494,361)	\$ (318,983)	\$ (813,344)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	\$ 715,958	\$ 318,983	\$ 1,034,941
(Increase) decrease in accounts receivable	128,074	-	128,074
(Increase) decrease in prepaid expenses	29,968	-	29,968
Increase (decrease) in customer deposits	400	-	400
Increase (decrease) in accounts payable and accrued liabilities	(2,272,234)	-	(2,272,234)
Increase (decrease) in compensated absences	3,342	-	3,342
Total adjustments	<u>\$ (1,394,492)</u>	<u>\$ 318,983</u>	<u>\$ (1,075,509)</u>
Net cash provided (used) by operating activities	<u>\$ (1,888,853)</u>	<u>\$ -</u>	<u>\$ (1,888,853)</u>

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

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 13,946
Total assets	<u>\$ 13,946</u>
LIABILITIES	
Amounts held for social services clients	\$ 13,946
Total liabilities	<u>\$ 13,946</u>

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

NOTES TO THE FINANCIAL STATEMENTS

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The County of New Kent, Virginia (the "County") is governed by an elected five member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and volunteer and paid fire protection and rescue services; community and economic developments; judicial; recreational activities, cultural events, education, and social services.

The financial statements of the County of New Kent, 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.

Financial Statement Presentation

The County's financial report is prepared in accordance with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.

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 Assets and the Statement of Activities 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. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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 GASB 34 reporting model, governments provide budgetary comparison information in their annual reports including the original budget, 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 New Kent (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

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

Discretely Presented Component Units. The School Board members are elected by the citizens of New Kent 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 School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2011.

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

B. Individual Component Unit Disclosures: (Continued)

The New Kent County Economic Development Authority is responsible for industrial and commercial development in the County. The Authority consists of five members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, as the County is involved in the day-to-day operations of the EDA, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2011. The Authority does not issue a separate financial report.

C. Other Related Organizations

The Central Virginia Waste Management Authority

The Central Virginia Waste Management Authority (the Waste Authority) was established in December 1990 under the provision of the Virginia Water and Sewer Authorities Act (Ch. 31, Title 15.2, Code of VA). The Waste Authority's board is comprised of representatives from the cities of Petersburg, Hopewell, Colonial Heights and Richmond, the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George and the Town of Ashland. The 20 member board is comprised of no less than one and up to no more than three members from each of the participating jurisdictions, determined on a population basis. The County has one representative on the board. The Waste Authority is responsible for creating and implementing recycling and solid waste management programs for its local member jurisdictions in order to meet waste reduction mandates set by the Virginia General Assembly. Except for contribution requirements and direct payments for special projects, no participant has any on-going financial interest or responsibility in the Waste Authority. The County's contribution and direct payments for special projects for years ended June 30, 2011 was \$315,104. Complete financial statements can be obtained from the Authority's office at 2100 West Laburnum Avenue, Suite 105, Richmond, Virginia 23227.

Middle Peninsula Juvenile Detention Commission

The Middle Peninsula Juvenile Detention Commission (the "Commission") is a political subdivision of the Commonwealth of Virginia and is governed by a separate board. The Commission was created to enhance the region for the protection of the citizens by the construction, equipping, maintenance and operation of a new juvenile detention facility (the "Center") serving the eighteen member jurisdictions of which the County Administrator serves as the County's representative on the board. The Commission is fiscally independent of the County because substantially all of its income will be generated from per diem payments from the member jurisdictions and reimbursements from the Commonwealth of Virginia for a portion of the capital costs. Under the Service Agreement, the County is obligated to pay a per diem rate to be determined annually by the Commission for each day a juvenile from the County is held at the Center or in another detention facility secured by the Commission. If the sum of all per diem rates paid during the fiscal year is below \$2,500, the County shall pay the Commission the amount equal to the difference. Separate audited financial statements for the Commission can be obtained from the fiscal agent's office at James City County, P.O. Box 8784, Williamsburg, Virginia 23187.

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Other Related Organizations (Continued)

Other Agencies – Certain agencies and commissions service both the County of New Kent and surrounding localities. Board membership is allocated among the localities and their governing bodies appointments. These agencies include: Consortium Board of the Capital Region Workforce Partnership, Central Virginia Waste Management Authority, Chickahominy District Health Advisory Board, Colonial Community Criminal Justice Board, Metropolitan Planning Organization, Richmond Metropolitan Convention & Visitors Bureau – Board of Directors, and Richmond Regional Planning District Commission.

Included in the County's Financial Report

None

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

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

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

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

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

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 45 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, 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 45 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

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

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COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

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

1. Governmental Funds – are those through which most governmental functions typically are financed. The County reports the General Fund, Debt Service Fund, Airport Fund, Capital Improvements Fund and School Construction Fund as major governmental funds.

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 revenues is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for fund reporting purposes.

Debt Service Fund – The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service. Payment of principal and interest on the County and school system's general long-term debt financing is provided by appropriations from the General Fund, Meals Tax Fund, Capital Fund - proffers, and the Airport Fund.

Capital Projects Funds – The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The County also reports the School Construction Fund as a major Capital Projects Fund.

Airport Fund – accounts for the financial resources of the County Airport.

The County reports the following non-major governmental funds:

Special Revenue Funds – Special revenue funds account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditure for specified purposes other than debt service or capital projects. Special Revenue Funds consist of the following funds: Human Services (Comprehensive Services Act) and Meals Tax.

Fiduciary Funds – (Trust and Agency Funds) – accounts 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 Agency Funds. Agency Funds utilize the accrual basis of accounting. Fiduciary funds are not included in the government-wide financial statements. The County's Agency Funds include amounts held for others in a fiduciary capacity, which includes social services clients.

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

2. Proprietary Funds – accounts 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 – 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. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The County's Enterprise Funds consist of the Water and Sewer Fund and Bottom's Bridge Fund, which account for the operations of sewage pumping stations and collection systems, and the water distribution system, as well as, construction.

E. Cash and Cash Equivalents:

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

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

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

F. Investments

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

G. Receivables and Payables

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

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 \$393,048 at June 30, 2011 and is comprised of property taxes of \$373,457 and water and sewer receivables of \$19,591.

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

G. Receivables and Payables: (Continued)

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	December 5	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements for both the County and the Component Unit School Board. 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 assets lives are not capitalized.

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. There is no capitalized interest for the year June 30, 2011.

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>
Buildings	50
Capital improvements	20-50
Equipment and machinery	5-20
Infrastructure	65
Vehicles	5-8

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

I. Compensated Absences

Vested or accumulated vacation leave is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Assets. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

J. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current service costs and amortization of prior service cost over a 30-year period. The County's policy is to fund pension cost as it accrues.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Net Assets

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

M. 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 bonds outstanding method, which approximate 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.

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

N. Prepaid Items

Prepaid expenditures in governmental funds are offset by reservation of fund balance.

O. Restricted Assets

The County reports a restricted cash asset on the balance sheet that represents bond proceeds that have not yet been expended. These assets in the amount of \$4,137,075 are to be used for future school construction. The County also reports restricted fund balance on the balance sheet in the amount of \$46,118, which represents E-911 wireless, Litter Control and asset forfeiture funds.

P. Fund Equity

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

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

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

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

P. Fund Equity (Continued)

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).

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 15% of the actual GAAP basis revenues and other financing sources and uses.

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

	General Fund	Major Special Revenue Fund Airport Fund	Major Debt Service Fund	Major Capital Projects Fund			Total
				County Capital Improvements	School Construction	Other Funds	
Fund Balances:							
Nonspendable:							
Prepaid expenses	\$ 3,934	\$ 16,855	\$ 1,239,054	\$ -	\$ -	\$ -	\$ 1,259,843
Total Nonspendable Fund Balance	<u>\$ 3,934</u>	<u>\$ 16,855</u>	<u>\$ 1,239,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,259,843</u>
Restricted for:							
E-911 Wireless	\$ 15,585	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,585
Litter Control	110	-	-	-	-	-	110
Asset Forfeiture - Sheriff	13,160	-	-	-	-	-	13,160
Asset Forfeiture - Comm. Atty	17,263	-	-	-	-	-	17,263
School Construction	-	-	-	-	4,137,075	-	4,137,075
Total Restricted Fund Balance	<u>\$ 46,118</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,137,075</u>	<u>\$ -</u>	<u>\$ 4,183,193</u>
Committed to:							
Computer Fund	\$ 82,456	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,456
Airport Operations	-	84,290	-	-	-	-	84,290
Human Services	-	-	-	-	-	78,202	78,202
Meals Tax	-	-	-	-	-	218,818	218,818
Debt Service	-	-	292,453	-	-	-	292,453
Total Committed Fund Balance	<u>\$ 82,456</u>	<u>\$ 84,290</u>	<u>\$ 292,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 297,020</u>	<u>\$ 756,219</u>
Assigned to:							
Capital Improvements	\$ -	\$ -	\$ -	12,187,794	\$ -	\$ -	12,187,794
Total Assigned Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,187,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,187,794</u>
Unassigned Fund Balance	<u>\$ 7,688,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,688,117</u>
Total Fund Balances	<u>\$ 7,820,625</u>	<u>\$ 101,145</u>	<u>\$ 1,531,507</u>	<u>\$ 12,187,794</u>	<u>\$ 4,137,075</u>	<u>\$ 297,020</u>	<u>\$ 26,075,166</u>

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

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. 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 required to be 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 function level. The County Administrator is authorized to transfer budgeted amounts within the primary government's governmental funds; however, the Component Unit School Board is authorized to transfer budgeted amounts within the school system's categories unless the transfer crosses functions.

Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds of the Primary Government and Component Unit – School Board.

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. Supplemental Appropriations are made as necessary throughout the year. Encumbrances and reserved fund balances outstanding at June 30 are reappropriated in the succeeding year on a case-by-case basis.

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2011.

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).

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (Continued)

Custodial Credit Risk (Investments)

The County's investment policy requires that all securities purchased for the County be held by the County or by the County's designated custodian. The County's investments at June 30, 2011 were held by the County or in the County's name by the County's custodial banks. The investments also should have a credit rating no less than AA rated by Standard and Poor or Aa by Moody's Investor Service.

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2011 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale. The County's investment policy limits investments to those allowed by the Code of Virginia. The County may however restrict investments beyond the limits imposed by the Code of Virginia as such restrictions serve the purpose of further safeguarding County funds or are in the best interest of the County.

Locality's Rated Debt Investments' Values		
Rated Debt Investments	Fair Quality Ratings	
		AAAm
Local Government Investment Pool	\$	3,874
Money Market Funds		3,131,583
Total	\$	<u>3,135,457</u>

Interest Rate Risk

According to the County's investment policy, no more than 50% of the portfolio may be invested in securities maturing in greater than 1 year.

Investment Maturities (in years)		
Investment Type	Fair Value	Less Than 1 Year
Money Market Funds	\$ 3,131,583	\$ 3,131,583
Total	\$ 3,131,583	\$ 3,131,583

External Investment Pools

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

COUNTY OF NEW KENT, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (CONTINUED)**

NOTE 4—DUE FROM OTHER GOVERNMENTS:

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

		Component Unit
	Primary Government	School Board
Commonwealth of Virginia:		
State sales tax	\$ -	\$ 443,108
Motor vehicle carrier tax	9,307	-
Victim witness grant	11,174	-
Mobile home titling tax	1,217	-
E-911 wireless funds	156,099	-
Recordation tax	18,588	-
Fire programs grant	4,433	-
Comprehensive service	78,202	-
VA domestic violence victim grant	9,957	-
Welfare	34,270	-
Communication sales tax	94,580	-
Constitutional officer reimbursements	121,282	-
Local sales tax	193,798	-
 Federal Government:		
School fund grants	-	755,724
DMV grant	15,829	-
Welfare	39,370	-
Other federal grants	173,354	-
 Total due from other governments	<u>\$ 961,460</u>	<u>\$ 1,198,832</u>

COUNTY OF NEW KENT, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (CONTINUED)****NOTE 5—INTERFUND OBLIGATIONS:**

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

	Interfund Receivable	Interfund Payable
General	\$ 57,020	\$ -
Water and sewer fund	-	57,020
Total Governmental Funds	<u>\$ 57,020</u>	<u>\$ 57,020</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances also include the amount of working capital loans made to internal service funds that the general fund expects to collect in the subsequent year. The \$57,020 is the outstanding balance due to the General Fund from the Water and Sewer Fund for the General Fund financed purchase of a dump truck.

NOTE 6—CAPITAL ASSETS:

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

Primary Government:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 3,578,529	\$ -	\$ -	\$ 3,578,529
Construction in progress	2,634,616	444,564	104,195	2,974,985
Total capital assets not subject to depreciation	<u>\$ 6,213,145</u>	<u>\$ 444,564</u>	<u>\$ 104,195</u>	<u>\$ 6,553,514</u>
Capital assets subject to depreciation:				
Buildings	\$ 20,217,474	\$ 44,966	\$ -	\$ 20,262,440
Machinery and equipment	10,836,403	509,658	364,514	10,981,547
Capital improvements	2,201,326	-	-	2,201,326
Jointly owned assets	64,620,253	293,041	1,485,229	63,428,065
Total capital assets being depreciated	<u>\$ 97,875,456</u>	<u>\$ 847,665</u>	<u>\$ 1,849,743</u>	<u>\$ 96,873,378</u>
Less accumulated depreciation for:				
Buildings	\$ 2,848,261	\$ 424,000	\$ -	\$ 3,272,261
Machinery and equipment	6,091,933	1,156,780	316,370	6,932,343
Capital improvements	457,996	90,330	-	548,326
Jointly owned assets	6,434,409	1,148,102	-	7,582,511
Total accumulated depreciation	<u>\$ 15,832,599</u>	<u>\$ 2,819,212</u>	<u>\$ 316,370</u>	<u>\$ 18,335,441</u>
Total capital assets being depreciated, net	<u>\$ 82,042,857</u>	<u>\$ (1,971,547)</u>	<u>\$ 1,533,373</u>	<u>\$ 78,537,937</u>
Governmental capital assets, net	<u>\$ 88,256,002</u>	<u>\$ (1,526,983)</u>	<u>\$ 1,637,568</u>	<u>\$ 85,091,451</u>

COUNTY OF NEW KENT, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (CONTINUED)**

NOTE 6—CAPITAL ASSETS: (CONTINUED)

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

Component Unit—School Board:

Component Unit - School Board:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets not subject to depreciation:				
Land	\$ 2,022,600	\$ -	\$ -	\$ 2,022,600
Construction in progress	<u>-</u>	<u>110,390</u>		<u>110,390</u>
Total capital assets not subject to depreciation	\$ <u>2,022,600</u>	\$ <u>110,390</u>	\$ <u>-</u>	\$ <u>2,132,990</u>
Capital assets subject to depreciation:				
Jointly owned assets	\$ 14,850,401	\$ 1,485,229	\$ -	\$ 16,335,630
Machinery and equipment	<u>4,842,859</u>	<u>513,114</u>	<u>-</u>	<u>5,355,973</u>
Total capital assets being depreciated	\$ <u>19,693,260</u>	\$ <u>1,998,343</u>	\$ <u>-</u>	\$ <u>21,691,603</u>
Less accumulated depreciation for:				
Jointly owned assets	\$ 1,478,694	\$ 474,150	\$ -	\$ 1,952,844
Machinery and equipment	<u>3,592,605</u>	<u>477,823</u>	<u>-</u>	<u>4,070,428</u>
Total accumulated depreciation	\$ <u>5,071,299</u>	\$ <u>951,973</u>	\$ <u>-</u>	\$ <u>6,023,272</u>
Total capital assets being depreciated, net	\$ <u>14,621,961</u>	\$ <u>1,046,370</u>	\$ <u>-</u>	\$ <u>15,668,331</u>
Component unit capital assets, net	\$ <u><u>16,644,561</u></u>	\$ <u><u>1,156,760</u></u>	\$ <u><u>-</u></u>	\$ <u><u>17,801,321</u></u>

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

Governmental activities:

General government	\$ 226,791
Judicial administration	316,987
Public safety	548,806
Public works	380,408
Health and welfare	72,713
Education	1,148,102
Parks, recreation and cultural	57,611
Community development	\$ <u>67,794</u>
Total Governmental activities	\$ <u><u>2,819,212</u></u>
Component Unit School Board	\$ <u><u>951,973</u></u>
Business-Type Activities	\$ <u><u>1,034,941</u></u>

COUNTY OF NEW KENT, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (CONTINUED)****NOTE 6—CAPITAL ASSETS: (CONTINUED)**

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the new law, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of New Kent, Virginia for the year ended June 30, 2011, is that school financed assets in the amount of \$55,845,554 are reported in the Primary Government for financial reporting purposes.

A summary of proprietary fund property, plant, and equipment at June 30, 2011 follows:

	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>
Enterprise activities:				
Enterprise Fund:				
Capital assets not subject to depreciation:				
Land	\$ 2,691,535	\$ 19,520	\$ -	\$ 2,711,055
Construction in progress	<u>16,769,899</u>	<u>14,558,608</u>	<u>-</u>	<u>31,328,507</u>
Total capital assets not subject to depreciation	<u>\$ 19,461,434</u>	<u>\$ 14,578,128</u>	<u>\$ -</u>	<u>\$ 34,039,562</u>
Capital assets subject to depreciation:				
Water production and distribution facilities	\$ 5,569,481	\$ -	\$ -	\$ 5,569,481
Machinery and equipment	5,388,684	34,875	-	5,423,559
Infrastructure	<u>43,817,190</u>	<u>180,302</u>	<u>-</u>	<u>43,997,492</u>
Total capital assets being depreciated	<u>\$ 54,775,355</u>	<u>\$ 215,177</u>	<u>\$ -</u>	<u>\$ 54,990,532</u>
Less accumulated depreciation for:				
Water production and distribution facilities	\$ 1,327,704	\$ 120,348	\$ -	\$ 1,448,052
Machinery and equipment	1,759,416	238,563	-	1,997,979
Infrastructure	<u>1,998,736</u>	<u>676,030</u>	<u>-</u>	<u>2,674,766</u>
Total accumulated depreciation	<u>\$ 5,085,856</u>	<u>\$ 1,034,941</u>	<u>\$ -</u>	<u>\$ 6,120,797</u>
Total capital assets being depreciated, net	<u>\$ 49,689,499</u>	<u>\$ (819,764)</u>	<u>\$ -</u>	<u>\$ 48,869,735</u>
Enterprise capital assets, net	<u>\$ 69,150,933</u>	<u>\$ 13,758,364</u>	<u>\$ -</u>	<u>\$ 82,909,297</u>

COUNTY OF NEW KENT, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (CONTINUED)**

NOTE 7—INTERFUND TRANSFERS:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General	\$ 279,638	\$ 8,644,903
Other Governmental	769,898	687,663
Capital Improvements	2,907,061	107,200
Debt Service	5,430,124	-
Airport	68,851	19,466
Total Governmental Funds	\$ 9,455,572	\$ 9,459,232
Enterprise Funds:		
Water and Sewer	\$ 3,660	\$ 805,252
Bottom's Bridge	805,252	-
Total Enterprise Funds	808,912	805,252
Total-All Funds	\$ 10,264,484	\$ 10,264,484

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.

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COUNTY OF NEW KENT, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (CONTINUED)****NOTE 8—LONG-TERM OBLIGATIONS:****Details of Long-Term Indebtedness:****Primary Government:**

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2011:

	Amounts Payable at July 1, 2010	Increases	Decreases	Amounts Payable at June 30, 2011	Amounts Due Within One Year
Governmental Obligations:					
Incurred by County:					
Compensated absences payable	\$ 647,772	\$ 666,187	\$ 638,855	\$ 675,104	\$ 675,104
Lease revenue bonds	7,426,237	-	272,918	7,153,319	283,812
General obligation bonds	120,727	-	13,656	107,071	14,341
Bond premium	149,844	-	13,111	136,733	12,736
Total incurred by County	<u>\$ 8,344,580</u>	<u>\$ 666,187</u>	<u>\$ 938,540</u>	<u>\$ 8,072,227</u>	<u>\$ 985,993</u>
Incurred by School Board:					
General obligation bonds payable	\$ 14,832,419	\$ -	\$ 877,472	\$ 13,954,947	\$ 885,374
Lease revenue bonds	43,353,425	-	1,462,818	41,890,607	1,521,331
Bond premium	1,888,881	-	178,789	1,710,092	171,800
Total incurred by School Board	<u>\$ 60,074,725</u>	<u>\$ -</u>	<u>\$ 2,519,079</u>	<u>\$ 57,555,646</u>	<u>\$ 2,578,505</u>
Total Governmental Obligations	<u>\$ 68,419,305</u>	<u>\$ 666,187</u>	<u>\$ 3,457,619</u>	<u>\$ 65,627,873</u>	<u>\$ 3,564,498</u>
Enterprise Obligations:					
Compensated absences payable	\$ 71,898	\$ 77,246	\$ 73,904	\$ 75,240	\$ 75,240
Lease revenue bonds payable	16,555,000	-	395,000	16,160,000	405,000
Total Enterprise Obligations	<u>\$ 16,626,898</u>	<u>\$ 77,246</u>	<u>\$ 468,904</u>	<u>\$ 16,235,240</u>	<u>\$ 480,240</u>

COUNTY OF NEW KENT, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (CONTINUED)****NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)****Details of Long-Term Indebtedness: (Continued)****Primary Government: (Continued)**

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

Year Ending June 30	County Obligations			
	General Obligation Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2012	\$ 14,341	\$ 5,125	\$ 283,812	\$ 320,619
2013	15,060	4,406	295,382	309,290
2014	15,814	3,651	307,133	297,498
2015	16,607	2,859	321,070	283,412
2016	17,439	2,027	336,203	268,678
2017	18,312	1,152	351,540	253,241
2018	9,498	235	367,590	237,092
2019	-	-	384,360	220,197
2020	-	-	402,359	202,522
2021	-	-	420,597	184,009
2022	-	-	440,083	164,648
2023	-	-	458,331	146,404
2024	-	-	479,344	125,291
2025	-	-	501,634	103,200
2026	-	-	524,716	80,069
2027	-	-	548,599	55,862
2028	-	-	357,299	32,450
2029	-	-	373,267	16,578
Total	\$ <u>107,071</u>	\$ <u>19,455</u>	\$ <u>7,153,319</u>	\$ <u>3,301,060</u>

COUNTY OF NEW KENT, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (CONTINUED)****NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)****Details of Long-Term Indebtedness: (Continued)****Primary Government: (Continued)**

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

Year Ending June 30	School Obligations			
	General Obligation Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2012	\$ 885,374	\$ 664,671	\$ 1,521,331	\$ 1,991,205
2013	893,490	618,242	1,584,344	1,930,352
2014	901,824	571,595	1,647,358	1,866,978
2015	910,950	524,157	1,728,376	1,784,610
2016	814,973	479,379	1,818,395	1,698,191
2017	821,510	437,649	1,908,415	1,607,271
2018	826,765	397,201	2,002,935	1,511,851
2019	830,897	357,876	2,101,957	1,411,704
2020	835,474	318,106	2,209,980	1,306,606
2021	840,284	278,104	2,318,004	1,196,107
2022	845,807	237,388	2,435,029	1,080,207
2023	850,329	197,672	2,538,552	976,718
2024	854,517	158,292	2,664,579	849,790
2025	860,264	117,352	2,799,609	716,561
2026	866,534	75,888	2,939,139	576,581
2027	742,966	37,034	3,083,170	429,624
2028	372,989	9,511	3,222,701	292,682
2029	-	-	3,366,733	149,538
Total	\$ <u>13,954,947</u>	\$ <u>5,480,117</u>	\$ <u>41,890,607</u>	\$ <u>21,376,576</u>

COUNTY OF NEW KENT, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (CONTINUED)**

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)**Details of Long-Term Indebtedness: (Continued)****Primary Government: (Continued)**

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

Year Ending June 30	Enterprise Obligations	
	Lease Revenue Bonds	
	Principal	Interest
2012	\$ 405,000	\$ 708,395
2013	420,000	694,051
2014	435,000	678,661
2015	450,000	662,731
2016	470,000	644,171
2017	490,000	623,666
2018	505,000	603,269
2019	525,000	582,154
2020	550,000	560,116
2021	570,000	537,156
2022	600,000	512,796
2023	620,000	487,024
2024	650,000	459,789
2025	675,000	430,548
2026	705,000	397,468
2027	740,000	360,620
2028	775,000	323,350
2029	815,000	285,593
2030	855,000	245,933
2031	895,000	205,045
2032	935,000	162,955
2033	980,000	118,910
2034	1,025,000	72,795
2035	1,070,000	24,610
Total	\$ 16,160,000	\$ 10,381,806

COUNTY OF NEW KENT, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (CONTINUED)****NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)****Details of Long-Term Indebtedness: (Continued)****Primary Government: (Continued)**

Details of long-term indebtedness are as follows:

	<u>Year Issued</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Governmental Obligations:			
Incurred by County:			
Lease revenue Bonds			
2006 lease revenue bonds	2007	4.00%-5.00%	\$ 4,644,393
2007 lease revenue bonds	2008	3.98%	2,508,926
General obligation bonds			
VRA loan	2008	4.85%	107,071
Unamortized premium			136,733
Compensated absences (payable from the General Fund)			<u>675,104</u>
Total incurred by County			\$ <u>8,072,227</u>
Incurred by School Board:			
General obligation bonds			
2007 School bonds	2008	5.10%	\$ 5,942,890
2006 School bonds	2007	4.225%-5.10%	5,784,573
2005 School bonds - primary school	2006	4.60%-5.10%	1,838,857
1995 School bonds	1995	6.10%-6.60%	388,627
Lease revenue bonds			
2006 lease revenue bond	2007	4.00%-5.00%	41,890,607
Unamortized premium			<u>1,710,092</u>
Total incurred by School Board			\$ <u>57,555,646</u>
Total Governmental Obligations			\$ <u><u>65,627,873</u></u>
Enterprise Obligations:			
Lease revenue bond	2004	2.30-4.60%	\$ 16,160,000
Compensated absences (payable from the Enterprise Fund)			<u>75,240</u>
Total Enterprise Obligations			\$ <u><u>16,235,240</u></u>

COUNTY OF NEW KENT, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (CONTINUED)**

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)**Details of Long-Term Indebtedness: (Continued)****Primary Government: (Continued)****Component Unit—School Board:**

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

	Amounts Payable at July 1, 2010	Increases	Decreases	Amounts Payable at June 30, 2011	Amounts Due Within One Year
Compensated absences payable (payable from the School Fund)	\$ 323,992	\$ 231,082	\$ 201,751	\$ 353,323	\$ 231,082
OPEB Liability	<u>153,000</u>	<u>207,000</u>	<u>94,000</u>	<u>266,000</u>	<u>-</u>
Total Component Unit School Board	<u>\$ 476,992</u>	<u>\$ 438,082</u>	<u>\$ 295,751</u>	<u>\$ 619,323</u>	<u>\$ 231,082</u>

NOTE 9—DEFERRED REVENUE:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$1,380,005 is comprised of the following:

Deferred Property Tax Revenue: Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$1,146,796 at June 30, 2011.

Prepaid Property Taxes: Property taxes due subsequent to June 30, 2011, but paid in advance by the tax payers totaled \$133,298 at June 30, 2011.

Deferred Other Revenue: Other miscellaneous unearned revenue items totaled \$99,911 at June 30, 2011.

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

NOTE 10—COMMITMENTS AND CONTINGENCIES:

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

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

The following construction contracts were outstanding at June 30, 2011:

<u>Fund</u>	<u>Project</u>	<u>Contractor</u>	<u>Amount Of Contract</u>	<u>Contract Outstanding At June 30, 2011</u>
Utility	Wastewater Treatment Plant Expansion	Malcolm Pirnie, Inc.	\$ 2,501,601	\$ 15,645
Utility	Parham Landing Reclaimed Water	Godsey & Son, Inc	3,056,243	30,562
Utility	Peace Road Groundwater Monitoring Wells	A.C. Shultz	99,750	25,630
Component Unit- School Board	NKES Bathroom Renovations	Reisbeck Contracting	264,277	153,887

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

NOTE 11—LITIGATION:

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

NOTE 12—RISK MANAGEMENT:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County joined together with other local governments in Virginia to form the Virginia Municipal League, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The County pays an annual premium to the pool for substantially all of its insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the pool 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. Through this coverage, the County obtains general liability coverage of \$1,000,000 per occurrence, auto liability coverage of \$1,000,000 per occurrence, property coverage at functional replacement up to policy limits for real and personal property, workers' compensation up to the statutory limits, public officials/excess general liability of \$2,000,000 per occurrence and crime blanket coverage of \$250,000. Settlements have not exceeded coverage for each of the past three fiscal years.

The component units – School Board and Economic Development Authority, carry commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 13—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 credit in their plan.

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

NOTE 13—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with 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. 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 Plan2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950) as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS Website at: <http://varetire.org/Pdf/Publications/2011-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

NOTE 13—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. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2011 was 9.33% of annual covered payroll.

The School Board's contributions for professional employees were \$512,778, \$838,554, and \$1,242,914 to the teacher cost-sharing pool for the fiscal years ended June 30, 2011, 2010, and 2009 respectively and these contributions represented 3.93% for 2011, 8.81%, and 10.3%, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2011, the County's annual pension cost of \$628,538 (which does not include the portion of the employee share assumed by the employer which was \$336,837) was equal to the County's required and actual contributions.

For the fiscal year 2011, the County School Board's annual pension cost for the Board's non-professional employees was \$80,904 (which does not include the employee portion assumed by the School Board of \$58,626), was equal to the Board's required and actual contributions.

Three-Year Trend Information				
<u>Fiscal Year Ending</u>		<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:				
June 30, 2009	\$	384,293	100%	\$ -
June 30, 2010		389,219	100%	-
June 30, 2011		628,538	100%	-
School Board:				
Non-Professional:				
June 30, 2009	\$	79,263	100%	\$ -
June 30, 2010		59,929	100%	-
June 30, 2011		80,904	100%	-

(1) Employer portion only

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

NOTE 13—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

C. Annual Pension Cost (Continued)

The fiscal year 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the plan was 81.28% funded. The actuarial accrued liability for benefits was \$16,288,766, and the actuarial value of assets was \$13,239,874, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,048,892. The covered payroll (annual payroll of active employees covered by the plan) was \$6,668,582, and ratio of the UAAL to the covered payroll was 45.72%.

As of June 30, 2010, the most recent actuarial valuation date, the School Board's Non-Professional plan was 86.85% funded. The actuarial accrued liability for benefits was \$3,861,075, and the actuarial value of assets was \$3,353,518, resulting in an unfunded actuarial accrued liability (UAAL) of \$507,557. The covered payroll (annual payroll of active employees covered by the plan) was \$1,202,890, and the ratio of the UAAL to the covered payroll was 42.19%.

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

NOTE 14—DEFERRED COMPENSATION PLAN:

Eligible employees of the County may participate in a deferred compensation plan in accordance with Internal Revenue Code section 457. The plan permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination of employment, retirement, death or unforeseen emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts deferred and all income attributable to those amounts, property or rights are held in trust for the participants.

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

NOTE 15—CONDUIT DEBT:

The Economic Development Authority for New Kent County has issued industrial and economic development revenue bonds pursuant to Bond Purchase and Financing Agreements. All responsibility for the payment of this debt rests with the Borrower. The Economic Development Authority, as issuer, has no responsibility for the payment of this debt.

Outstanding conduit debt obligations are as follows a June 30, 2011:

	<u>Original issue</u>	<u>Amount Outstanding</u>
Industrial Development Revenue Bond Series 2001	\$ 10,000,000	\$ 8,143,087
Economic Development Revenue Bond Series 2003	8,500,000	5,975,000

NOTE 16—SURETY BONDS:

	<u>Amount</u>
Commonwealth of Virginia - Division of Risk Management - Surety	
Karen A. Butler, Clerk of the Circuit Court	\$ 385,000
Herbert C. Jones, Jr., Treasurer	400,000
Laura M. Ecimovic, Commissioner of the Revenue	3,000
Farrar W. "Wakie" Howard, Jr., Sheriff	30,000
The above constitutional officer's employees blanket bond	50,000
VSBA Property and Casualty Pool	
Wanda F. Watkins, Clerk of the School Board	25,000
David C. Papenfuse, Fiscal Agent	10,000
Valerie Bivans, Deputy Fiscal Agent	10,000
Dr. Robert F. Richardson, Jr., Deputy Clerk of the School Board	10,000
Fidelity and Deposit Company of Maryland - Surety	
G. Cabell Lawton, IV, County Administrator	1,000
William H. Whitley, Assistant County Administrator	1,000
Thomas W. Evelyn, Board of Supervisor	1,000
D. M. Sparks, Board of Supervisor	1,000
James H. Burrell, Board of Supervisor	1,000
Stran L. Trout, Board of Supervisor	1,000
W. R. Davis, Jr., Board of Supervisor	1,000
Thrift Insurance Corp. - Surety	
All Social Services Employees - Blanket Bond	100,000
VaRISK2 - Virginia Group Liability Self Insurance Plan - Surety	1,000,000
All Social Services Employees - Blanket Bond	

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

NOTE 17—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS:

Background

Beginning in fiscal year 2009, the School Board implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) offered to retirees. The standard addresses how local governments should account for the report their costs related to post-employment health care and other non-pension benefits, such as the School Board retiree health benefit subsidy. Historically, the School Board subsidy was funded on a pay-as-you-go basis, but GASB Statement No. 45 requires that the School Board accrue the cost of the retiree health subsidy and other post-employment benefits during the period of the employees' active employment, while the benefits are being earned, and disclosed the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the School Board. This funding methodology mirrors the funding approach used for pension benefits.

Plan Description

New Kent County Public Schools retirees must meet one of the following requirements to be eligible for health benefits.

- retire with an immediate benefit from the Virginia Retirement System.
- has medical coverage prior to retirement.

Health benefits include medical and dental. The retirees are responsible for 100% of the premiums. Benefits end at the age of 65.

Funding Policy

The School Board's retirees pay 100% of the premiums. The Schools currently have 7 retirees on their plan.

Annual OPEB Cost and Net OPEB Obligation

The School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The School Board has elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with GASB parameters. 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.

COUNTY OF NEW KENT, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 (CONTINUED)****NOTE 17—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS: (CONTINUED)****Annual OPEB Cost and Net OPEB Obligation (Continued)**

The estimated 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 School Board. The following table shows the components of the School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the School Board's net OPEB obligation to the Retiree Health Plan:

		<u>SCHOOLS</u>
Annual required contribution	\$	207,000
Interest on net OPEB obligation		6,000
Adjustment to annual required contribution		(6,000)
Annual OPEB cost (expense)	\$	<u>207,000</u>
Estimated Contributions made		<u>(94,000)</u>
Increase in net OPEB obligation		113,000
Net OPEB obligation-beginning of year		<u>153,000</u>
Net OPEB obligation-end of year	\$	<u><u>266,000</u></u>

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2011, and the preceding year were as follows:

<u>Fiscal Year Ended</u>		<u>Annual OPEB</u>		<u>Percentage of Annual OPEB Cost Contributed</u>		<u>Net OPEB Obligation</u>
Schools:						
6/30/2011	\$	207,000		45.41%	\$	266,000
6/30/2010		153,000		72.55%		153,000
6/30/2009		169,000		34.32%		111,000

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

NOTE 17—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS: (CONTINUED)

Funded Status and Funding Progress

At July 1, 2010 the School Board's actuarial accrued liability for benefits was \$1,635,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$14,220,301, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 11.50 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.

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.

Cost Method

In the June 30, 2010 actuarial valuation, the projected unit credit method, with linear pro-rata to assumed benefit commencement was used. The unfunded liability is amortized over 30 years as a level percentage of pay.

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.

Mortality - Life expectancies were based on mortality tables from the RP-2000 Combined Healthy mortality tables for males and females.

Coverage elections - The actuarial assumed that 15% of eligible retirees who qualify will elect coverage.

Based on the historical and expected returns of the School Board's short-term investment portfolio, a discount of 4.0% 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, 2010 was thirty years.

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)

NOTE 18—OTHER POST-EMPLOYMENT BENEFITS (OPEB):

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 13.

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 .60% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2011, 2010, and 2009 were \$78,287, \$98,989, and \$152,366, respectively and equaled the required contributions for each year.

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.*

General Fund

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 22,011,807	\$ 22,011,807	\$ 22,297,958	\$ 286,151
Other local taxes	3,137,478	3,137,478	3,357,126	219,648
Permits, privilege fees, and regulatory licenses	310,235	320,482	310,578	(9,904)
Fines and forfeitures	165,800	165,800	215,521	49,721
Revenue from the use of money and property	689,624	725,624	707,207	(18,417)
Charges for services	442,858	442,858	473,509	30,651
Miscellaneous	504,200	691,391	724,791	33,400
Recovered costs	363,212	572,353	485,748	(86,605)
Intergovernmental revenues:				
Commonwealth	4,191,065	4,432,718	4,431,032	(1,686)
Federal	780,286	1,658,259	853,222	(805,037)
Total revenues	\$ 32,596,565	\$ 34,158,770	\$ 33,856,692	\$ (302,078)
EXPENDITURES				
Current:				
General government administration	3,015,019	3,120,098	2,859,703	260,395
Judicial administration	1,283,886	1,351,587	1,293,438	58,149
Public safety	5,963,313	7,448,645	6,757,429	691,216
Public works	1,876,730	1,883,137	1,608,005	275,132
Health and welfare	1,514,752	1,630,926	1,448,752	182,174
Education	10,502,725	11,280,142	10,689,229	590,913
Parks, recreation, and cultural	710,313	732,309	652,519	79,790
Community development	1,078,447	1,546,326	1,118,510	427,816
Total expenditures	\$ 25,945,185	\$ 28,993,170	\$ 26,427,585	\$ 2,565,585
Excess (deficiency) of revenues over (under) expenditures	\$ 6,651,380	\$ 5,165,600	\$ 7,429,107	\$ 2,263,507
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 278,650	\$ 279,638	\$ 279,638	\$ -
Transfers out	(6,214,672)	(6,262,521)	(8,644,903)	(2,382,382)
Sale of capital assets	-	51,118	51,068	(50)
Total other financing sources and uses	\$ (5,936,022)	\$ (5,931,765)	\$ (8,314,197)	\$ (2,382,432)
Net change in fund balances	\$ 715,358	\$ (766,165)	\$ (885,090)	\$ (118,925)
Fund balances - beginning	-	1,065,455	8,705,715	7,640,260
Fund balances - ending	\$ 715,358	\$ 299,290	\$ 7,820,625	\$ 7,521,335

Airport Fund

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Revenue from the use of money and property	\$ 87,000	\$ 87,000	\$ 90,109	\$ 3,109
Charges for services	75,300	75,300	104,108	28,808
Miscellaneous	1,000	6,490	7,240	750
Intergovernmental revenues:				
Commonwealth	23,500	49,742	2,638	(47,104)
Federal	95,000	229,325	7,423	(221,902)
Total revenues	<u>\$ 281,800</u>	<u>\$ 447,857</u>	<u>\$ 211,518</u>	<u>\$ (236,339)</u>
EXPENDITURES				
Current:				
Public works	\$ 322,862	\$ 257,925	\$ 224,232	\$ 33,693
Capital projects	-	332,395	29,304	303,091
Total expenditures	<u>\$ 322,862</u>	<u>\$ 590,320</u>	<u>\$ 253,536</u>	<u>\$ 336,784</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (41,062)</u>	<u>\$ (142,463)</u>	<u>\$ (42,018)</u>	<u>\$ 100,445</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 60,528	\$ 68,851	\$ 68,851	\$ -
Transfers out	(19,466)	(19,466)	(19,466)	-
Total other financing sources and uses	<u>\$ 41,062</u>	<u>\$ 49,385</u>	<u>\$ 49,385</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (93,078)	\$ 7,367	\$ 100,445
Fund balances - beginning	-	93,078	93,778	700
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,145</u>	<u>\$ 101,145</u>

Schedule of Pension Funding Progress
For the Year Ended June 30, 2011

Primary Government:
County Retirement Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (3-2)	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2010	\$ 13,239,874	\$ 16,288,766	\$ 3,048,892	81.28%	\$ 6,668,582	45.72%
6/30/2009	12,609,974	14,112,133	1,502,159	89.36%	6,728,020	22.33%
6/30/2008	11,851,051	12,111,513	260,462	97.85%	6,216,604	4.19%
6/30/2007	10,225,353	10,470,645	245,292	97.66%	5,603,563	4.38%
6/30/2006	8,792,953	8,831,512	38,559	99.56%	4,820,405	0.80%
6/30/2005	8,116,622	8,888,230	771,608	91.32%	4,038,948	19.10%
6/30/2004	7,769,908	7,647,288	(122,620)	101.60%	3,768,750	-3.25%

Discretely Presented Component Unit:
School Board Non-Professionals Retirement Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (3-2)	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2010	\$ 3,353,518	\$ 3,861,075	\$ 507,557	86.85%	\$ 1,202,890	42.19%
6/30/2009	3,471,163	3,656,004	184,841	94.94%	1,498,197	12.34%
6/30/2008	3,401,956	3,407,483	5,527	99.84%	1,373,364	0.40%
6/30/2007	3,092,110	2,959,380	(132,730)	104.49%	1,325,866	-10.01%
6/30/2006	2,768,432	2,649,750	(118,682)	104.48%	1,270,527	-9.34%
6/30/2005	2,558,984	2,587,772	28,788	98.89%	1,230,847	2.34%
6/30/2004	2,438,021	2,352,626	(85,395)	103.63%	1,079,581	-7.91%

Schedule of Funding Progress - Retiree Healthcare Plan
For the Year Ended June 30, 2011

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)	Annual Covered Payroll *	UAAL as % of Payroll ((b-a)/c)
School Board:						
7/1/2008 \$	- \$	1,153,000 \$	1,153,000	0.00% \$	15,650,081	7.37%
7/1/2010	-	1,635,000	1,635,000	0.00%	14,220,301	11.50%

* Based on annual payroll reported to the Virginia Retirement System

OTHER SUPPLEMENTARY INFORMATION

*COMBINING AND INDIVIDUAL FUNDS STATEMENTS
AND SCHEDULES*

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
EXPENDITURES				
Debt service:				
Principal retirement	\$ 2,626,870	\$ 2,626,870	\$ 2,626,864	\$ 6
Interest and other fiscal charges	3,103,254	3,103,254	3,102,636	618
Total expenditures	<u>\$ 5,730,124</u>	<u>\$ 5,730,124</u>	<u>\$ 5,729,500</u>	<u>\$ 624</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,730,124)</u>	<u>\$ (5,730,124)</u>	<u>\$ (5,729,500)</u>	<u>\$ 624</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 5,430,124</u>	<u>5,430,124</u>	<u>5,430,124</u>	<u>\$ -</u>
Total other financing sources and uses	<u>\$ 5,430,124</u>	<u>\$ 5,430,124</u>	<u>\$ 5,430,124</u>	<u>\$ -</u>
Net change in fund balances	\$ (300,000)	\$ (300,000)	\$ (299,376)	\$ 624
Fund balances - beginning	300,000	300,000	1,830,883	1,530,883
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,531,507</u></u>	<u><u>\$ 1,531,507</u></u>

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ 89,056	\$ 49,762	\$ (39,294)
Intergovernmental revenues:				
Federal	-	191,771	14,818	(176,953)
Total revenues	<u>\$ -</u>	<u>\$ 280,827</u>	<u>\$ 64,580</u>	<u>\$ (216,247)</u>
EXPENDITURES				
Capital projects	\$ 816,250	\$ 4,101,517	\$ 1,351,369	\$ 2,750,148
Total expenditures	<u>\$ 816,250</u>	<u>\$ 4,101,517</u>	<u>\$ 1,351,369</u>	<u>\$ 2,750,148</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (816,250)</u>	<u>\$ (3,820,690)</u>	<u>\$ (1,286,789)</u>	<u>\$ 2,533,901</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 81,050	\$ 274,195	\$ 2,907,061	\$ 2,632,866
Transfers out	<u>(107,200)</u>	<u>(107,200)</u>	<u>(107,200)</u>	<u>-</u>
Total other financing sources and uses	<u>\$ (26,150)</u>	<u>\$ 166,995</u>	<u>\$ 2,799,861</u>	<u>\$ 2,632,866</u>
Net change in fund balances	\$ (842,400)	\$ (3,653,695)	\$ 1,513,072	\$ 5,166,767
Fund balances - beginning	<u>842,400</u>	<u>4,746,448</u>	<u>10,674,722</u>	<u>5,928,274</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ 1,092,753</u></u>	<u><u>\$ 12,187,794</u></u>	<u><u>\$ 11,095,041</u></u>

School Construction Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 177	\$ 177
Total revenues	\$ -	\$ -	\$ 177	\$ 177
EXPENDITURES				
Capital projects	\$ -	\$ 470,483	\$ 268,395	\$ 202,088
Total expenditures	\$ -	\$ 470,483	\$ 268,395	\$ 202,088
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (470,483)	\$ (268,218)	\$ 202,265
Net change in fund balances	\$ -	\$ (470,483)	\$ (268,218)	\$ 202,265
Fund balances - beginning	-	470,483	4,405,293	3,934,810
Fund balances - ending	\$ -	\$ -	\$ 4,137,075	\$ 4,137,075

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2011

	Human Services Fund	Meals Tax Fund	Total
ASSETS			
Cash and cash equivalents	\$ 69,856	\$ 161,893	\$ 231,749
Receivables (net of allowance for uncollectibles):			
Accounts receivable	-	56,925	56,925
Due from other governmental units	78,202	-	78,202
Total assets	<u>\$ 148,058</u>	<u>\$ 218,818</u>	<u>\$ 366,876</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 69,856	\$ -	\$ 69,856
Total liabilities	<u>\$ 69,856</u>	<u>\$ -</u>	<u>\$ 69,856</u>
Fund balances:			
Committed to:			
Human Services	\$ 78,202	\$ -	\$ 78,202
Meals Tax	-	218,818	218,818
Total committed fund balance	<u>\$ 78,202</u>	<u>\$ 218,818</u>	<u>\$ 297,020</u>
Total fund balances	<u>\$ 78,202</u>	<u>\$ 218,818</u>	<u>\$ 297,020</u>
Total liabilities and fund balances	<u>\$ 148,058</u>	<u>\$ 218,818</u>	<u>\$ 366,876</u>

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

	Human Services Fund	Meals Tax Fund	Total
REVENUES			
Other local taxes	\$ -	\$ 527,062	\$ 527,062
Intergovernmental revenues:			
Commonwealth	390,188	-	390,188
Total revenues	<u>\$ 390,188</u>	<u>\$ 527,062</u>	<u>\$ 917,250</u>
EXPENDITURES			
Current:			
Health and welfare	\$ 1,080,896	\$ -	\$ 1,080,896
Total expenditures	<u>\$ 1,080,896</u>	<u>\$ -</u>	<u>\$ 1,080,896</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (690,708)</u>	<u>\$ 527,062</u>	<u>\$ (163,646)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 769,898	\$ -	\$ 769,898
Transfers out	(988)	(686,675)	(687,663)
Total other financing sources and uses	<u>\$ 768,910</u>	<u>\$ (686,675)</u>	<u>\$ 82,235</u>
Net change in fund balances	\$ 78,202	\$ (159,613)	\$ (81,411)
Fund balances - beginning	-	378,431	378,431
Fund balances - ending	<u>\$ 78,202</u>	<u>\$ 218,818</u>	<u>\$ 297,020</u>

COUNTY OF NEW KENT, VIRGINIA

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

	Human Services Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues:				
Commonwealth	1,202,995	1,202,995	390,188	(812,807)
Total revenues	\$ 1,202,995	\$ 1,202,995	\$ 390,188	\$ (812,807)
EXPENDITURES				
Current:				
Health and welfare	\$ 2,208,981	\$ 2,222,389	\$ 1,080,896	\$ 1,141,493
Total expenditures	\$ 2,208,981	\$ 2,222,389	\$ 1,080,896	\$ 1,141,493
Excess (deficiency) of revenues over (under) expenditures	\$ (1,005,986)	\$ (1,019,394)	\$ (690,708)	\$ 328,686
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,005,986	\$ 1,020,382	\$ 769,898	\$ (250,484)
Transfers out	-	(988)	(988)	-
Total other financing sources and uses	\$ 1,005,986	\$ 1,019,394	\$ 768,910	\$ (250,484)
Net change in fund balances	\$ -	\$ -	\$ 78,202	\$ 78,202
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 78,202	\$ 78,202

Exhibit 20

Meals Tax Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 515,000	\$ 515,000	\$ 527,062	\$ 12,062
-	-	-	-
\$ 515,000	\$ 515,000	\$ 527,062	\$ 12,062
-	-	-	-
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ 515,000	\$ 515,000	\$ 527,062	\$ 12,062
\$ -	\$ -	\$ -	\$ -
(515,000)	(686,675)	(686,675)	-
\$ (515,000)	\$ (686,675)	\$ (686,675)	\$ -
\$ -	\$ (171,675)	\$ (159,613)	\$ 12,062
-	171,675	378,431	-
\$ -	\$ -	\$ 218,818	\$ 12,062

Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2011

	<u>Agency Funds</u>		
	<u>Special Welfare</u>	<u>SSI Dedicated</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 8,714	\$ 5,232	\$ 13,946
Total assets	<u>\$ 8,714</u>	<u>\$ 5,232</u>	<u>\$ 13,946</u>
LIABILITIES			
Amounts held for social services clients	\$ 8,714	\$ 5,232	\$ 13,946
Total liabilities	<u>\$ 8,714</u>	<u>\$ 5,232</u>	<u>\$ 13,946</u>

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 10,000	\$ 5,998	\$ 7,284	\$ 8,714
Total assets	<u>\$ 10,000</u>	<u>\$ 5,998</u>	<u>\$ 7,284</u>	<u>\$ 8,714</u>
Liabilities:				
Amounts held for social services clients	\$ 10,000	\$ 5,998	\$ 7,284	\$ 8,714
SSI Dedicated Fund:				
Assets:				
Cash and cash equivalents	\$ 1,913	\$ 30,234	\$ 26,915	\$ 5,232
Total assets	<u>\$ 1,913</u>	<u>\$ 30,234</u>	<u>\$ 26,915</u>	<u>\$ 5,232</u>
Liabilities:				
Amounts held for social services clients	\$ 1,913	\$ 30,234	\$ 26,915	\$ 5,232
Total liabilities	<u>\$ 1,913</u>	<u>\$ 30,234</u>	<u>\$ 26,915</u>	<u>\$ 5,232</u>
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 11,913	\$ 36,232	\$ 34,199	\$ 13,946
Total assets	<u>\$ 11,913</u>	<u>\$ 36,232</u>	<u>\$ 34,199</u>	<u>\$ 13,946</u>
Liabilities:				
Amounts held for social services clients	\$ 11,913	\$ 36,232	\$ 34,199	\$ 13,946
Total liabilities	<u>\$ 11,913</u>	<u>\$ 36,232</u>	<u>\$ 34,199</u>	<u>\$ 13,946</u>

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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

	<u>School Operating Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,638,205	\$ 501,904	\$ 2,140,109
Receivables (net of allowance for uncollectibles):			
Accounts receivable	1,040	-	1,040
Due from other governmental units	1,147,739	51,093	1,198,832
Total assets	<u>\$ 2,786,984</u>	<u>\$ 552,997</u>	<u>\$ 3,339,981</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 999,784	\$ 22,970	\$ 1,022,754
Accrued liabilities	1,787,200	42,443	1,829,643
Total liabilities	<u>\$ 2,786,984</u>	<u>\$ 65,413</u>	<u>\$ 2,852,397</u>
Fund balances:			
Committed to:			
School operating expenses	\$ -	\$ -	\$ -
Cafeteria fund	-	287,584	287,584
Textbook fund	-	200,000	200,000
Total Committed Fund Balances	<u>\$ -</u>	<u>\$ 487,584</u>	<u>\$ 487,584</u>
Total fund balances	<u>\$ -</u>	<u>\$ 487,584</u>	<u>\$ 487,584</u>
Total liabilities and fund balances	<u>\$ 2,786,984</u>	<u>\$ 552,997</u>	<u>\$ 3,339,981</u>

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

Total fund balances per above	\$ 487,584
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital outlay	\$ 23,824,593	
Less: accumulated depreciation	<u>(6,023,272)</u>	17,801,321

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

Compensated absences	\$ (353,323)	
OPEB Liability	<u>(266,000)</u>	<u>(619,323)</u>
Net assets of governmental activities		<u>\$ 17,669,582</u>

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

	School Operating Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 12,637	\$ 3,626	\$ 16,263
Charges for services	48,277	559,368	607,645
Miscellaneous	117,216	14,919	132,135
Intergovernmental revenues:			
Local government	10,685,099	-	10,685,099
Commonwealth	11,751,918	14,873	11,766,791
Federal	1,898,900	325,659	2,224,559
Total revenues	<u>\$ 24,514,047</u>	<u>\$ 918,445</u>	<u>\$ 25,432,492</u>
EXPENDITURES			
Current:			
Education	\$ 24,214,647	\$ 1,119,601	\$ 25,334,248
Total expenditures	<u>\$ 24,214,647</u>	<u>\$ 1,119,601</u>	<u>\$ 25,334,248</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>299,400</u>	\$ <u>(201,156)</u>	\$ <u>98,244</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 299,400	\$ 299,400
Transfers out	<u>(299,400)</u>	<u>-</u>	<u>(299,400)</u>
Total other financing sources and uses	<u>\$ (299,400)</u>	<u>\$ 299,400</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 98,244	\$ 98,244
Fund balances - beginning	<u>-</u>	<u>389,340</u>	<u>389,340</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ 487,584</u></u>	<u><u>\$ 487,584</u></u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above	\$ 98,244
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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 capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 2,108,733	
Depreciation expense	<u>(951,973)</u>	1,156,760

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	\$ (29,331)	
(Increase) decrease in OPEB liability	<u>(113,000)</u>	<u>(142,331)</u>

Change in net assets of governmental activities	<u>\$ 1,112,673</u>
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Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2011

	School Operating Fund			Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 5,000	\$ 5,000	\$ 12,637	\$ 7,637
Charges for services	65,000	52,000	48,277	(3,723)
Miscellaneous	108,500	138,647	117,216	(21,431)
Intergovernmental revenues:				
Local government	10,498,595	11,276,012	10,685,099	(590,913)
Commonwealth	11,995,463	12,005,561	11,751,918	(253,643)
Federal	1,496,234	1,744,170	1,898,900	154,730
Total revenues	\$ 24,168,792	\$ 25,221,390	\$ 24,514,047	\$ (707,343)
EXPENDITURES				
Current:				
Education	\$ 23,910,345	\$ 24,582,159	\$ 24,214,647	\$ 367,512
Total expenditures	\$ 23,910,345	\$ 24,582,159	\$ 24,214,647	\$ 367,512
Excess (deficiency) of revenues over (under) expenditures	\$ 258,447	\$ 639,231	\$ 299,400	\$ (339,831)
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (299,400)	\$ (299,400)	\$ -
Total other financing sources and uses	\$ -	\$ (299,400)	\$ (299,400)	\$ -
Net change in fund balances	\$ 258,447	\$ 339,831	\$ -	\$ (339,831)
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ 258,447	\$ 339,831	\$ -	\$ (339,831)

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2011

	School Cafeteria Fund				Textbook Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ -	\$ -	\$ 3,626	\$ 3,626	\$ -	\$ -	\$ -	\$ -
Charges for services	650,000	650,000	559,368	(90,632)	-	-	-	-
Miscellaneous	-	-	14,919	14,919	-	-	-	-
Intergovernmental revenues:								
Commonwealth	13,581	13,581	14,873	1,292	-	-	-	-
Federal	150,000	150,000	325,659	175,659	-	-	-	-
Total revenues	\$ 813,581	\$ 813,581	\$ 918,445	\$ 104,864	\$ -	\$ -	\$ -	\$ -
EXPENDITURES								
Current:								
Education	\$ 813,581	\$ 813,581	\$ 854,201	\$ (40,620)	\$ -	\$ 465,400	\$ 265,400	\$ 200,000
Total expenditures	\$ 813,581	\$ 813,581	\$ 854,201	\$ (40,620)	\$ -	\$ 465,400	\$ 265,400	\$ 200,000
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 64,244	\$ 64,244	\$ -	\$ (465,400)	\$ (265,400)	\$ 200,000
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 299,400	\$ 299,400	\$ -
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 299,400	\$ 299,400	\$ -
Net change in fund balances	\$ -	\$ -	\$ 64,244	\$ 64,244	\$ -	\$ (166,000)	\$ 34,000	\$ 200,000
Fund balances - beginning	-	-	223,340	223,340	-	166,000	166,000	-
Fund balances - ending	\$ -	\$ -	\$ 287,584	\$ 287,584	\$ -	\$ -	\$ 200,000	\$ 200,000

*DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY*

Statement of Net Assets
Discretely Presented Component Unit - Economic Development Authority
June 30, 2011

ASSETS

Current assets:

Cash and cash equivalents	\$	683,576
Land held for resale		<u>721,508</u>
Total current assets	\$	<u>1,405,084</u>
Total assets	\$	<u>1,405,084</u>

NET ASSETS

Unrestricted	\$	<u>1,405,084</u>
Total net assets	\$	<u><u>1,405,084</u></u>

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2011

OPERATING REVENUES

Charges for services:

Other revenues	\$	<u>503</u>
Total operating revenues	\$	<u>503</u>

OPERATING EXPENSES

Other charges	\$	<u>107,195</u>
Total operating expenses	\$	<u>107,195</u>

Operating income (loss)	\$	<u>(106,692)</u>
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NONOPERATING REVENUES (EXPENSES)

Interest earnings	\$	<u>10,809</u>
Total nonoperating revenues (expenses)	\$	<u>10,809</u>

Change in net assets	\$	(95,883)
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Total net assets - beginning		<u>1,500,967</u>
Total net assets - ending	\$	<u><u>1,405,084</u></u>

Statement of Cash Flows

Discretely Presented Component Unit - Economic Development Authority

For the Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts for miscellaneous items	\$ 503
Payments for operating activities	<u>(107,195)</u>
Net cash provided (used) by operating activities	<u>\$ (106,692)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	\$ <u>10,809</u>
---------------------------------	------------------

Net increase (decrease) in cash and cash equivalents	\$ (95,883)
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Cash and cash equivalents - beginning	<u>779,459</u>
---------------------------------------	----------------

Cash and cash equivalents - ending	<u><u>\$ 683,576</u></u>
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Reconciliation of operating income (loss) to net cash**provided (used) by operating activities:**

Operating income (loss)	\$ <u>(106,692)</u>
-------------------------	---------------------

Net cash provided (used) by operating activities	<u><u>\$ (106,692)</u></u>
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SUPPORTING SCHEDULES

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 17,776,837	\$ 17,776,837	\$ 17,868,756	\$ 91,919
Real and personal public service corporation taxes	574,238	574,238	594,210	19,972
Personal property taxes	3,410,462	3,410,462	3,492,750	82,288
Mobile home taxes	20,000	20,000	26,184	6,184
Machinery and tools taxes	270	270	7,610	7,340
Penalties	152,000	152,000	186,449	34,449
Interest	78,000	78,000	121,999	43,999
Total general property taxes	\$ 22,011,807	\$ 22,011,807	\$ 22,297,958	\$ 286,151
Other local taxes:				
Local sales and use taxes	\$ 1,028,178	\$ 1,028,178	\$ 1,027,953	\$ (225)
Communication sales tax	590,000	590,000	621,081	31,081
Consumers' utility taxes	199,000	199,000	204,865	5,865
Electric consumption taxes	62,000	62,000	64,463	2,463
Business license taxes	475,000	475,000	665,405	190,405
Motor vehicle licenses	465,000	465,000	485,064	20,064
Bank stock taxes	18,500	18,500	21,356	2,856
Taxes on recordation and wills	284,000	284,000	251,132	(32,868)
Hotel and motel room taxes	12,300	12,300	11,813	(487)
Admissions tax	3,500	3,500	3,994	494
Total other local taxes	\$ 3,137,478	\$ 3,137,478	\$ 3,357,126	\$ 219,648
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 22,000	\$ 22,000	\$ 23,707	\$ 1,707
Transfer fees	600	600	612	12
Permits and other licenses	287,635	297,882	286,259	(11,623)
Total permits, privilege fees, and regulatory licenses	\$ 310,235	\$ 320,482	\$ 310,578	\$ (9,904)
Fines and forfeitures:				
Court fines and forfeitures	\$ 165,800	\$ 165,800	\$ 215,521	\$ 49,721
Total fines and forfeitures	\$ 165,800	\$ 165,800	\$ 215,521	\$ 49,721
Revenue from use of money and property:				
Revenue from use of money	\$ 455,000	\$ 455,000	\$ 422,139	\$ (32,861)
Revenue from use of property	234,624	270,624	285,068	14,444
Total revenue from use of money and property	\$ 689,624	\$ 725,624	\$ 707,207	\$ (18,417)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Charges for services:				
Excess fees of clerk	\$ 14,000	\$ 14,000	\$ 13,122	\$ (878)
Charges for law enforcement and traffic control	3,198	3,198	3,423	225
Charges for circuit court	58,480	58,480	58,411	(69)
Charges for courthouse security	86,000	86,000	75,791	(10,209)
Charges for Commonwealth's Attorney	380	380	927	547
Charges for other protection	3,700	3,700	5,878	2,178
Charges for sanitation and waste removal	22,600	22,600	50,901	28,301
Charges for parks and recreation	251,500	251,500	263,089	11,589
Charges for sale of publications and commemorative material	3,000	3,000	1,967	(1,033)
Total charges for services	\$ 442,858	\$ 442,858	\$ 473,509	\$ 30,651
Miscellaneous revenue:				
Miscellaneous	\$ 12,500	\$ 199,691	\$ 259,823	\$ 60,132
Off-track betting proceeds	491,700	491,700	464,968	(26,732)
Total miscellaneous revenue	\$ 504,200	\$ 691,391	\$ 724,791	\$ 33,400
Recovered costs:				
Plum Point loan repay-program income	\$ -	\$ 9,665	\$ 4,049	\$ (5,616)
Extension program sponsorship	-	4,374	4,374	-
9th judicial court/localities	13,212	13,212	13,612	400
Colonial Downs - fire/rescue standby	-	71,588	71,628	40
Fire suppression	-	403	333	(70)
Other recovered costs	-	123,111	125,274	2,163
Ambulance and rescue service	350,000	350,000	266,478	(83,522)
Total recovered costs	\$ 363,212	\$ 572,353	\$ 485,748	\$ (86,605)
Total revenue from local sources	\$ 27,625,214	\$ 28,067,793	\$ 28,572,438	\$ 504,645
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 35,866	\$ 35,866	\$ 9,307	\$ (26,559)
Mobile home titling tax	7,400	7,400	6,101	(1,299)
Motor vehicle rental tax	1,200	1,200	835	(365)
State recordation tax	61,822	61,822	89,333	27,511
Personal property tax relief funds	2,217,883	2,217,883	2,217,883	-
Total noncategorical aid	\$ 2,324,171	\$ 2,324,171	\$ 2,323,459	\$ (712)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 205,755	\$ 205,755	\$ 214,831	\$ 9,076
Sheriff	829,021	829,021	850,349	21,328
Commissioner of revenue	83,619	83,619	85,815	2,196
Treasurer	79,665	79,665	79,443	(222)
Registrar/electoral board	39,502	39,502	37,255	(2,247)
Clerk of the Circuit Court	182,885	216,681	226,822	10,141
Total shared expenses	<u>\$ 1,420,447</u>	<u>\$ 1,454,243</u>	<u>\$ 1,494,515</u>	<u>\$ 40,272</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 274,460	\$ 305,108	\$ 293,595	\$ (11,513)
Four for Life grant	8,700	29,329	20,629	(8,700)
Emergency services grants	20,500	20,500	-	(20,500)
Virginia commission for the arts	4,500	4,500	4,500	-
Other state grants	-	1,500	1,603	103
E-911 wireless	40,000	164,373	162,554	(1,819)
Forfeited assets	-	-	11,355	11,355
Va. Domestic Violence grant	20,000	40,000	29,888	(10,112)
Victim-witness grant	44,287	44,287	43,739	(548)
Fire programs	34,000	38,870	38,870	-
Litter control	-	5,837	5,837	-
DMV animal friendly plates	-	-	488	488
Total other categorical aid	<u>\$ 446,447</u>	<u>\$ 654,304</u>	<u>\$ 613,058</u>	<u>\$ (41,246)</u>
Total categorical aid	<u>\$ 1,866,894</u>	<u>\$ 2,108,547</u>	<u>\$ 2,107,573</u>	<u>\$ (974)</u>
Total revenue from the Commonwealth	<u>\$ 4,191,065</u>	<u>\$ 4,432,718</u>	<u>\$ 4,431,032</u>	<u>\$ (1,686)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 556,062	\$ 618,158	\$ 594,701	\$ (23,457)
Plum Point grant	-	206,095	47,639	(158,456)
VDH grants	-	2,000	2,000	-
DCJS grant	-	21,722	19,325	(2,397)
DMV - Smart, Safe and Sober	-	38,899	37,186	(1,713)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Emergency management and response	\$ 27,932	\$ 493,004	\$ 70,282	\$ (422,722)
Bulletproof vest partnership program	-	2,089	2,089	-
Environmental grant	-	80,000	80,000	-
FEMA safer grant - fire/rescue	196,292	196,292	-	(196,292)
Total categorical aid	<u>\$ 780,286</u>	<u>\$ 1,658,259</u>	<u>\$ 853,222</u>	<u>\$ (805,037)</u>
Total revenue from the federal government	<u>\$ 780,286</u>	<u>\$ 1,658,259</u>	<u>\$ 853,222</u>	<u>\$ (805,037)</u>
Total General Fund	<u>\$ 32,596,565</u>	<u>\$ 34,158,770</u>	<u>\$ 33,856,692</u>	<u>\$ (302,078)</u>
Special Revenue Funds:				
Airport Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 87,000	\$ 87,000	\$ 90,109	\$ 3,109
Total revenue from use of money and property	<u>\$ 87,000</u>	<u>\$ 87,000</u>	<u>\$ 90,109</u>	<u>\$ 3,109</u>
Charges for services:				
Fuel/oil sales	\$ 74,700	\$ 74,700	\$ 103,508	\$ 28,808
Airport access fees	600	600	600	-
Total charges for services	<u>\$ 75,300</u>	<u>\$ 75,300</u>	<u>\$ 104,108</u>	<u>\$ 28,808</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 1,000	\$ 6,490	\$ 7,240	\$ 750
Total miscellaneous revenue	<u>\$ 1,000</u>	<u>\$ 6,490</u>	<u>\$ 7,240</u>	<u>\$ 750</u>
Total revenue from local sources	<u>\$ 163,300</u>	<u>\$ 168,790</u>	<u>\$ 201,457</u>	<u>\$ 32,667</u>
Revenue from the Commonwealth:				
Categorical aid:				
Department of Aviation grants	\$ 23,500	\$ 49,742	\$ 2,638	\$ (47,104)
Total categorical aid	<u>\$ 23,500</u>	<u>\$ 49,742</u>	<u>\$ 2,638</u>	<u>\$ (47,104)</u>
Total revenue from the Commonwealth	<u>\$ 23,500</u>	<u>\$ 49,742</u>	<u>\$ 2,638</u>	<u>\$ (47,104)</u>
Revenue from the federal government:				
Categorical aid:				
Airport improvement program	\$ 95,000	\$ 229,325	\$ 7,423	\$ (221,902)
Total categorical aid	<u>\$ 95,000</u>	<u>\$ 229,325</u>	<u>\$ 7,423</u>	<u>\$ (221,902)</u>
Total revenue from the federal government	<u>\$ 95,000</u>	<u>\$ 229,325</u>	<u>\$ 7,423</u>	<u>\$ (221,902)</u>
Total Airport Fund	<u>\$ 281,800</u>	<u>\$ 447,857</u>	<u>\$ 211,518</u>	<u>\$ (236,339)</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Human Services Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive services act	\$ 1,202,995	\$ 1,202,995	\$ 390,188	\$ (812,807)
Total categorical aid	\$ 1,202,995	\$ 1,202,995	\$ 390,188	\$ (812,807)
Total revenue from the Commonwealth	\$ 1,202,995	\$ 1,202,995	\$ 390,188	\$ (812,807)
Total Human Services Fund	\$ 1,202,995	\$ 1,202,995	\$ 390,188	\$ (812,807)
Meals Tax Fund:				
Revenue from local sources:				
Other local taxes:				
Meals tax	\$ 515,000	\$ 515,000	\$ 527,062	\$ 12,062
Total other local taxes	\$ 515,000	\$ 515,000	\$ 527,062	\$ 12,062
Total revenue from local sources	\$ 515,000	\$ 515,000	\$ 527,062	\$ 12,062
Total Meals tax Fund	\$ 515,000	\$ 515,000	\$ 527,062	\$ 12,062
Capital Projects Funds:				
County Capital Improvements Fund:				
Miscellaneous revenue:				
Cash proffers	\$ -	\$ 88,886	\$ 41,546	\$ (47,340)
Other miscellaneous	-	170	8,216	8,046
Total miscellaneous revenue	\$ -	\$ 89,056	\$ 49,762	\$ (39,294)
Total revenue from local sources	\$ -	\$ 89,056	\$ 49,762	\$ (39,294)

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Funds: (Continued)				
County Capital Improvements Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
ISTEA - bicycle route	\$ -	\$ 7,171	\$ -	\$ (7,171)
ISTEA - village improvement grant	-	159,600	-	(159,600)
Bicycle signage grant	-	25,000	14,818	(10,182)
Total revenue from the federal government	\$ -	\$ 191,771	\$ 14,818	\$ (176,953)
Total County Capital Improvements Fund	\$ -	\$ 280,827	\$ 64,580	\$ (216,247)
School Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 177	\$ 177
Total revenue from use of money and property	\$ -	\$ -	\$ 177	\$ 177
Total revenue from local sources	\$ -	\$ -	\$ 177	\$ 177
Total School Construction Fund	\$ -	\$ -	\$ 177	\$ 177
Total Primary Government	\$ 34,596,360	\$ 36,605,449	\$ 35,050,217	\$ (1,555,232)
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	\$ 5,000	\$ 5,000	\$ 12,637	\$ 7,637
Total revenue from use of money and property	\$ 5,000	\$ 5,000	\$ 12,637	\$ 7,637
Charges for services:				
Tuition and payments from other divisions	\$ 65,000	\$ 52,000	\$ 48,277	\$ (3,723)
Total charges for services	\$ 65,000	\$ 52,000	\$ 48,277	\$ (3,723)
Miscellaneous revenue:				
Other miscellaneous	\$ 108,500	\$ 138,647	\$ 117,216	\$ (21,431)
Total miscellaneous revenue	\$ 108,500	\$ 138,647	\$ 117,216	\$ (21,431)
Total revenue from local sources	\$ 178,500	\$ 195,647	\$ 178,130	\$ (17,517)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of New Kent, Virginia	\$ 10,498,595	\$ 11,276,012	\$ 10,685,099	\$ (590,913)
Total revenues from local governments	\$ 10,498,595	\$ 11,276,012	\$ 10,685,099	\$ (590,913)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,492,497	\$ 2,492,497	\$ 2,594,389	\$ 101,892
Basic school aid	6,993,534	6,993,534	6,649,140	(344,394)
ISAEP (GED program)	7,859	7,859	7,859	-
Regular foster care	11,796	11,796	10,401	(1,395)
Gifted and talented	71,592	71,592	71,843	251
Remedial education	63,637	63,637	63,860	223
English as a second language	3,684	3,684	3,684	-
Special education	930,696	930,696	941,529	10,833
Textbook payment	83,588	83,588	83,880	292
Vocational education	44,546	44,546	44,702	156
Social security fringe benefits	399,324	399,324	400,722	1,398
Retirement fringe benefits	237,049	237,049	237,879	830
Group life insurance fringe benefits	14,318	14,318	14,369	51
State lottery payments	419,908	419,908	382,089	(37,819)
Early reading intervention	29,380	29,380	29,380	-
Homebound education	2,552	2,552	5,105	2,553
Vocational education equipment	3,374	3,374	3,211	(163)
At risk payments	26,689	26,689	26,764	75
Technology	154,000	154,000	154,000	-
Standards of Learning algebra readiness				-
Mentor teacher program	4,040	4,040	9,786	5,746
Other state funds	1,400	11,498	17,326	5,828
Total categorical aid	\$ 11,995,463	\$ 12,005,561	\$ 11,751,918	\$ (253,643)
Total revenue from the Commonwealth	\$ 11,995,463	\$ 12,005,561	\$ 11,751,918	\$ (253,643)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 218,688	\$ 253,023	\$ 197,874	\$ (55,149)
Title I - ARRA	136,444	33,307	33,307	-
Title VI-B, special education flow-through	697,254	656,870	591,325	(65,545)
Title VI-B, special education flow-through - ARRA	300,000	378,848	365,660	(13,188)
Vocational education	27,270	28,634	34,643	6,009
Title VI-B, special education preschool	15,464	15,304	15,304	-
Title VI-B, special education preschool - ARRA	20,081	16,633	11,677	(4,956)
Technology literacy challenge	4,055	8,416	1,700	(6,716)
Technology - ARRA	-	-	4,500	4,500
Title II - teacher quality	69,401	84,188	58,347	(25,841)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Drug free school	\$ 7,577	\$ 3,351	\$ 3,351	\$ -
State fiscal stabilization funds	-	265,596	581,212	315,616
Total categorical aid	<u>\$ 1,496,234</u>	<u>\$ 1,744,170</u>	<u>\$ 1,898,900</u>	<u>\$ 154,730</u>
Total revenue from the federal government	<u>\$ 1,496,234</u>	<u>\$ 1,744,170</u>	<u>\$ 1,898,900</u>	<u>\$ 154,730</u>
Total School Operating Fund	<u>\$ 24,168,792</u>	<u>\$ 25,221,390</u>	<u>\$ 24,514,047</u>	<u>\$ (707,343)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 3,626	\$ 3,626
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,626</u>	<u>\$ 3,626</u>
Charges for services:				
Cafeteria sales	\$ 650,000	\$ 650,000	\$ 559,368	\$ (90,632)
Total charges for services	<u>\$ 650,000</u>	<u>\$ 650,000</u>	<u>\$ 559,368</u>	<u>\$ (90,632)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 14,919	\$ 14,919
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,919</u>	<u>\$ 14,919</u>
Total revenue from local sources	<u>\$ 650,000</u>	<u>\$ 650,000</u>	<u>\$ 577,913</u>	<u>\$ (72,087)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 13,581	\$ 13,581	\$ 14,873	\$ 1,292
Total categorical aid	<u>\$ 13,581</u>	<u>\$ 13,581</u>	<u>\$ 14,873</u>	<u>\$ 1,292</u>
Total revenue from the Commonwealth	<u>\$ 13,581</u>	<u>\$ 13,581</u>	<u>\$ 14,873</u>	<u>\$ 1,292</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 150,000	\$ 150,000	\$ 263,887	\$ 113,887
Commodities	-	-	61,772	61,772
Total categorical aid	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 325,659</u>	<u>\$ 175,659</u>
Total revenue from the federal government	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 325,659</u>	<u>\$ 175,659</u>
Total School Cafeteria Fund	<u>\$ 813,581</u>	<u>\$ 813,581</u>	<u>\$ 918,445</u>	<u>\$ 104,864</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 24,982,373</u>	<u>\$ 26,034,971</u>	<u>\$ 25,432,492</u>	<u>\$ (602,479)</u>

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 95,545	\$ 109,674	\$ 102,264	\$ 7,410
General and financial administration:				
County administrator	\$ 369,239	\$ 371,508	\$ 350,965	\$ 20,543
Legal services	260,377	261,023	230,595	30,428
Central switchboard	25,327	25,327	24,307	1,020
Commissioner of revenue	458,876	461,137	446,616	14,521
Treasurer	358,364	372,815	363,267	9,548
Financial services	454,947	456,239	424,221	32,018
Department of information technology	455,858	490,313	401,662	88,651
Human Resources	150,141	163,797	151,901	11,896
Purchasing	216,992	218,012	187,899	30,113
Other general and financial administration	-	20,254	20,253	1
Total general and financial administration	\$ 2,750,121	\$ 2,840,425	\$ 2,601,686	\$ 238,739
Board of elections:				
Electoral board and officials	\$ 169,353	\$ 169,999	\$ 155,753	\$ 14,246
Total board of elections	\$ 169,353	\$ 169,999	\$ 155,753	\$ 14,246
Total general government administration	\$ 3,015,019	\$ 3,120,098	\$ 2,859,703	\$ 260,395
Judicial administration:				
Courts:				
Circuit court	\$ 81,574	\$ 81,897	\$ 78,877	\$ 3,020
General district court	15,323	18,009	18,008	1
Sheriff	499,535	506,406	502,544	3,862
Magistrate	2,705	2,705	1,909	796
Juvenile and domestic relations district court	7,025	8,525	5,368	3,157
Clerk of the circuit court	315,114	349,878	309,191	40,687
Victim and witness assistance	45,112	45,700	43,739	1,961
Total courts	\$ 966,388	\$ 1,013,120	\$ 959,636	\$ 53,484
Commonwealth's attorney:				
Commonwealth's attorney	\$ 317,498	\$ 338,467	\$ 333,802	\$ 4,665
Total commonwealth's attorney	\$ 317,498	\$ 338,467	\$ 333,802	\$ 4,665
Total judicial administration	\$ 1,283,886	\$ 1,351,587	\$ 1,293,438	\$ 58,149
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,900,188	\$ 2,151,147	\$ 2,088,177	\$ 62,970
Grants programs	-	70,315	58,857	11,458
School resource officer	125,072	126,741	120,704	6,037
Total law enforcement and traffic control	\$ 2,025,260	\$ 2,348,203	\$ 2,267,738	\$ 80,465

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer rescue squads	\$ 36,100	\$ 64,042	\$ 39,539	\$ 24,503
State forestry service	7,178	7,179	7,178	1
Fire and emergency management	1,897,008	2,627,072	2,211,746	415,326
Total fire and rescue services	<u>\$ 1,940,286</u>	<u>\$ 2,698,293</u>	<u>\$ 2,258,463</u>	<u>\$ 439,830</u>
Correction and detention:				
Confinement and care of prisoners	\$ 496,180	\$ 710,396	\$ 697,316	\$ 13,080
Probation & pretrial	175,362	175,362	147,453	27,909
Total correction and detention	<u>\$ 671,542</u>	<u>\$ 885,758</u>	<u>\$ 844,769</u>	<u>\$ 40,989</u>
Inspections:				
Building	\$ 343,671	\$ 344,963	\$ 321,504	\$ 23,459
Total inspections	<u>\$ 343,671</u>	<u>\$ 344,963</u>	<u>\$ 321,504</u>	<u>\$ 23,459</u>
Other protection:				
Animal control	\$ 222,540	\$ 248,774	\$ 223,356	\$ 25,418
E-911	760,014	922,654	841,599	81,055
Total other protection	<u>\$ 982,554</u>	<u>\$ 1,171,428</u>	<u>\$ 1,064,955</u>	<u>\$ 106,473</u>
Total public safety	<u>\$ 5,963,313</u>	<u>\$ 7,448,645</u>	<u>\$ 6,757,429</u>	<u>\$ 691,216</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 978,592	\$ 982,738	\$ 820,955	\$ 161,783
Total sanitation and waste removal	<u>\$ 978,592</u>	<u>\$ 982,738</u>	<u>\$ 820,955</u>	<u>\$ 161,783</u>
Maintenance of general buildings and grounds:				
General properties	\$ 898,138	\$ 900,399	\$ 787,050	\$ 113,349
Total maintenance of general buildings and grounds	<u>\$ 898,138</u>	<u>\$ 900,399</u>	<u>\$ 787,050</u>	<u>\$ 113,349</u>
Total public works	<u>\$ 1,876,730</u>	<u>\$ 1,883,137</u>	<u>\$ 1,608,005</u>	<u>\$ 275,132</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 164,000	\$ 168,058	\$ 168,058	\$ -
Total health	<u>\$ 164,000</u>	<u>\$ 168,058</u>	<u>\$ 168,058</u>	<u>\$ -</u>

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Mental health and mental retardation:				
Community services board	\$ 97,645	\$ 97,645	\$ 97,645	\$ -
Total mental health and mental retardation	\$ 97,645	\$ 97,645	\$ 97,645	\$ -
Welfare:				
Public assistance and welfare administration	\$ 1,158,222	\$ 1,270,338	\$ 1,088,164	\$ 182,174
Area agency on aging	4,083	4,083	4,083	-
Meals on wheels	4,500	4,500	4,500	-
Transportation for the elderly	52,582	52,582	52,582	-
Social service agency donations	33,720	33,720	33,720	-
Total welfare	\$ 1,253,107	\$ 1,365,223	\$ 1,183,049	\$ 182,174
Total health and welfare	\$ 1,514,752	\$ 1,630,926	\$ 1,448,752	\$ 182,174
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 4,130	\$ 4,130	\$ 4,130	\$ -
Contribution to County School Board	10,498,595	11,276,012	10,685,099	590,913
Total education	\$ 10,502,725	\$ 11,280,142	\$ 10,689,229	\$ 590,913
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 510,033	\$ 532,029	\$ 452,239	\$ 79,790
Total parks and recreation	\$ 510,033	\$ 532,029	\$ 452,239	\$ 79,790
Cultural enrichment:				
Fine arts center	\$ 15,750	\$ 15,750	\$ 15,750	\$ -
Total cultural enrichment	\$ 15,750	\$ 15,750	\$ 15,750	\$ -
Library:				
Contribution to regional library	\$ 184,530	\$ 184,530	\$ 184,530	\$ -
Total library	\$ 184,530	\$ 184,530	\$ 184,530	\$ -
Total parks, recreation, and cultural	\$ 710,313	\$ 732,309	\$ 652,519	\$ 79,790
Community development:				
Planning and community development:				
Community development	\$ 176,038	\$ 176,684	\$ 166,794	\$ 9,890
Zoning board	2,625	2,625	429	2,196
Planning commission	38,314	38,314	28,594	9,720
Plum Point housing rehab	-	333,453	53,848	279,605
Planning and zoning	270,049	306,693	248,075	58,618
EPA - NFWF grant	-	80,000	80,000	-
Economic development	262,118	262,764	248,789	13,975
Historic commission	16,075	16,075	543	15,532
Total planning and community development	\$ 765,219	\$ 1,216,608	\$ 827,072	\$ 389,536

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Environmental management:				
Contribution to soil and water conservation district	\$ 13,525	\$ 13,525	\$ 13,525	\$ -
Environmental management	235,343	236,138	215,185	20,953
Wetlands board	4,310	4,310	2,477	1,833
Litter control	-	6,607	6,161	446
Cooperative forestry and reforestation	5,200	8,707	8,707	-
Total environmental management	<u>\$ 258,378</u>	<u>\$ 269,287</u>	<u>\$ 246,055</u>	<u>\$ 23,232</u>
Cooperative extension program:				
Extension office	\$ 54,850	\$ 60,431	\$ 45,383	\$ 15,048
Total cooperative extension program	<u>\$ 54,850</u>	<u>\$ 60,431</u>	<u>\$ 45,383</u>	<u>\$ 15,048</u>
Total community development	<u>\$ 1,078,447</u>	<u>\$ 1,546,326</u>	<u>\$ 1,118,510</u>	<u>\$ 427,816</u>
Total General Fund	<u>\$ 25,945,185</u>	<u>\$ 28,993,170</u>	<u>\$ 26,427,585</u>	<u>\$ 2,565,585</u>
Special Revenue Funds:				
Airport Fund:				
Current:				
Public Works:				
Salaries and fringes	\$ 96,937	\$ 98,578	\$ 98,053	\$ 525
Contractual services	22,500	8,279	6,554	1,725
Electricity	8,000	7,900	6,556	1,344
Miscellaneous	195,425	143,168	113,069	30,099
Total public works	<u>\$ 322,862</u>	<u>\$ 257,925</u>	<u>\$ 224,232</u>	<u>\$ 33,693</u>
Capital projects expenditures:				
Airport improvement	\$ -	\$ 332,395	\$ 29,304	\$ 303,091
Total capital projects	<u>\$ -</u>	<u>\$ 332,395</u>	<u>\$ 29,304</u>	<u>\$ 303,091</u>
Total Airport Fund	<u>\$ 322,862</u>	<u>\$ 590,320</u>	<u>\$ 253,536</u>	<u>\$ 336,784</u>
Human Services Fund:				
Health and welfare:				
Welfare and social services:				
Comprehensive services act	\$ 2,202,231	\$ 2,201,889	\$ 1,060,396	\$ 1,141,493
Virginia juvenile crime control act	6,750	20,500	20,500	-
Total welfare and social services	<u>\$ 2,208,981</u>	<u>\$ 2,222,389</u>	<u>\$ 1,080,896</u>	<u>\$ 1,141,493</u>
Total health and welfare	<u>\$ 2,208,981</u>	<u>\$ 2,222,389</u>	<u>\$ 1,080,896</u>	<u>\$ 1,141,493</u>
Total Human Services Fund	<u>\$ 2,208,981</u>	<u>\$ 2,222,389</u>	<u>\$ 1,080,896</u>	<u>\$ 1,141,493</u>

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Fund:				
Debt service:				
Principal retirement	\$ 2,626,870	\$ 2,626,870	\$ 2,626,864	\$ 6
Interest and other fiscal charges	3,103,254	3,103,254	3,102,636	618
Total Debt Service Fund	<u>\$ 5,730,124</u>	<u>\$ 5,730,124</u>	<u>\$ 5,729,500</u>	<u>\$ 624</u>
Capital Projects Funds:				
County Capital Improvements Fund:				
Capital projects expenditures:				
County capital projects	\$ 496,050	\$ 3,682,954	\$ 934,092	\$ 2,748,862
School projects	320,200	418,563	417,277	1,286
Total capital projects	<u>\$ 816,250</u>	<u>\$ 4,101,517</u>	<u>\$ 1,351,369</u>	<u>\$ 2,750,148</u>
Total County Capital Improvements Fund	<u>\$ 816,250</u>	<u>\$ 4,101,517</u>	<u>\$ 1,351,369</u>	<u>\$ 2,750,148</u>
School Construction Fund:				
Capital projects expenditures:				
School projects	\$ -	\$ 470,483	\$ 268,395	\$ 202,088
Total capital projects	<u>\$ -</u>	<u>\$ 470,483</u>	<u>\$ 268,395</u>	<u>\$ 202,088</u>
Total School Construction Fund	<u>\$ -</u>	<u>\$ 470,483</u>	<u>\$ 268,395</u>	<u>\$ 202,088</u>
Total Primary Government	<u>\$ 35,023,402</u>	<u>\$ 42,108,003</u>	<u>\$ 35,111,281</u>	<u>\$ 6,996,722</u>
Discretely Presented Component Unit-School Board				
School Operating Fund:				
Education:				
Administration of schools:				
School board	\$ 43,365	\$ 43,365	\$ 34,760	\$ 8,605
Executive administration services	931,233	938,263	837,182	101,081
Total administration of schools	<u>\$ 974,598</u>	<u>\$ 981,628</u>	<u>\$ 871,942</u>	<u>\$ 109,686</u>
Instruction costs:				
Elementary and secondary schools	<u>\$ 17,544,434</u>	<u>\$ 17,880,543</u>	<u>\$ 17,506,065</u>	<u>\$ 374,478</u>
Total instruction costs	<u>\$ 17,544,434</u>	<u>\$ 17,880,543</u>	<u>\$ 17,506,065</u>	<u>\$ 374,478</u>
Operating costs:				
Attendance and health services	\$ 1,032,841	\$ 997,841	\$ 847,586	\$ 150,255
Pupil transportation	1,989,826	2,004,826	2,326,796	(321,970)
Operation and maintenance of school plant	2,368,646	2,401,169	2,346,106	55,063
Facilities	-	316,152	316,152	-
Total operating costs	<u>\$ 5,391,313</u>	<u>\$ 5,719,988</u>	<u>\$ 5,836,640</u>	<u>\$ (116,652)</u>
Total education	<u>\$ 23,910,345</u>	<u>\$ 24,582,159</u>	<u>\$ 24,214,647</u>	<u>\$ 367,512</u>
Total School Fund	<u>\$ 23,910,345</u>	<u>\$ 24,582,159</u>	<u>\$ 24,214,647</u>	<u>\$ 367,512</u>

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board (Continued)				
Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 813,581	\$ 813,581	\$ 792,429	\$ 21,152
Commodities	-	-	61,772	(61,772)
Total school food services	\$ 813,581	\$ 813,581	\$ 854,201	\$ (40,620)
Total Cafeteria Fund	\$ 813,581	\$ 813,581	\$ 854,201	\$ (40,620)
Textbook:				
Education:				
Instruction	\$ -	\$ 465,400	\$ 265,400	\$ 200,000
Total Textbook	\$ -	\$ 465,400	\$ 265,400	\$ 200,000
Total Discretely Presented Component Unit - School Board	\$ 24,723,926	\$ 25,861,140	\$ 25,334,248	\$ 526,892

STATISTICAL SECTION

Statistical Section

<u>Contents</u>	<u>Tables</u>
Financial Trends These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.	1 - 4
Revenue Capacity These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	5-8
Debt Capacity These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	9-11
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	12-13
Operating Information These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.	14-16
 <i>Sources:</i> Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.	

COUNTY OF NEW KENT, VIRGINIA
Net Assets by Component
Last Nine Fiscal Years (1)
(accrual basis of accounting)

Table 1

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	\$ 8,387,629	\$ 9,820,196	\$ 12,228,885	\$ 15,038,906	\$ 9,438,366	\$ 16,407,609	\$ 15,885,375	\$ 24,889,762	\$ 20,138,682
Restricted	124,409	286,512	529,641	823,127	-	-	5,017,970	-	-
Unrestricted	11,557,580	12,205,461	12,306,601	16,968,552	17,196,160	17,921,278	22,836,534	21,701,270	26,045,094
Total governmental activities net assets	\$ 20,069,618	\$ 22,312,169	\$ 25,065,127	\$ 32,830,585	\$ 26,634,526	\$ 34,328,887	\$ 43,739,879	\$ 46,591,032	\$ 46,183,776
Business-type activities									
Invested in capital assets, net of related debt	\$ 9,444,454	\$ 11,615,019	\$ 13,004,622	\$ 12,838,155	\$ 19,983,157	\$ 35,637,527	\$ 38,497,889	\$ 52,595,933	\$ 66,749,297
Unrestricted	1,963,202	3,411,101	5,204,171	11,624,152	43,534,175	31,615,532	28,769,945	19,181,071	7,694,815
Total business-type activities net assets	\$ 11,407,656	\$ 15,026,120	\$ 18,208,793	\$ 24,462,307	\$ 63,517,332	\$ 67,253,059	\$ 67,267,834	\$ 71,777,004	\$ 74,444,112
Primary Government									
Invested in capital assets, net of related debt	\$ 17,832,083	\$ 21,435,215	\$ 25,233,507	\$ 27,877,061	\$ 29,421,523	\$ 52,045,136	\$ 54,383,264	\$ 77,485,695	\$ 86,887,979
Restricted	124,409	286,512	529,641	823,127	-	-	5,017,970	-	-
Unrestricted	13,520,782	15,616,562	17,510,772	28,592,704	60,730,335	49,536,810	51,606,479	40,882,341	33,739,909
Total Primary government net assets	\$ 31,477,274	\$ 37,338,289	\$ 43,273,920	\$ 57,292,892	\$ 90,151,858	\$ 101,581,946	\$ 111,007,713	\$ 118,368,036	\$ 120,627,888

Note:

(1) Data is presented from fiscal year 2003 when the County implemented GASB Statement 34. Ultimately this schedule will contain information for the last ten fiscal years.

COUNTY OF NEW KENT, VIRGINIA
Net Assets by Component
Last Nine Fiscal Years (1)
(accrual basis of accounting)

Table 2
Page 1 of 2

	2003	2004	2005	2006	Fiscal Year			2009	2010	2011
Expenses					2007	2008				
Governmental activities										
General government administration	\$ 1,772,644	\$ 1,266,621	\$ 1,447,448	\$ 2,135,653	\$ 2,467,397	\$ 1,897,867	\$ 3,112,985	\$ 3,178,178	\$ 3,127,903	
Judicial administration	542,644	557,455	573,244	1,148,168	1,414,736	1,369,100	1,340,241	1,281,668	1,626,082	
Public safety	3,724,372	4,960,805	5,939,781	4,797,876	5,669,671	5,941,239	6,448,840	6,974,536	6,873,657	
Public works	1,347,566	1,389,480	2,079,328	634,629	1,562,298	1,821,422	2,029,548	2,111,602	2,135,389	
Health and welfare	1,775,012	1,967,934	2,035,533	2,001,494	2,730,201	2,789,425	2,549,020	2,470,269	2,632,900	
Community development	721,495	1,060,039	58,215	820,618	998,293	7,691,487	5,617,649	15,413,852	13,735,944	
Parks, Recreation and cultural	141,314	146,726	404,051	375,468	138,908	680,412	764,787	707,331	710,686	
Education	6,869,308	8,398,078	9,216,426	8,606,853	23,299,435	1,728,272	1,389,121	1,017,515	1,194,287	
Interest and other financial charges	138,065	123,893	138,407	292,157	2,632,446	3,334,033	3,211,074	3,141,450	2,896,772	
Total governmental activities	\$ 17,032,420	\$ 19,871,031	\$ 21,892,433	\$ 20,812,916	\$ 40,913,385	\$ 27,253,257	\$ 26,463,265	\$ 36,296,401	\$ 34,933,620	
Business-type activities										
Water and Sewer	\$ 1,858,732	\$ 1,050,475	\$ 1,512,621	\$ 1,847,797	\$ 2,373,385	\$ 2,396,236	\$ 2,892,413	\$ 2,665,738	\$ 3,043,612	
Bottoms Bridge	-	-	143,985	598,797	538,689	-	932,255	1,053,599	1,040,173	
Total business-type activities	\$ 1,858,732	\$ 1,050,475	\$ 1,656,606	\$ 2,446,594	\$ 2,912,074	\$ 2,396,236	\$ 3,824,668	\$ 3,719,337	\$ 4,083,785	
Total primary government expenses	\$ 18,891,152	\$ 20,921,506	\$ 23,549,039	\$ 23,259,510	\$ 43,825,459	\$ 29,649,493	\$ 30,287,933	\$ 40,015,738	\$ 39,017,405	
Program Revenues										
Governmental activities										
Charges for services:	\$ 459,965	\$ 515,998	\$ 854,141	\$ 976,674	\$ -	\$ -	\$ -	\$ -	\$ -	
General government	96,268	100,828	100,630	108,277	401,236	386,857	393,169	351,749	363,772	
Judicial administration	69,306	14,978	14,638	118,371	694,944	670,915	467,676	437,179	319,879	
Public safety	141,390	150,040	131,431	160,223	112,478	69,744	110,879	45,231	50,901	
Public works	982	-	-	-	-	-	-	-	-	
Health and welfare	59,941	-	64,347	74,350	125,355	247,457	238,455	294,890	263,089	
Parks, recreation and cultural	-	-	-	-	328	6,462	2,440	87,478	106,075	
Community development	-	-	-	-	-	-	-	-	-	
Education	-	-	55,875	208,170	-	-	-	-	-	
Operating grants and contributions	4,639,646	4,858,074	5,290,164	3,121,241	3,760,077	3,940,686	3,534,316	3,541,020	3,361,044	
Capital Grants and contributions	39,060	239,954	952,147	421,375	311,342	700,673	428,223	26,451	14,818	
Total governmental activities	\$ 5,506,558	\$ 5,879,872	\$ 7,463,373	\$ 5,188,681	\$ 5,405,760	\$ 6,022,794	\$ 5,175,158	\$ 4,783,998	\$ 4,479,578	
Business-type activities										
Charges for services:	\$ 1,286,095	\$ 2,511,216	\$ 2,629,494	\$ 7,427,792	\$ 37,719,032	\$ 2,993,759	\$ 3,094,791	\$ 4,155,390	\$ 3,191,329	
Water and Sewer	-	-	27,918	382,589	492,327	599,004	271,412	98,928	292,400	
Bottoms Bridge	441,000	-	-	-	44,289	-	-	-	-	
Operating grants and contributions	44,375	670,748	1,769,979	141,200	1,021,455	947,934	-	3,798,166	2,942,658	
Capital grants and contributions	1,771,470	\$ 3,181,964	\$ 4,427,391	\$ 7,951,581	\$ 39,277,103	\$ 4,540,697	\$ 3,366,203	\$ 8,052,484	\$ 6,426,387	
Total business-type activities	\$ 7,278,028	\$ 9,061,836	\$ 11,890,764	\$ 13,140,262	\$ 44,682,863	\$ 10,563,491	\$ 8,541,361	\$ 12,836,482	\$ 10,905,965	
Total primary government revenues										

COUNTY OF NEW KENT, VIRGINIA

Net Assets by Component

Last Nine Fiscal Years (1)

(accrual basis of accounting)

Table 2

Page 2 of 2

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net (Expense)/Revenue									
Governmental activities	\$ (11,525,962)	\$ (13,991,159)	\$ (14,429,060)	\$ (15,624,235)	\$ (35,504,705)	\$ (21,230,463)	\$ (21,258,107)	\$ (31,512,403)	\$ (30,454,042)
Business-type activities	(87,262)	2,131,489	2,770,785	5,504,987	36,365,029	2,144,461	(458,465)	4,333,147	2,342,602
Total primary government net expense	\$ (11,613,224)	\$ (11,859,670)	\$ (11,658,275)	\$ (10,119,248)	\$ 860,324	\$ (19,086,002)	\$ (21,716,572)	\$ (27,179,256)	\$ (28,111,440)
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Taxes									
Property taxes	\$ 10,328,886	\$ 11,501,765	\$ 12,870,154	\$ 13,891,200	\$ 17,808,606	\$ 18,678,094	\$ 22,352,347	\$ 22,330,764	\$ 22,263,513
Other local taxes	2,410,149	2,746,469	2,861,365	3,972,970	4,095,757	4,305,199	4,093,622	3,665,210	3,884,188
Proffer revenues	59,205	128,789	243,902	-	-	-	-	-	-
Investment earnings	203,020	189,284	322,551	390,396	2,717,504	2,427,528	1,631,096	872,932	797,493
Miscellaneous	697,245	1,061,389	885,652	1,422,398	1,523,291	1,144,452	305,112	858,794	781,793
Non-categorical aid from the Commonwealth	-	-	-	2,404,781	2,515,587	2,375,270	2,286,922	6,635,296	2,323,459
Loss on disposal of net assets	-	-	-	-	-	(5,719)	-	-	-
Transfers	-	-	(1,606)	(18,773)	12,001	-	-	560	(3,660)
Total governmental activities	\$ 13,698,505	\$ 15,627,696	\$ 17,182,018	\$ 22,062,972	\$ 28,672,746	\$ 28,924,824	\$ 30,669,099	\$ 34,363,556	\$ 30,046,786
Business-type activities									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 30,542	\$ 52,012	\$ 94,877	\$ 112,973	\$ 117,658
Investment earnings	3,176	2,340	195,955	729,754	1,681,641	1,539,254	378,363	63,610	203,188
Miscellaneous	10,000	-	-	-	-	-	-	-	-
Transfers	-	-	1,606	18,733	(12,001)	-	-	(560)	3,660
Total business-type activities	\$ 13,176	\$ 2,340	\$ 197,561	\$ 748,487	\$ 1,700,182	\$ 1,591,266	\$ 473,240	\$ 176,023	\$ 324,506
Total primary government	\$ 13,711,681	\$ 15,630,036	\$ 17,379,579	\$ 22,811,459	\$ 30,372,928	\$ 30,516,090	\$ 31,142,339	\$ 34,539,579	\$ 30,371,292
Changes in Net Assets									
Governmental activities	\$ 2,172,543	\$ 1,636,537	\$ 2,752,958	\$ 6,438,737	\$ (6,831,959)	\$ 7,694,361	\$ 9,410,992	\$ 2,851,153	\$ (407,256)
Business-type activities	(74,086)	2,133,829	2,968,346	6,253,474	38,065,211	3,735,727	14,775	4,509,170	2,667,108
Total primary government	\$ 2,098,457	\$ 3,770,366	\$ 5,721,304	\$ 12,692,211	\$ 31,233,252	\$ 11,430,088	\$ 9,425,767	\$ 7,360,323	\$ 2,259,852

Note:

(1) Data is presented from fiscal year 2003 when the County implemented GASB Statement 34. Ultimately this schedule will contain information for the last ten years.

Table 3

COUNTY OF NEW KENT, VIRGINIA
Fund Balances of Governmental Funds
Last Nine Fiscal Years (1)
(modified accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund									
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 38,111	\$ 42,394	\$ 324,244	\$ 296,700	\$ -
Unreserved	4,027,560	4,494,567	4,649,809	5,561,288	7,489,255	8,365,163	8,828,235	8,409,015	-
Nonspendable	-	-	-	-	-	-	-	-	3,934
Restricted	-	-	-	-	-	-	-	-	46,118
Committed	-	-	-	-	-	-	-	-	82,456
Unassigned	-	-	-	-	-	-	-	-	7,688,117
Total general fund	\$ 4,027,560	\$ 4,494,567	\$ 4,649,809	\$ 5,561,288	\$ 7,527,366	\$ 8,407,557	\$ 9,152,479	\$ 8,705,715	\$ 7,820,625
All other governmental funds									
Reserved for:									
Construction	\$ -	\$ -	\$ -	\$ -	\$ 34,577,687	\$ 11,635,215	\$ 5,017,970	\$ 4,405,293	\$ -
Prepaid items	-	-	-	-	-	-	1,629,190	31,734	-
Unreserved, reported in:									
Special revenue funds	-	9,600	9,600	1,817,891	420,906	514,657	275,033	450,208	-
Capital projects funds	8,027,668	7,811,791	7,512,308	14,001,281	14,227,604	13,488,892	10,802,647	10,674,722	-
Debt service funds	-	-	-	-	3,255,757	2,784,806	1,093,216	1,821,150	-
Nonspendable	-	-	-	-	-	-	-	-	1,255,909
Restricted	-	-	-	-	-	-	-	-	4,137,075
Committed	-	-	-	-	-	-	-	-	673,763
Assigned	-	-	-	-	-	-	-	-	12,187,794
Total all other governmental funds	\$ 8,027,668	\$ 7,821,391	\$ 7,521,908	\$ 15,819,172	\$ 52,481,954	\$ 28,423,570	\$ 18,818,056	\$ 17,383,107	\$ 18,254,541

Note:

(1) Data is presented from fiscal year 2003, consistent with earlier schedules from when the County implemented GASB statement 34. Ultimately this schedule will contain information for the last ten fiscal years.

(2) In FY2011 the County implemented GASB 54 and therefore fund balances classifications have been changed accordingly

COUNTY OF NEW KENT, VIRGINIA

Changes in Fund Balances of Governmental Funds

Last Nine Fiscal Years (1)

(modified accrual basis of accounting)

Table 4

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues									
General property taxes	\$ 10,287,896	\$ 11,552,349	\$ 12,705,548	\$ 14,146,386	\$ 17,523,220	\$ 18,678,094	\$ 22,029,662	\$ 22,222,442	\$ 22,297,958
Other local taxes	2,410,149	2,746,469	2,861,365	3,972,970	4,095,757	4,305,199	4,093,622	3,665,210	3,884,188
Permits, privilege fees and licenses	426,524	504,554	671,713	689,055	669,615	660,112	459,232	430,902	310,578
Fines and Forfeitures	98,588	154,322	180,150	239,856	221,938	212,547	219,372	191,841	215,521
Revenue from use of money & property	233,428	217,099	360,183	688,101	2,624,902	2,259,565	1,631,096	872,932	797,493
Charges for services	253,542	277,290	312,774	716,023	445,708	508,776	564,015	593,784	577,617
Miscellaneous	826,341	1,003,548	1,131,483	992,979	1,523,291	1,144,452	1,011,475	858,794	781,793
Recovered costs	3,475	4,493	16,864	147,995	509,553	533,865	736,896	594,960	485,748
Commonwealth of Virginia	3,485,155	4,141,660	4,526,958	4,748,765	5,535,817	5,685,369	5,384,875	4,869,299	4,823,858
Federal Government	808,688	956,368	1,715,353	896,803	984,524	1,331,260	864,586	990,768	875,463
Total revenues	\$ 18,833,786	\$ 21,558,152	\$ 24,482,391	\$ 27,238,933	\$ 34,134,325	\$ 35,319,239	\$ 36,994,831	\$ 35,290,932	\$ 35,050,217
Expenditures									
General government administration	\$ 1,695,880	\$ 1,742,309	\$ 1,931,326	\$ 1,992,187	\$ 2,298,557	\$ 2,838,389	\$ 2,966,220	\$ 2,892,335	\$ 2,859,703
Judicial administration	484,227	517,043	594,240	1,096,622	1,333,063	1,334,679	1,271,699	1,271,058	1,293,438
Public Safety	3,258,851	3,988,242	4,828,250	4,678,449	5,349,980	5,875,647	5,803,309	6,223,255	6,757,429
Public works	1,322,235	1,537,519	2,334,661	1,682,663	1,623,329	1,693,001	1,797,806	1,825,072	1,832,237
Health and welfare	1,782,126	1,983,080	2,066,373	1,983,586	2,718,814	2,804,957	2,536,125	2,487,966	2,529,648
Education	7,059,977	7,327,368	8,389,668	8,168,710	8,356,402	9,674,192	10,199,591	9,292,122	10,689,229
Community development	820,170	1,007,176	752,097	834,077	1,090,833	615,715	656,906	668,412	652,519
Parks, recreation and cultural	98,811	100,140	387,751	362,439	475,968	1,410,997	1,290,168	964,421	1,118,510
Capital projects	2,688,742	1,530,016	2,057,914	7,604,394	20,382,379	39,636,653	12,079,368	3,473,438	1,649,068
Debt service									
Principal	271,867	750,069	774,354	762,357	903,226	2,124,007	3,697,636	4,705,781	2,626,864
Interest and other fiscal charges	138,065	123,893	138,407	292,157	2,533,194	3,098,123	3,556,595	3,369,345	3,102,636
Bond issuance costs	-	-	-	-	-	109,899	-	-	-
Total Expenditures	\$ 19,620,951	\$ 20,606,855	\$ 24,255,041	\$ 29,457,641	\$ 47,065,745	\$ 71,216,259	\$ 45,855,423	\$ 37,173,205	\$ 35,111,281
Revenues over (under) expenditures	\$ (787,165)	\$ 951,297	\$ 227,350	\$ (2,218,708)	\$ (12,931,420)	\$ (35,897,020)	\$ (8,860,592)	\$ (1,882,273)	\$ (61,064)
Other financing sources (uses)									
Transfers in	\$ 2,420,743	\$ 2,388,343	\$ 2,170,296	\$ 5,337,482	\$ 6,996,327	\$ 6,872,077	\$ 11,739,565	\$ 13,193,093	\$ 9,455,572
Transfers out	(2,420,743)	(3,078,911)	(2,171,902)	(5,356,255)	(6,984,326)	(6,872,077)	(11,739,565)	(13,192,533)	(9,459,232)
Issuance of bonds	-	-	-	12,212,201	56,862,447	9,859,103	-	-	-
Bond issuance premium	-	-	-	133,832	2,185,831	388,337	-	-	-
Refunding of bonds	-	-	-	(2,596,515)	(7,500,000)	2,395,106	-	-	-
Sale of capital assets	-	-	-	-	-	76,281	-	-	51,068
Total other financing sources (uses)	\$ -	\$ (690,568)	\$ (1,606)	\$ 9,730,745	\$ 51,560,279	\$ 12,718,827	\$ -	\$ 560	\$ 47,408
Net change in fund balances	\$ (787,165)	\$ 260,729	\$ 225,744	\$ 7,512,037	\$ 38,628,859	\$ (23,178,193)	\$ (8,860,592)	\$ (1,881,713)	\$ (13,656)
Debt service as a percentage of noncapital expenditures	2.50%	5.10%	4.60%	4.83%	13.07%	17.50%	25.33%	22.63%	16.72%

Note: (1) Data is presented from fiscal year 2003, consistent with earlier schedules from when the County implemented GASB statement 34. Ultimately this schedule will contain information for the last ten fiscal years.

COUNTY OF NEW KENT, VIRGINIA
Principal Real Property Taxpayers
Current and Nine Years Ago

Table 5

	2011			2002		
	Rank	Assessed Valuation (1)	Percentage of Total Assessed Valuation	Rank	Assessed Valuation (2)	Percentage of Total Assessed Valuation
Taxpayer						
New Kent Farms LLC	1	\$ 59,764,000	2.261%			
Colonial Downs Holdings Inc	2	27,109,000	1.026%	2	\$ 25,370,900	2.548%
Kinney Jonathan C. Trustee	3	26,881,000	1.017%			
City of Newport News	4	25,855,364	0.978%	1	25,154,195	2.526%
NKP LB5 LLC	5	20,314,600	0.769%			
Kentland Investments LLC	6	12,643,700	0.478%			
SPF Investments, LLC	7	12,577,300	0.476%			
NKP LB4 LLC	8	11,945,400	0.452%			
Patriot's Landing Mgmt Corp.	9	8,223,800	0.311%			
AHS Cumberland Hospital, LLC	10	7,024,600	0.266%			
Chesapeake Forest Products				3	23,278,500	2.338%
Golf Trust of America, LP				4	8,318,500	0.835%
Goodall, Marjorie R				5	6,829,100	0.686%
Healthcare Virginia, Inc.				6	5,483,800	0.551%
Bluegreen Properties of Virginia				7	6,693,500	
Basic Construction Co. LLC				8	3,878,400	
Shannon, Elizabeth R				9	3,833,500	0.385%
Oaklawn Plaza, Inc				10	3,646,000	0.366%
Allied Finance Co LTD Partnership III					3,194,600	
Total		\$ 212,338,764	8.033%		\$ 112,486,395	11.296%
Total Assessed Valuation of RE		\$ 2,643,392,555	100.000%		\$ 995,770,195	100.000%

Notes:

(1) Based on January 1, 2010 Real Estate Assessments Less Land Use

(2) Based on January 1, 2001 Real Estate Assessments Less Land Use

COUNTY OF NEW KENT, VIRGINIA
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 6

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Adjustments to Levy in Subsequent Years		Total Adjusted Levy	Collections In Subsequent Years	Total Collections to Date	
		Amount (1)	Percentage of Levy	Subsequent Years	Years			Amount (1)	Percentage of Levy
2011	\$ 18,117,818	\$ 17,505,625	96.62%	\$ -	-	\$ 18,117,818	-	\$ 17,505,625	96.62%
2010	18,150,753	17,481,715	96.31%	(127,351)	310,872	18,023,403	310,872	17,792,587	98.72%
2009	17,543,105	16,927,583	96.49%	(7,074)	483,836	17,536,031	483,836	17,411,419	99.29%
2008	14,683,271	14,228,315	96.90%	7,111	418,844	14,690,383	418,844	14,647,159	99.71%
2007	13,684,954	13,233,449	96.70%	237	438,411	13,685,191	438,411	13,671,860	99.90%
2006	10,871,475	10,576,954	97.29%	40,919	329,536	10,912,394	329,536	10,906,490	99.95%
2005	9,769,591	9,544,778	97.70%	13,879	236,350	9,783,469	236,350	9,781,128	99.98%
2004	8,790,161	8,531,094	97.05%	4,535	261,619	8,794,696	261,619	8,792,713	99.98%
2003	8,030,689	7,780,025	96.88%	4,896	253,643	8,035,585	253,643	8,033,668	99.98%
2002	7,435,561	7,213,919	97.02%	7,243	227,667	7,442,804	227,667	7,441,586	99.98%

Notes:

(1) Exclusive of penalties and interest.

*Includes data for Real Estate taxes only. Personal Property not included.

*Notes are presented on a fiscal year and cash basis.

COUNTY OF NEW KENT, VIRGINIA
Assessed and Estimated Actual Value of Real Property
Last Ten Fiscal Years

Table 7

Fiscal Year	Residential/ Agricultural Property (4) (5)	Commercial Property (4)	Total Assessed Value	Less: Land-Use Property (4)	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Value (1)	Taxable Assessed Value as a % of Taxable Value
2011	\$ 2,408,011,129	\$ 235,381,426	\$ 2,643,392,555	\$ 72,264,750	\$ 2,571,127,805	\$ 0.70	\$ 2,571,127,805	100.00% (2)
2010	2,372,385,106	188,049,050	2,560,434,156	66,421,900	2,494,012,256	0.73	2,454,736,472	101.60% (2)
2009	2,249,924,409	171,828,270	2,421,752,679	58,656,600	2,363,096,079	0.73	2,325,881,968	101.60% (2)
2008	1,485,801,900	127,861,119	1,613,663,019	42,639,800	1,571,023,219	0.93	1,626,318,032	96.60% (2)
2007	1,370,706,073	118,498,742	1,489,204,815	43,772,100	1,445,432,715	0.93	2,409,054,525	60.00% (2)
2006	1,268,710,900	113,057,998	1,381,768,898	43,690,200	1,338,078,698	0.81	1,760,629,866	76.00% (2)
2005	1,200,737,250	118,947,531	1,319,684,781	41,611,100	1,278,073,681	0.76	1,431,213,529	89.30% (2)
2004	994,033,200	111,266,313	1,105,299,513	36,598,900	1,068,700,613	0.81	1,064,442,842	100.40% (2)
2003	944,125,500	98,381,790	1,042,507,290	36,074,100	1,006,433,190	0.79	1,216,968,791	82.70% (2)
2002	901,636,300	94,133,895	995,770,195	36,079,900	959,690,295	0.77	1,123,759,128	85.40% (2)

Notes:

Real property is the County's primary local source revenue. Assessment information for other property taxes is provided on the Table 8.

(1) Estimated value of real estate based on sales ratio percentage for the corresponding tax years as computed by the Virginia Department of Taxation.

(2) Ratios Based on Estimations provided by the State Department of Taxation.

(3) Tax rate per \$100 of assessed value.

(4) Source, Real Estate Assessments from Commissioner of Revenue.

(5) Includes Land Use Exemptions.

COUNTY OF NEW KENT, VIRGINIA
Assessed Value of Taxable Property Other than Real Property
Last Ten Fiscal Years

Table 8

Fiscal Year	Personal Property (1)	Machinery & Tools (1)	Aircraft (1)	Public Service (2,3)	Total
2011	\$ 159,680,205	\$ 507,358	\$ 1,508,951	\$ 84,794,487	\$ 246,491,001
2010	155,957,292	18,000	1,352,404	82,047,884	239,375,580
2009	170,220,143	18,000	1,271,150	74,410,649	245,919,942
2008	156,913,939	18,000	1,298,750	44,828,759	203,059,448
2007	145,406,962	21,600	971,000	52,291,778	198,691,340
2006	138,448,093	21,600	1,018,500	62,909,522	202,397,715
2005	118,496,255	31,699	1,072,000	71,062,752	190,662,706
2004	113,096,654	2,117,755	642,600	58,674,214	174,531,223
2003	99,611,366	38,188	719,600	66,114,328	166,483,482
2002	103,628,115	38,188	719,600	60,897,685	165,283,588

Notes:

Real property shown on Table 7 is the County's primary local source revenue. Assessment information for other property taxes is provided above for additional reference.

(1) Source, Assessments from Commissioner of Revenue.

(2) Public Service Corporation property assessments performed by the State Corporation Commission.

(3) Includes Real Estate.

COUNTY OF NEW KENT, VIRGINIA
Direct Property Tax Rates
Last Ten Fiscal Years

Table 9

Fiscal Year	Public Service		Machinery & Tools	Aircraft
	Real Estate	Personal Property		
2011	\$ 0.70	\$ 3.75	\$ 1.50	\$ 0.75
2010	0.73	3.75	1.50	0.75
2009	0.73	3.75	1.50	0.75
2008	0.93	3.75	3.00	0.75
2007	0.93	3.75	3.00	0.75
2006	0.81	3.75	3.00	0.75
2005	0.76	3.75	3.00	0.50
2004	0.81	3.75	3.00	0.50
2003	0.79	3.75	3.00	0.50
2002	0.77	3.75	3.00	0.50

Notes:

Per \$100 of assessed value. There are no overlapping property tax rates with other governments.

COUNTY OF NEW KENT, VIRGINIA
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Table 10

Fiscal Year	Governmental Activities					Business-Type Activities				Summary Totals		
	General Obligation Bonds	State Literary Funds Loans	Capital Lease Obligations	Lease Revenue Bond	Notes Payable	Activities			Total Primary Government	Percentage of Personal Income	Per Capita Personal Income (1)	
2011	\$ 14,062,018	\$ -	\$ -	\$ 49,043,926	\$ -	\$	16,160,000		\$ 79,265,944	N/A	\$ 4,216	
2010	14,953,146	-	-	50,779,662	-		16,555,000		82,287,808	N/A	4,465	
2009	16,085,397	-	-	54,353,091	-		16,940,000		87,378,489	13.88%	4,824	
2008	17,076,570	100,000	-	56,959,655	-		17,310,000		91,446,225	14.77%	34,927	
2007	11,530,439	200,000	378,222	51,897,177	-		17,675,000		81,680,838	13.61%	34,813	
2006	4,575,039	300,000	208,047	2,360,000	7,500,000		17,675,000		32,618,086	5.93%	33,000	
2005	2,721,663	400,000	251,579	120,000	2,596,515		17,675,000		23,764,757	4.59%	32,476	
2004	3,268,850	500,000	292,170	175,000	31,576	-	-		4,267,597	0.89%	31,433	
2003	2,254,495	600,000	330,019	1,770,000	63,152	-	-		5,017,666	1.11%	30,581	
2002	2,628,690	700,000	365,309	1,975,000	94,728	-	-		5,763,728	1.36%	29,865	
2001	2,899,333	800,000	398,216	2,165,000	126,304	-	-		6,388,853	1.54%	29,961	

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) Population data for 2001 through 2009, and personal income and per capita personal income data for 2001 through 2008 is obtained from the Bureau of Economic Analysis, U. S. Department of Commerce.

The population estimate for 2010 was obtained from the Weldon Cooper Center for Public Service, Demographics and Workforce Station.

The population estimate for 2011 was obtained from the New Kent County Department of Community Development - Estimate for June 2011.

COUNTY OF NEW KENT, VIRGINIA
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Table 11

Fiscal Year	General Obligation Bonds	State Literary Fund Loans	Total General Bonded Debt	General Bonded Debt Per Capita	Percent of General Bonded Debt to Assessed Real Property Value
2011	\$ 14,062,018	\$ -	\$ 14,062,018	\$ 748	0.53%
2010	14,953,146	-	14,953,146	800	0.58%
2009	16,085,398	-	16,085,398	901	0.66%
2008	17,076,570	100,000	17,176,570	963	1.06%
2007	11,530,439	200,000	11,730,439	669	0.79%
2006	4,575,039	300,000	4,875,039	275	0.35%
2005	2,721,663	400,000	3,121,663	171	0.24%
2004	3,268,850	500,000	3,768,850	213	0.34%
2003	2,254,495	600,000	2,854,495	153	0.27%
2002	2,628,690	700,000	3,328,690	185	0.33%

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(a) See Table 7 for property value data.

(b) Population data can be found in Table 12.

COUNTY OF NEW KENT, VIRGINIA
Demographic and Economic Statistics
Last Ten Calendar Years

Table 12

Year		Population (7)	Personal Income (in thousands) (1)	Per Capita Personal Income (1)	Unemployment Rate (2)		School Enrollment (3)
2011	(8)	18,801	N/A	N/A	6.2	(5)	2,926
2010	(6)	18,429	N/A	N/A	7.1	(4)	2,888
2009		18,112	629,336	34,747	7.1		2,854
2008		17,731	619,296	34,927	3.4		2,784
2007		17,245	600,351	34,813	2.9		2,781
2006		16,659	549,740	33,000	3.0		2,721
2005		15,939	517,636	32,476	3.3		2,637
2004		15,314	481,367	29,315	3.6		2,626
2003		14,761	451,412	30,581	3.8		2,546
2002		14,194	423,904	29,865	3.8		2,455

(1) Bureau of Economic Analysis

(2) U.S. Department of Labor Statistics - Unemployment Rate by County, Not Seasonally Adjusted at June of each year

(3) Virginia Department of Education Fall Membership Reports (division totals by grade)

Fall Membership is the number of students enrolled in public school on September 30th of each year.

(4) Revised 8-12-10 by the Virginia Department of Education Fall Membership Reports (divisions totals by grade)

(5) New Kent County School Board

(6) Weldon Cooper Center for Public Service, Demographics and Workforce Section

(7) Virginia Employment Commission - Virginia Workforce Connection

(8) New Kent County Department of Community Development - Estimate for June 2011

N/A - This information was unavailable.

COUNTY OF NEW KENT, VIRGINIA
Principal Employers
Current and Nine Years Ago

Table 13

Employer	2011			2002		
	Employees	Rank	Percentage of Total County Employment**	Employees	Rank	Percentage of Total County Employment**
New Kent County School Board	250 to 499	1		250 to 499	1	
AHS Cumberland Hospital	250 to 499	2		250 to 499	2	
County of New Kent	100 to 249	3		100 to 249	3	
Food Lion	100 to 249	4		100 to 249	4	
County of Henrico	100 to 249	5				
Curtis Contracting Incorporated	100 to 249	6				
CCC Transportation LLC	50 to 99	7				
Bruce Howard Contracting Inc.	50 to 99	8				
Comfort Keepers 160	50 to 99	9				
Allied Pallet Company (formerly VA Carolina Pallet)	50 to 99	10		20 to 49	8	
Winn Dixie				50 to 99	5	
Impact Management Service				50 to 99	6	
McDonald's				20 to 49	7	
Mountcastle Construction Company				20 to 49	9	
Direct Wood Products				20 to 49	10	

Source: Virginia Employment Commission

*Quarterly Census of Employment and Wages (QCEW)

Data for 2011: 1st Quarter 2011

Data for 2002: 1st Quarter 2002

**The Virginia Employment Commission is precluded from disclosing the actual number of employees per the Confidential Information Protection and Statistical Efficiency Act - Title V of Public Law 107-347.

COUNTY OF NEW KENT, VIRGINIA

Table 14

Full-Time Equivalent County Government Employees by Function/Program
Last Eight Fiscal Years

	Full-time Equivalent Employees as of June 30							
	2011	2010	2009	2008	2007	2006	2005	2004
General government:								
Clerk of the Board	4.5	4.5	4.5	4	3.5	3	2	2
Commissioner of the Revenue	6	6	6	6	4	4	4	4
Treasurer	4	4	4	4	4	4	4	4
Finance	4	4	4	6	6.5	5	4	4
Human Resources	2	2	2	1	1	0	0	0
Information Technologies	3	3	3	3	2	2	2	1
Registrar	2	2	2	2	1	1	1	1
County Attorney	2	2	2.5	2	2	2	0	0
Total General Government	27.5	27.5	28	28	24	21	17	16
Judicial Administration:								
Clerk of the Circuit Court	4	4	4	4	4	4	4	4
General District Court						1	1	1
Victim's Witness	1	1	1	1	1	1	1	1
Commonwealth Attorney	3.5	3.5	3.5	3.5	3.5	2	2	2
Total Judicial Administration	8.5	8.5	8.5	8.5	8.5	8	8	8
Public Safety:								
Sheriff and Animal Control	41	39	39	37	45	36	35	35
Fire and Emergency Mgmt.	16	16	13	10	10	8	8	8
Total Public Safety	57	55	52	47	55	44	43	43
Public Works:								
Airport	1	1	1	1	1	1	1	1
Refuse	10	10	10	10	9	1	1	1
Other Public Works	8	8	8	8	5	6	6	6
Total Public Works	19	19	19	19	15	8	8	8
Health and Welfare:								
Social Services	15.5	12.5	12.5	13.5	13.5	10	10	10
Human Services						1	1	1
Total Health and Welfare	15.5	12.5	12.5	13.5	13.5	11	11	11
Community Development								
Planning/Environmental/Permitting	9	9	9	11	8	8	5	5
Building Inspections	5	5	5	7	7	8	6	5
Extension								
Economic Development	2	2	2	1	1	1	1	0
Total Community Development	16	16	16	19	16	17	12	10
Parks, Recreation and Cultural								
Parks and Recreation	3.5	4	4	4	4	1	2	2
Total Parks, Recreation and Cultural	3.5	4	4	4	4	1	2	2
Total Governmental	147	142.5	140	139	136	110	101	98
Public Utilities								
Water/Sewer	17	16	16	13	13	11	9	6
Total Public Utilities	17	16	16	13	13	11	9	6
Total Other	17	16	16	13	13	11	9	6
Total County	164	158.5	156	152	149	121	110	104

Source: Human Resources Department, Human Resource Specialist

Only eight years of data is available. Ultimately this schedule will contain information for the last ten fiscal years.

COUNTY OF NEW KENT, VIRGINIA
Operating Indicators by Function
Last Ten Fiscal Years (where available)

Table 15

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Public Safety (1)										
Fire and rescue companies	1	1	1	1	1	1	1	1	1	1
Number of Stations	4	4	3	3	3	3	3	3	3	3
Public Utilities (2)										
Active Vehicles	18	17	17	9	9	9	5	6	*	*
Refuse Collection (3)										
Refuse collected (tons per year)	5,820	6,195	6,449	7,202	7,801	8,474	*	*	*	*
Number of refuse sites	4	4	4	4	4	4	4	4	*	*
Recyclables Collected (tons per year)	445	446	511	554	573	571	560	*	*	*
Parks, Recreation & Cultural (4)										
Land acres	275	275	275	275	259	159	158	158	158	158
Trails (miles)	6	5	5	5	5	3	3	3	3	3
Number of visitors	26,725	24,750	24,750	22,620	4,325	*	*	*	*	*
Library (5)										
Material circulated	58,854	43,230	41,589	47,850	60,435	55,958	48,860	43,013	40,036	34,282
Library patrons	26,763	25,937	24,123	24,160	5,750	*	*	*	*	*
Education (6)										
Elementary Schools										
Buildings	2	2	2	2	1	1	1	1	1	1
Primary Schools										
Buildings	0	0	0	0	1	1	1	1	1	1
Middle Schools										
Buildings	1	1	1	1	1	1	1	1	1	1
Capacity	750	750	750	522	522	522	522	522	522	522
High Schools										
Buildings	1	1	1	1	1	1	1	1	1	1
Capacity	1200	1200	1200	800	800	800	800	800	800	800
Number of school buses	60	60	60	63	60	60	57	54	47	47

Sources:

- (1) New Kent County Fire Department
- (2) Financial Services
- (3) New Kent County General Services
- (4) New Kent County Parks and Recreation
- (5) Heritage Public Library
 - The Heritage Public Library in the past has served two localities, New Kent County and Charles City County.
 - FY09 is the first full year the library has recorded separate statistics for New Kent and Charles City County.
- (6) New Kent County Public Schools

* - This information is not available.

COUNTY OF NEW KENT, VIRGINIA
Capital Asset Statistics by Function/Program
Last Eight Fiscal Years

Table 16

	Fiscal Year							
	2011	2010	2009	2008	2007	2006	2005	2004
Sheriff's Department (1)								
Stations	1	1	1	1	1	1	1	2
Patrol units	19	19	19	19	17	14	14	14
Total Calls Dispatched	34,884	31,094	34,087	38,302	31,604	25,712	19,667	18,052
Calls dispatched for traffic	6,628	4,043	3,503	3,298	3,368	2,863	2,850	3,132
Calls dispatched for rescue	2,765	1,707	1,620	1,353	1,106	1,701	2,776	2,060
Number of criminal warrants served	1,318	1,161	1,129	1,146	1,335	1,243	1,212	1,088
Number of civil warrants and traffic notices	7,171	7,165	8,424	8,576	9,215	7,639	6,989	5,192
Volunteer Fire and Rescue (2)								
Companies	1	1	1	1	1	1	1	1
Stations	4	4	3	3	3	3	3	3
Emergency responses	2,765	2,891	1,418	1453**	2,480	1,132	1,021	2,300
Fires extinguished	168	224	289	213**	886	557	732	945
Inspections	810	688	594	312	101	103	112	104
Parks and recreation (3)								
Number of parks maintained	7	7	7	6	6	N/A	N/A	N/A
Park acreage owned by the County	275	275	275	275	252	N/A	N/A	N/A
Park acreage leased	0	0	0	0	0	N/A	N/A	N/A
Library (4)								
Number of libraries	1	1	1	1*	1	1	1	1
Number of bookmobiles (non-operational)	0	0	1	1	1	1	1	1
Public Utilities (5)								
Water								
Daily average consumption (gallons)	828,208	572,212	697,149	811,600	694,000	648,000	344,568	380,000
Number of connections	2,101	1,990	1,918	1,887	1,732	1,576	1,384	1,200
Sewer								
Average daily sewage treatment (thousands of gallons)	234,000	320,000	340,000	328,000	256,000	188,000	135,000	200,000
Number of connections	916	809	733	725	579	422	268	125

* For FY07-08 Heritage Public Library has been operating out of 2 branches. One in New Kent County and one in Charles City County.

** Volunteer Fire & Rescue numbers have decreased due to a new Fire Record Management System. Historically, the county documented all calls at each station which gave credit multiple times for a single incident. This new Management System eliminates the double counting.

Sources:

- (1) New Kent County Sheriff's Office
- (2) New Kent County Fire Department
- (3) New Kent County Parks & Recreation
- (4) Heritage Public Library
- (5) New Kent County Public Utilities

Only eight years of data is available.

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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 New Kent
New Kent, Virginia**

We have audited 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 the County of New Kent, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of New Kent, Virginia's basic financial statements and have issued our report thereon dated November 4, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of New Kent, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of New Kent, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of New Kent, Virginia's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of New Kent, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted other matters that we have reported to management of the County of New Kent, Virginia, in a separate letter dated November 4, 2011.

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 4, 2011

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

**To The Honorable Members of the Board of Supervisors
County of New Kent
New Kent, Virginia**

Compliance

We have audited County of New Kent, 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 New Kent, Virginia's major federal programs for the year ended June 30, 2011. The County of New Kent, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of New Kent, Virginia's management. Our responsibility is to express an opinion on the County of New Kent, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of New Kent, Virginia's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of New Kent, Virginia's compliance with those requirements.

In our opinion, the County of New Kent, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

Internal Control Over Compliance (Continued)

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

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

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 4, 2011

COUNTY OF NEW KENT, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Entity Identifying Pass-through Number	FY2011 Federal Expenditures
Department of Agriculture:			
Pass Through Payments:			
Department of Social Services:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program Cluster:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	10111	\$ 168,218
Recovery Act - State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	10111	6,111
Total State Administrative Matching Grants for Supplemental Assistance Program			<u>174,329</u>
Pass Through Payments:			
Department of Agriculture and Consumer Services:			
School Child Nutrition Cluster:			
School Breakfast Program	10.553	17901-40591	56,996
National School Lunch Program	10.555	17901-40623	206,891
Commodities - National School Lunch Program	10.555	17901-45707	61,772
Total National School Lunch Program			<u>268,663</u>
Federal Emergency Management Agency:			
Pass Through Payments:			
Department of Emergency Services:			
Nonprofit Security Program - Mobile Satellite Radios Project	97.008	77501-52889	2,982
Nonprofit Security Program - Central Virginia UASI FY08	97.008	77501-52888	12,307
Nonprofit Security Program - Central Virginia VASI FY09	97.008	77501-52889	13,607
Total Nonprofit Security Program			<u>28,896</u>
Emergency Management Performance Grants-Enhance Current EOC	97.042	77501-52749	13,454
Emergency Management Performance Grants	97.042	77501-52740	27,932
Total Emergency Management Performance Grants			<u>41,386</u>
Pass Through Payments:			
Department of Homeland Security			
State Homeland Security Program	97.073	77501-52709	17,000
Department of Justice			
Direct Payments:			
Bulletproof Vest Partnership Program	16.607	N/A	2,089
DCJS Byrne Justice Assistance Grant	16.580	N/A	2,325
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Child Care and Development Cluster:			
Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596	0760109/0760110	\$ 52,744
Child Care and Development Block Grant	93.575	0770109/0770110	44,165
ARRA - Child Care and Development Block Grant	93.713	0770109/0770110	3,105
Temporary Assistance for Needy Families	93.558	0400109/0400110	95,649
Refugee and Entrant Assistance - State Administered Program	93.566	0500109/0500110	320
Low Income Home Energy Assistance	93.568	0600409/0600410	5,946
Child Welfare Services State Grants	93.645	0900109/090110	371
Foster Care - Title IV-E Cluster:			
Foster Care - Title IV-E	93.658	1100109/1100110	30,451
Recovery Act - Foster Care - Title IV-E	93.658	1100109/1100110	246
Total Foster Care IV-E			<u>30,697</u>
Adoption Assistance Cluster:			
Adoption Assistance	93.659	1120109/1120110	30,650
Recovery Act - Adoption Assistance	93.659	1120109/1120110	1,404
Total Adoption Assistance			<u>32,054</u>
Social Services Block Grant	93.667	1000109/1000110	47,256
Chafee Foster Care Independence Program	93.674	9150109/9150110	1,226
Children's Health Insurance Program	93.767	0540109/0540110	4,668
Medical Assistance Program	93.778	1200109/1200110	101,713
Promoting safe and stable families	93.556	0950109/0950110	458
Pass Through Payments:			
Virginia Department of Health:			
Preventive Health and Health Services Block Grant	93.991	N/A	2,000

COUNTY OF NEW KENT, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Entity Identifying Pass-through Number	FY2011 Federal Expenditures
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	197,874
Recovery Act - Title I Grants to Local Educational Agencies	84.389	17901-42913	33,307
Career and Technical Education - Basic Grants to States	84.048	17901-61159	34,643
Education Technology - State Grants	84.318	17901-61600	1,700
Improving Teacher Quality State Grants	84.367	17901-61840	58,347
Special Education Cluster:			
Special Education - Preschool Grants	84.173	17901-62521	15,304
Special Education Grants - Grants to States	84.027	17901-43071	591,325
Recovery Act - Special Education Grants	84.391	17901	365,660
Recovery Act - Special Education Preschool Grants	84.392	17901-61247	11,677
Safe and Drug- Free Schools and Communities - State Grants	84.186	17901-60511	3,351
Recovery Act - Education Technology State Grants	84.386	17901-60897	4,500
Recovery Act - State Fiscal Stabilization Funds - Education State Grants	84.394	17901-62532	581,212
Environmental Protection Agency:			
Pass Through Payments:			
National Fish and Wildlife Foundation:			
Chickahominy River Watershed Project	66.606	N/A	80,000
Pass Through Payments:			
Virginia Water Facilities Fund:			
Recovery Act - Capitalization Grant for Clean Water State Revolving Funds	66.458	51503-90301	1,549,462
Department of Housing & Urban Development:			
Pass Through Payments:			
Department of Housing & Community Development:			
Community Development Block Grants - Plum Point Housing Rehab	14.228	53305-50796	47,639
Department of Transportation:			
Pass Through Payments:			
Department of Transportation:			
Highway Planning & Construction	20.205	60507	14,818
Department of Aviation:			
Direct Payments:			
Airport Improvement Program	20.106	N/A	7,423
Pass Through Payments:			
Department of Motor Vehicles:			
State & Comm. Highway Safety (Section 402)	20.600	60507-59250/50192	3,833
Alcohol Open Container Requirements	20.607		33,353
Total Expenditures of Federal Awards			<u>\$ 4,649,484</u>

See the accompanying notes to schedule of expenditures of federal awards.

COUNTY OF NEW KENT, VIRGINIA

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

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of New Kent, Virginia under programs of the federal government for the year ended June 30, 2011. The information in this Schedule is presented in accordance with the requirements of 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 New Kent, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of New Kent, 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 - 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	\$ 853,222
Special Revenue Funds:	
Airport Fund	7,423
Capital Projects Funds:	
County Capital Improvements Fund	14,818
Proprietary Fund:	
Utilities Fund	<u>1,549,462</u>
Total primary government	<u>\$ 2,424,925</u>

Component Unit Public Schools:

School Operating Fund	\$ 1,898,900
School Cafeteria Fund	<u>325,659</u>
Total component unit public schools	<u>\$ 2,224,559</u>

Total federal expenditures per basic financial statements	<u>\$ 4,649,484</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 4,649,484</u></u>
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COUNTY OF NEW KENT, VIRGINIA

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

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

a. Material weakness(es) identified? yes X no

b. Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs

a. Material weakness(es) identified? yes X no

b. Significant deficiency(ies) identified? yes X none reported

Type of auditors' report issued on compliance for major programs Unqualified

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173/84.391/84.392	Special Education Cluster
10.553/10.555	Child Nutrition Cluster
84.394	State Fiscal Stabilization Funds -
	Education State Grants - Recovery Act
66.458	Capitalization Grant for Clean Water State
	Revolving Funds - Recovery Act

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None

COUNTY OF NEW KENT, VIRGINIA

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

There were no prior year findings and questioned costs.