

COUNTY OF CHARLES CITY, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2010

COUNTY OF CHARLES CITY, VIRGINIA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

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COUNTY OF CHARLES CITY, VIRGINIA

Board of Supervisors

Sherri M. Bowman, Chairperson

Gilbert A. Smith

Timothy W. Cotman

Board of Social Services

Muriel P. Adkins, Chairperson

Clyde L. Miles
Sherri M. Bowman

Evelyn M. Giebel
Brenda J. Wade

COUNTY SCHOOL BOARD

Roy L. Campbell, Chairperson

Barbara C. Crawley, Vice Chairperson
E. Preston Adkins

Royce E. Paige
Dr. Henry O. Hollimon, Jr.

Other Officials

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

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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 Charles City
Charles City, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, and the major fund of the County of Charles City, Virginia, as of and for the year ended June 30, 2010, 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 Charles City, 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, and the major fund of the County of Charles City, Virginia, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2010, on our consideration of the County of Charles City, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

The Management's Discussion and Analysis, budgetary comparison information, and schedules of pension funding progress and funding progress for the retiree healthcare plan as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Charles City, Virginia's basic financial statements. The combining and individual fund financial statements, other supplementary information, and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 Charles City, Virginia. The other supplementary information including the combining and individual fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The other statistical information 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.

A handwritten signature in black ink, appearing to read "R. F. IX", followed by a horizontal line extending to the right.

Richmond, Virginia
December 22, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Charles City, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2010. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

< The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$9,409,660 (net assets).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in deficit of expenditures and other uses of \$632,017 (Exhibit 5) after making contributions totaling \$4,939,124 to the School Board.

< As of the close of the current fiscal year; the County's funds reported ending fund balances of \$1,899,860, a decrease of \$632,017 in comparison with the prior year.

< At the end of the current fiscal year, the unreserved fund balance (designated for projects of the general fund) was \$1,899,860 or 13% of total general fund expenditures and other uses.

< The combined long-term obligations decreased \$896,251 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprised of three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

Overview of the Financial Statements (Continued)

Government-wide financial statements (Continued)

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

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

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

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Charles City, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

Overview of the Financial Statements (Continued)

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$9,409,660 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Assets:

| <u>County of Charles City, Virginia's Net Assets</u> | | | | | | |
|--|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Totals | |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Current and other assets | \$ 5,470,776 | \$ 3,769,656 | \$ 6,737 | \$ 10,918 | \$ 5,477,513 | \$ 3,780,574 |
| Capital assets | <u>9,978,094</u> | <u>10,651,956</u> | <u>2,037,128</u> | <u>1,762,944</u> | <u>12,015,222</u> | <u>12,414,900</u> |
| Total assets | <u>\$ 15,448,870</u> | <u>\$ 14,421,612</u> | <u>\$ 2,043,865</u> | <u>\$ 1,773,862</u> | <u>\$ 17,492,735</u> | <u>\$ 16,195,474</u> |
| Current liabilities | \$ 3,042,343 | \$ 666,978 | \$ 1,444 | \$ 1,444 | \$ 3,043,787 | \$ 668,422 |
| Long-term liabilities outstanding | <u>4,920,150</u> | <u>5,807,008</u> | <u>119,138</u> | <u>128,531</u> | <u>5,039,288</u> | <u>5,935,539</u> |
| Total liabilities | <u>\$ 7,962,493</u> | <u>\$ 6,473,986</u> | <u>\$ 120,582</u> | <u>\$ 129,975</u> | <u>\$ 8,083,075</u> | <u>\$ 6,603,961</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | \$ 5,472,347 | \$ 5,241,670 | \$ 1,939,568 | \$ 1,658,989 | \$ 7,411,915 | \$ 6,900,659 |
| Restricted for: | | | | | | |
| Unrestricted | <u>2,014,030</u> | <u>2,705,956</u> | <u>(16,285)</u> | <u>(15,102)</u> | <u>1,997,745</u> | <u>2,690,854</u> |
| Total net assets | <u>\$ 7,486,377</u> | <u>\$ 7,947,626</u> | <u>\$ 1,923,283</u> | <u>\$ 1,643,887</u> | <u>\$ 9,409,660</u> | <u>\$ 9,591,513</u> |

Government-wide Financial Analysis (Continued)

During the current fiscal year, the County's net assets decreased by \$181,853. The following table summarizes the County's Statement of Activities

| County of Charles City, Virginia's Changes in Net Assets | | | | | | |
|--|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Totals | |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 2,815,385 | \$ 2,968,817 | \$ 77,910 | \$ 145,733 | \$ 2,893,295 | \$ 3,114,550 |
| Operating grants and contributions | 2,756,479 | 2,950,534 | - | - | 2,756,479 | 2,950,534 |
| Capital grants and contributions | - | - | 343,256 | - | 343,256 | - |
| General revenues: | | | | | | |
| General property taxes | 6,855,217 | 6,450,632 | - | - | 6,855,217 | 6,450,632 |
| Other local taxes | 625,777 | 755,316 | - | - | 625,777 | 755,316 |
| Grants and other contributions not restricted | 702,501 | 724,303 | - | - | 702,501 | 724,303 |
| Other general revenues | 303,743 | 363,566 | - | - | 303,743 | 363,566 |
| Transfers | (307,085) | (244,699) | 307,085 | 244,699 | - | - |
| Total revenues | \$ 13,752,017 | \$ 13,968,469 | \$ 728,251 | \$ 390,432 | \$ 14,480,268 | \$ 14,358,901 |
| Expenses: | | | | | | |
| General government | | | | | | |
| administration | \$ 1,739,638 | \$ 1,647,362 | \$ - | \$ - | \$ 1,739,638 | \$ 1,647,362 |
| Judicial administration | 738,957 | 791,996 | - | - | 738,957 | 791,996 |
| Public safety | 2,055,534 | 1,804,071 | - | - | 2,055,534 | 1,804,071 |
| Public works | 1,084,483 | 1,104,170 | 448,855 | 473,618 | 1,533,338 | 1,577,788 |
| Health and welfare | 1,877,355 | 2,197,436 | - | - | 1,877,355 | 2,197,436 |
| Education | 5,490,863 | 5,364,940 | - | - | 5,490,863 | 5,364,940 |
| Parks, recreation, and cultural | 414,432 | 525,758 | - | - | 414,432 | 525,758 |
| Community development charges | 612,185 | 355,897 | - | - | 612,185 | 355,897 |
| | 199,819 | 292,134 | - | - | 199,819 | 292,134 |
| Total expenses | \$ 14,213,266 | \$ 14,083,764 | \$ 448,855 | \$ 473,618 | \$ 14,662,121 | \$ 14,557,382 |
| Change in net assets | \$ (461,249) | (115,295) | 279,396 | (83,186) | (181,853) | \$ (198,481) |
| Beginning of year | 7,947,626 | 8,062,921 | 1,643,887 | 1,727,073 | 9,591,513 | 9,789,994 |
| End of year | \$ 7,486,377 | \$ 7,947,626 | \$ 1,923,283 | \$ 1,643,887 | \$ 9,409,660 | \$ 9,591,513 |

Financial Analysis of the County's Funds

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

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$1,899,860, a decrease of \$632,017 in comparison with the prior year.

Proprietary Funds - The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets at the end of the year amounted to a deficit of \$16,285. Net assets increased by \$279,396. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Differences between the original expenditure budget and the final amended expenditure budget were increases of \$1,565,031, which were attributable to budget increases spread throughout departments and other budget amendments as implemented by the Board of Supervisors.

During the year, actual revenues and other financing sources were less than budgetary estimates by \$1,525,351. Expenditures and other uses were less than budgetary estimates by \$1,575,009. The combination of both resulted in a net positive variance of \$49,658.

Capital Asset and Debt Administration

< Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2010 amounts to \$9,978,094 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$4,603,307. Of this amount, \$1,158,660 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease/revenue bonds, capital leases and revenue bonds). During the current fiscal year, the County's total debt decreased by \$910,934. Additional information on the County of Charles City, Virginia's long-term debt can be found in Note 7 of this report.

Economic Factors

- < The unemployment rate for the County of Charles City was 9.3% at June 30, 2010. The Commonwealth of Virginia's unemployment rate was 7.1% as of the same date.
- < Inflationary trends in the region compare to national indexes.

All of these factors were considered in preparing the County's budget for the 2011 fiscal year.

The fiscal year 2011 budget decreased by approximately 5% from the adopted fiscal year 2010 budget. All tax rates remained the same, with the exception of the real estate tax rate, which decreased from \$.82 to \$.68 due to a real estate reassessment, and the merchant's capital tax rate, which decreased from \$2.80 to \$2.00.

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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County of Charles City, Virginia
Statement of Net Assets
June 30, 2010

| | Primary Government | | | Component Units | |
|--|----------------------------|-----------------------------|----------------------|----------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total | School Board | IDA |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,775,373 | \$ - | \$ 1,775,373 | \$ - | \$ 1,056,698 |
| Receivables (net of allowance for uncollectibles): | | | | | |
| Taxes receivable | 3,255,514 | - | 3,255,514 | - | - |
| Accounts receivable | 49,217 | 6,737 | 55,954 | 4,673 | - |
| Leases receivable | 13,250 | - | 13,250 | - | 123,768 |
| Due from other governmental units | 377,422 | - | 377,422 | 1,077,064 | - |
| Capital assets (net of accumulated depreciation): | | | | | |
| Land and improvements | 1,554,783 | 7,819 | 1,562,602 | 263,786 | - |
| Buildings and improvements | 7,663,965 | 2,013,634 | 9,677,599 | 9,361,415 | - |
| Machinery and equipment | 611,896 | 15,675 | 627,571 | 696,758 | - |
| Construction in progress | 147,450 | - | 147,450 | - | - |
| Total assets | <u>\$ 15,448,870</u> | <u>\$ 2,043,865</u> | <u>\$ 17,492,735</u> | <u>\$ 11,403,696</u> | <u>\$ 1,180,466</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 152,507 | 3 | \$ 152,510 | \$ 50,897 | \$ - |
| Accrued liabilities | 17,076 | - | 17,076 | 701,285 | - |
| Reconciled overdraft payable | - | - | - | 325,064 | - |
| Customers' deposits | - | 1,020 | 1,020 | - | - |
| Accrued interest payable | 62,363 | 421 | 62,784 | 164 | - |
| Deferred revenue | 2,679,090 | - | 2,679,090 | - | - |
| Performance bonds payable | 131,307 | - | 131,307 | - | - |
| Long-term liabilities: | | | | | |
| Due within one year | 967,802 | 8,881 | 976,683 | 47,161 | - |
| Due in more than one year | 3,952,348 | 110,257 | 4,062,605 | 206,333 | - |
| Total liabilities | <u>\$ 7,962,493</u> | <u>\$ 120,582</u> | <u>\$ 8,083,075</u> | <u>\$ 1,330,904</u> | <u>\$ -</u> |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | \$ 5,472,347 | \$ 1,939,568 | \$ 7,411,915 | \$ 10,213,454 | \$ - |
| Unrestricted (deficit) | 2,014,030 | (16,285) | 1,997,745 | (140,662) | 1,180,466 |
| Total net assets | <u>\$ 7,486,377</u> | <u>\$ 1,923,283</u> | <u>\$ 9,409,660</u> | <u>\$ 10,072,792</u> | <u>\$ 1,180,466</u> |

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

County of Charles City, Virginia
Statement of Activities
For the Year Ended June 30, 2010

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | | Component Units | | |
|-----------------------------------|------------------|----------------------|------------------------------------|---|-------------------------|---|-----------------|--------------|------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Primary Government Business-type Activities | Total | School Board | IDA |
| PRIMARY GOVERNMENT: | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| General government administration | \$ 1,739,638 | \$ - | \$ 182,311 | \$ - | \$ (1,557,327) | \$ - | \$ (1,557,327) | \$ - | \$ - |
| Judicial administration | 738,957 | 54,768 | 306,111 | - | (378,078) | - | (378,078) | - | - |
| Public safety | 2,055,534 | 225,781 | 807,776 | - | (1,021,977) | - | (1,021,977) | - | - |
| Public works | 1,084,483 | 2,511,114 | - | - | 1,426,631 | - | 1,426,631 | - | - |
| Health and welfare | 1,877,355 | - | 1,140,751 | - | (736,604) | - | (736,604) | - | - |
| Education | 5,490,863 | - | - | - | (5,490,863) | - | (5,490,863) | - | - |
| Parks, recreation, and cultural | 414,432 | 23,722 | 5,000 | - | (385,710) | - | (385,710) | - | - |
| Community development | 612,185 | - | 314,530 | - | (297,655) | - | (297,655) | - | - |
| Interest on long-term debt | 199,819 | - | - | - | (199,819) | - | (199,819) | - | - |
| Total governmental activities | \$ 14,213,266 | \$ 2,815,385 | \$ 2,756,479 | \$ - | \$ (8,641,402) | \$ - | \$ (8,641,402) | \$ - | \$ - |

Business-type activities:

| | | | | | | | | | |
|--------------------------|---------------|--------------|--------------|------------|----------------|-------------|----------------|------|------|
| Sanitary District | \$ 448,855 | \$ 77,910 | \$ - | \$ 343,256 | \$ - | \$ (27,689) | \$ (27,689) | \$ - | \$ - |
| Total primary government | \$ 14,662,121 | \$ 2,893,295 | \$ 2,756,479 | \$ 343,256 | \$ (8,641,402) | \$ (27,689) | \$ (8,669,091) | \$ - | \$ - |

COMPONENT UNITS:

| | | | | | | | | | |
|----------------------------------|---------------|------------|--------------|------|------|------|----------------|------|-----------|
| School Board | \$ 12,378,665 | \$ 178,713 | \$ 6,732,595 | \$ - | \$ - | \$ - | \$ (5,467,357) | \$ - | \$ - |
| Industrial Development Authority | 73,517 | 150,786 | - | - | - | - | - | - | 77,269 |
| Total component units | \$ 12,452,182 | \$ 329,499 | \$ 6,732,595 | \$ - | \$ - | \$ - | \$ (5,467,357) | \$ - | \$ 77,269 |

General revenues:

| | | | | | | | | | |
|--|--------------|------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| General property taxes | \$ 6,855,217 | \$ - | \$ - | \$ - | \$ 6,855,217 | \$ - | \$ - | \$ - | \$ - |
| Local sales and use taxes | 365,633 | - | - | - | 365,633 | - | - | - | - |
| Consumer's utility taxes | 163,435 | - | - | - | 163,435 | - | - | - | - |
| Other local taxes | 96,709 | - | - | - | 96,709 | - | - | - | - |
| Unrestricted revenues from use of money and property | 26,038 | - | - | - | 26,038 | - | 1,553 | - | 955 |
| Miscellaneous | 222,205 | - | - | - | 222,205 | - | 37,045 | - | - |
| Gain (loss) on disposal of capital assets | 702,501 | - | - | - | 702,501 | - | - | - | - |
| Payment from Charles City County | 55,500 | - | - | - | 55,500 | - | - | - | - |
| Transfers | (307,085) | - | - | - | (307,085) | 307,085 | - | 5,489,801 | - |
| Total general revenues | \$ 8,180,153 | \$ 307,085 | \$ 8,487,238 | \$ 5,528,399 | \$ 8,487,238 | \$ 8,487,238 | \$ 5,528,399 | \$ 955 | \$ 955 |
| Change in net assets | (461,249) | - | - | - | (461,249) | 279,396 | (181,853) | 61,042 | 78,224 |
| Net assets - beginning | 7,947,626 | - | - | - | 7,947,626 | 1,643,887 | 9,591,513 | 10,011,750 | 1,102,242 |
| Net assets - ending | \$ 7,486,377 | \$ - | \$ 1,923,283 | \$ 9,409,660 | \$ 7,486,377 | \$ 1,923,283 | \$ 10,072,792 | \$ 1,180,466 | \$ 1,180,466 |

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

FUND FINANCIAL STATEMENTS

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County of Charles City, Virginia
Balance Sheet
Governmental Funds
June 30, 2010

| | <u>General</u> |
|---|---------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 1,775,373 |
| Receivables (net of allowance for uncollectibles): | |
| Taxes receivable | 3,255,514 |
| Accounts receivable | 49,217 |
| Leases receivable | 13,250 |
| Due from other governmental units | 377,422 |
| Total assets | <u>\$ 5,470,776</u> |
| LIABILITIES AND FUND BALANCES | |
| Liabilities: | |
| Accounts payable | \$ 152,507 |
| Accrued liabilities | 17,076 |
| Deferred revenue | 3,270,026 |
| Performance bonds payable | 131,307 |
| Total liabilities | <u>\$ 3,570,916</u> |
| Fund balances: | |
| Unreserved, designated for: | |
| Other capital projects | \$ 314,723 |
| Employee health insurance | 12,000 |
| Landfill closure | 253,178 |
| E-911 system | 154,629 |
| Unreserved, reported in: | |
| General fund | 1,165,330 |
| Total fund balances | <u>\$ 1,899,860</u> |
| Total liabilities and fund balances | <u>\$ 5,470,776</u> |

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

County of Charles City, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2010

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

| | | |
|--|----|-----------|
| Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds | \$ | 1,899,860 |
|--|----|-----------|

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

| | | |
|--------------------------|--------------------|-----------|
| Capital assets | \$ 16,607,418 | |
| Accumulated depreciation | <u>(6,629,324)</u> | 9,978,094 |

| | | |
|--|--|---------|
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | | 590,936 |
|--|--|---------|

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

| | | |
|---------------------------|-----------------|-------------|
| Lease revenue bonds | \$ (3,296,678) | |
| General obligation bonds | (1,158,660) | |
| Compensated absences | (353,303) | |
| Capital lease obligations | (50,409) | |
| OPEB liability | (61,100) | |
| Accrued interest payable | <u>(62,363)</u> | (4,982,513) |

| | | |
|---------------------------------------|----|-------------------------|
| Net assets of governmental activities | \$ | <u><u>7,486,377</u></u> |
|---------------------------------------|----|-------------------------|

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

County of Charles City, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

| | <u>General</u> |
|--|----------------------|
| REVENUES | |
| General property taxes | \$ 6,713,249 |
| Other local taxes | 625,777 |
| Permits, privilege fees, and regulatory licenses | 2,652,175 |
| Fines and forfeitures | 1,616 |
| Revenue from the use of money and property | 56,308 |
| Charges for services | 161,594 |
| Miscellaneous | 222,205 |
| Recovered costs | 182,630 |
| Intergovernmental revenues: | |
| Commonwealth | 2,837,553 |
| Federal | 802,249 |
| Total revenues | <u>\$ 14,255,356</u> |
| EXPENDITURES | |
| Current: | |
| General government administration | \$ 1,676,350 |
| Judicial administration | 606,158 |
| Public safety | 2,023,606 |
| Public works | 1,056,667 |
| Health and welfare | 1,852,837 |
| Education | 4,940,186 |
| Parks, recreation, and cultural | 473,678 |
| Community development | 669,925 |
| Nondepartmental | 20,649 |
| Capital projects | 184,478 |
| Debt service: | |
| Principal retirement | 914,942 |
| Interest and other fiscal charges | 226,715 |
| Total expenditures | <u>\$ 14,646,191</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (390,835)</u> |
| OTHER FINANCING SOURCES (USES) | |
| Transfers out | \$ (307,085) |
| Issuance of capital leases | 10,403 |
| Sale of capital assets | 55,500 |
| Total other financing sources (uses) | <u>\$ (241,182)</u> |
| Net change in fund balances | \$ (632,017) |
| Fund balances - beginning | 2,531,877 |
| Fund balances - ending | <u>\$ 1,899,860</u> |

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

County of Charles City, Virginia
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2010

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

Net change in fund balances - total governmental funds \$ (632,017)

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. The following is a summary of items supporting this adjustment:

| | | |
|---|------------------|-----------|
| Capital outlay | \$ 344,551 | |
| Transfer of jointly owned assets to Component Unit School Board | (550,677) | |
| Depreciation expense | <u>(467,736)</u> | (673,862) |

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

| | | |
|----------------------|------------------|----------|
| Deferred tax revenue | \$ 141,968 | |
| Leases receivable | (30,270) | |
| State grants | <u>(180,822)</u> | (69,124) |

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. The following is a summary of items supporting this adjustment:

| | | |
|--|-----------------|---------|
| Principal retirement on lease revenue bonds | \$ 306,785 | |
| Principal retirement on capital leases | 57,480 | |
| Principal retirement on literary loans | 407 | |
| Principal retirement on general obligation bonds | 550,270 | |
| Issuance of capital leases | <u>(10,403)</u> | 904,539 |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

The following is a summary of items supporting this adjustment:

| | | |
|---|---------------|-------|
| (Increase) decrease in compensated absences | \$ 14,219 | |
| (Increase) decrease in OPEB liability | (31,900) | |
| (Increase) decrease in accrued interest payable | <u>26,896</u> | 9,215 |

Change in net assets of governmental activities \$ (461,249)

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

County of Charles City, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2010

| | <u>Enterprise Fund Sanitary District</u> |
|--|--|
| ASSETS | |
| Current assets: | |
| Accounts receivable, net of allowance for uncollectibles | \$ 6,737 |
| Total current assets | <u>\$ 6,737</u> |
| Noncurrent assets: | |
| Capital assets: | |
| Utility plant in service | \$ 3,807,336 |
| Machinery and equipment | 40,900 |
| Less accumulated depreciation | (1,818,927) |
| Land and improvements | 7,819 |
| Total capital assets | <u>\$ 2,037,128</u> |
| Total noncurrent assets | <u>\$ 2,037,128</u> |
| Total assets | <u>\$ 2,043,865</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | \$ 3 |
| Customers' deposits | 1,020 |
| Accrued interest payable | 421 |
| Compensated absences | 2,158 |
| Bonds payable - current portion | 6,723 |
| Total current liabilities | <u>\$ 10,325</u> |
| Noncurrent liabilities: | |
| Bonds payable - net of current portion | \$ 90,837 |
| Compensated absences | 19,420 |
| Total noncurrent liabilities | <u>\$ 110,257</u> |
| Total liabilities | <u>\$ 120,582</u> |
| NET ASSETS | |
| Invested in capital assets, net of related debt | \$ 1,939,568 |
| Unrestricted | <u>(16,285)</u> |
| Total net assets | <u>\$ 1,923,283</u> |

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

County of Charles City, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

| | Enterprise Fund Sanitary District |
|---|--|
| OPERATING REVENUES | |
| Charges for services: | |
| Water and sewer revenues | \$ 76,973 |
| Connection fees | 937 |
| Total operating revenues | \$ 77,910 |
| OPERATING EXPENSES | |
| Water | \$ 64,000 |
| Wastewater | 54,949 |
| Industrial center | 97,197 |
| Government utility | 131,648 |
| Depreciation | 96,008 |
| Total operating expenses | \$ 443,802 |
| Operating income (loss) | \$ (365,892) |
| NONOPERATING REVENUES (EXPENSES) | |
| Intergovernmental revenue | \$ 343,256 |
| Interest expense | (5,053) |
| Total nonoperating revenues (expenses) | \$ 338,203 |
| Income before contributions and transfers | (27,689) |
| Transfers in | \$ 307,085 |
| Change in net assets | \$ 279,396 |
| Total net assets - beginning | 1,643,887 |
| Total net assets - ending | \$ 1,923,283 |

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

County of Charles City, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

| | Enterprise Fund <u>Sanitary District</u> |
|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from customers and users | \$ 82,091 |
| Payments for operating activities | (350,792) |
| Net cash provided (used) by operating activities | <u>\$ (268,701)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Transfers from other funds | \$ 307,085 |
| Net cash provided (used) by noncapital financing activities | <u>\$ 307,085</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Additions to capital assets | \$ (370,192) |
| Principal payments on bonds | (6,395) |
| Contributions in aid of construction | 343,256 |
| Interest payments | (5,053) |
| Net cash provided (used) by capital and related financing activities | <u>\$ (38,384)</u> |
| Net increase (decrease) in cash and cash equivalents | \$ - |
| Cash and cash equivalents - beginning | - |
| Cash and cash equivalents - ending | <u><u>\$ -</u></u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | |
| Operating income (loss) | <u>\$ (365,892)</u> |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | |
| Depreciation expense | \$ 96,008 |
| (Increase) decrease in accounts receivable | 4,181 |
| Increase (decrease) in accounts payable and accrued liabilities | (2,998) |
| Total adjustments | <u>\$ 97,191</u> |
| Net cash provided (used) by operating activities | <u><u>\$ (268,701)</u></u> |

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

County of Charles City, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

| | <u>Agency Funds</u> |
|--|-------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ <u>42,503</u> |
| LIABILITIES | |
| Amounts held for social services clients | \$ <u>42,503</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements As of June 30, 2010

Note 1—Summary of Significant Accounting Policies:

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

The financial statements of the County of Charles City, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

Government-wide and Fund Financial Statements

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

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

Statement of Net 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.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the reporting model, governments provide budgetary comparison information in their annual report, including a requirement to report the government's original budget with the comparison of final budget and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Charles City (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2010.

Discretely Presented Component Units. The School Board members are elected by the citizens of Charles City County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2010.

The Industrial Development Authority of Charles City County is responsible for industrial and commercial development in the County. The Authority consists of seven members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2010. The Industrial Development Authority of Charles City County does not issue a separate financial report.

C. Other Related Organizations Included in the County's Financial Report

Excluded from the County's Annual Financial Report

Riverside Regional Jail Authority

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

Heritage Public Library

The Heritage Public Library is an intergovernmental (joint) venture, and therefore, its operations are not included in the County's financial statements. The participating jurisdictions of New Kent County and Charles City County provide the financial support for the Library and appoint its governing Board. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. During the fiscal year ended June 30, 2010, the County contributed \$76,456 to the operations of the Library.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

C. Other Related Organizations Included in the County's Financial Report (Continued)

Excluded from the County's Comprehensive Annual Financial Report (Continued)

Middle Peninsula Detention Center

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

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

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

The 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 fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (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 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as 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 expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

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

1. Governmental Funds

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

The General Fund is the primary operating fund of the County. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenue is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for government-wide reporting purposes.

Proprietary Funds - Proprietary funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

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

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

E. Cash and Cash Equivalents

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

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

F. Investments

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

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 “advances 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 \$111,000 at June 30, 2010 and is comprised of property taxes of \$107,868 and water and sewer charges of \$3,132.

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

| | <u>Real Property</u> | <u>Personal Property</u> |
|-----------|----------------------|--------------------------|
| Levy | January 1 | January 1 |
| Due Date | June 5/December 5 | December 5 |
| Lien Date | January 1 | January 1 |

The County bills and collects its own property taxes.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives.

| <u>Assets</u> | <u>Years</u> |
|---|--------------|
| Building Improvements | 40 |
| Furniture, Vehicles, and Office Equipment | 5-20 |
| Buses | 10 |

I. Compensated Absences

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

J. Retirement Plan

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

K. Use of Estimates

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

M. 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.

N. Long-term Obligations

In the government-wide 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. Bonds payable are reported net of the applicable bond premium or discount.

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

Note 2—Stewardship, Compliance, and Accounting:

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. On or before April 1st, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The Board of Supervisors is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

Expenditures and Appropriations

Expenditures exceeded appropriations in the following functions at June 30, 2010:

School Fund:

| | |
|---|----------|
| Operation and maintenance of School Plant | \$ 4,450 |
| Pupil Transportation | 46,407 |

NOTE 3 - Deposits and Investments:

Deposits

All cash of the primary government and its discretely presented component units is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

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).

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2010 were rated by Standard and Poor's and the ratings are presented below using Standard and Poor's rating scale.

| | <u>Fair Quality Ratings</u> | |
|----------------------------------|-----------------------------|--------------------|
| | <u>County</u> AAAm | <u>IDA</u> AAAm |
| Local Government Investment Pool | \$ 437 | \$ - |
| Money Market Mutual Fund | 403,738 | 856,598 |
| Total | <u>\$ 404,175</u> | <u>\$ 856,598</u> |

Interest Rate Risk

| <u>Investment Type</u> | <u>Investment Maturities (in years)</u> | | | |
|---------------------------|---|-----------------------------------|-------------------|-----------------------------------|
| | <u>County</u> | | <u>IDA</u> | |
| | <u>Fair Value</u> | <u>Less Than</u> <u>1 Year</u> | <u>Fair Value</u> | <u>Less Than</u> <u>1 Year</u> |
| Money Market Mutual Funds | \$ 403,738 | \$ 403,738 | \$ 856,598 | \$ 856,598 |
| Total | <u>\$ 403,738</u> | <u>\$ 403,738</u> | <u>\$ 856,598</u> | <u>\$ 856,598</u> |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 3 - Deposits and Investments: (Continued)

External Investment Pools

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

Note 4—Due to/from Other Governments:

At June 30, 2010, the County has receivables from other governments as follows:

| | <u>Primary Government</u> | <u>Component Unit School Board</u> |
|----------------------------------|-------------------------------|--|
| Commonwealth of Virginia: | | |
| Local sales tax | \$ 115,228 | \$ - |
| Shared expenses | 78,602 | - |
| Recordation tax | 4,009 | - |
| Rolling stock tax | 37 | - |
| VPA funds | 20,176 | - |
| Indoor plumbing grant | 58,978 | - |
| Jurors | 960 | - |
| PSAP grant | 5,635 | - |
| State Sales Tax | - | 132,495 |
| VPSA technology | - | 128,000 |
| Comprehensive services act | 23,434 | - |
| Communications tax | 27,332 | - |
| Forfeited assets | 195 | - |
| Federal Government: | | |
| School fund grants | - | 816,569 |
| CDBG | 7,353 | - |
| VPA funds | 35,483 | - |
| Total due from other governments | \$ <u>377,422</u> | \$ <u>1,077,064</u> |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2010:

| | Balance July 1, 2009 | Additions | Deletions | Balance June 30, 2010 |
|---|-------------------------|---------------------|-------------------|--------------------------|
| Primary Government: | | | | |
| Capital assets not subject to depreciation: | | | | |
| Land and land improvements | \$ 1,554,783 | \$ - | \$ - | \$ 1,554,783 |
| Construction in Progress | <u>39,257</u> | <u>147,450</u> | <u>39,257</u> | <u>147,450</u> |
| Total capital assets not subject to depreciation | <u>\$ 1,594,040</u> | <u>\$ 147,450</u> | <u>\$ 39,257</u> | <u>\$ 1,702,233</u> |
| Capital assets subject to depreciation: | | | | |
| Buildings and improvements | \$ 10,191,808 | \$ 39,257 | \$ - | \$ 10,231,065 |
| Equipment | 2,449,159 | 197,101 | 46,081 | 2,600,179 |
| Jointly owned assets | <u>2,910,656</u> | <u>-</u> | <u>836,715</u> | <u>2,073,941</u> |
| Total capital assets being depreciated | <u>\$ 15,551,623</u> | <u>\$ 236,358</u> | <u>\$ 882,796</u> | <u>\$ 14,905,185</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | \$ 3,475,692 | \$ 250,068 | \$ - | \$ 3,725,760 |
| Equipment | 1,816,696 | 217,668 | 46,081 | 1,988,283 |
| Jointly owned assets | <u>1,201,319</u> | <u>83,225</u> | <u>369,263</u> | <u>915,281</u> |
| Total accumulated depreciation | <u>\$ 6,493,707</u> | <u>\$ 550,961</u> | <u>\$ 415,344</u> | <u>\$ 6,629,324</u> |
| Total capital assets subject to depreciation, net | <u>\$ 9,057,916</u> | <u>\$ (314,603)</u> | <u>\$ 467,452</u> | <u>\$ 8,275,861</u> |
| Net capital assets primary government | <u>\$ 10,651,956</u> | <u>\$ (167,153)</u> | <u>\$ 506,709</u> | <u>\$ 9,978,094</u> |
| Enterprise Fund: | | | | |
| Capital assets not subject to depreciation: | | | | |
| Land and land improvements | \$ 7,819 | \$ - | \$ - | \$ 7,819 |
| Total capital assets not subject to depreciation | <u>\$ 7,819</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,819</u> |
| Capital assets subject to depreciation: | | | | |
| Buildings and improvements | \$ 3,437,144 | \$ 370,192 | \$ - | \$ 3,807,336 |
| Equipment | <u>40,900</u> | <u>-</u> | <u>-</u> | <u>40,900</u> |
| Total capital assets being depreciated | <u>\$ 3,478,044</u> | <u>\$ 370,192</u> | <u>\$ -</u> | <u>\$ 3,848,236</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | \$ 1,697,694 | \$ 95,183 | \$ - | \$ 1,792,877 |
| Equipment | <u>25,225</u> | <u>825</u> | <u>-</u> | <u>26,050</u> |
| Total accumulated depreciation | <u>\$ 1,722,919</u> | <u>\$ 96,008</u> | <u>\$ -</u> | <u>\$ 1,818,927</u> |
| Total capital assets subject to depreciation, net | <u>\$ 1,755,125</u> | <u>\$ 274,184</u> | <u>\$ -</u> | <u>\$ 2,029,309</u> |
| Net capital assets enterprise fund | <u>\$ 1,762,944</u> | <u>\$ 274,184</u> | <u>\$ -</u> | <u>\$ 2,037,128</u> |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2010:

| Component Unit-School Board: | Balance July 1, 2009 | Additions | Deletions | Balance June 30, 2010 |
|---|-------------------------|---------------------|---------------------|--------------------------|
| Capital assets not subject to depreciation: | | | | |
| Land and land improvements | \$ 263,786 | \$ - | \$ - | \$ 263,786 |
| Total capital assets not subject to depreciation | <u>\$ 263,786</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 263,786</u> |
| Capital assets subject to depreciation: | | | | |
| Buildings and improvements | \$ 91,500 | \$ - | \$ - | \$ 91,500 |
| Equipment | 2,668,951 | 215,167 | 201,445 | 2,682,673 |
| Jointly owned assets | <u>15,772,326</u> | <u>836,715</u> | <u>-</u> | <u>16,609,041</u> |
| Total capital assets being depreciated | <u>\$ 18,532,777</u> | <u>\$ 1,051,882</u> | <u>\$ 201,445</u> | <u>\$ 19,383,214</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | \$ 4,575 | \$ 4,575 | \$ - | \$ 9,150 |
| Equipment | 2,005,059 | 182,301 | 201,445 | 1,985,915 |
| Jointly owned assets | <u>6,509,733</u> | <u>450,980</u> | <u>(369,263)</u> | <u>7,329,976</u> |
| Total accumulated depreciation | <u>\$ 8,519,367</u> | <u>\$ 637,856</u> | <u>\$ (167,818)</u> | <u>\$ 9,325,041</u> |
| Total capital assets subject to depreciation, net | <u>\$ 10,013,410</u> | <u>\$ 414,026</u> | <u>\$ 369,263</u> | <u>\$ 10,058,173</u> |
| Net capital assets Component Unit-School Board | <u>\$ 10,277,196</u> | <u>\$ 414,026</u> | <u>\$ 369,263</u> | <u>\$ 10,321,959</u> |

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

| | |
|--------------------------------|-------------------|
| Governmental activities: | |
| General government | \$ 71,637 |
| Judicial administration | 141,053 |
| Public safety | 167,511 |
| Public works | 23,250 |
| Health and welfare | 15,910 |
| Education | 83,225 |
| Parks, recreation and cultural | 35,737 |
| Community development | 12,638 |
| Total Governmental activities | <u>\$ 550,961</u> |
| Business-type activities | <u>\$ 96,008</u> |
| Component Unit School Board | <u>\$ 637,856</u> |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2010 consisted of the following:

| Fund | Transfers In | Transfers Out |
|---------------------|--------------|---------------|
| Primary Government: | | |
| General fund | \$ - | \$ 307,085 |
| Sanitary District | 307,085 | - |
| Total | \$ 307,085 | \$ 307,085 |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

Note 7—Long Term Obligations:

Primary Government:

The following is a summary of changes in long-term debt transactions of the County for the fiscal year ended June 30, 2010:

| | Amounts Payable at July 1, 2009 | Increases | Decreases | Amounts Payable at June 30, 2010 | Amounts Due Within One Year |
|--|---------------------------------|-----------|------------|----------------------------------|-----------------------------|
| Governmental Obligations: | | | | | |
| Incurred by County: | | | | | |
| Claims, judgments and compensated absences payable | \$ 367,522 | \$ 22,533 | \$ 36,752 | \$ 353,303 | \$ 35,330 |
| Lease revenue bond payable | 3,603,463 | - | 306,785 | 3,296,678 | 318,268 |
| Capital lease obligations (Note 8) | 97,486 | 10,403 | 57,480 | 50,409 | 44,992 |
| OPEB liability | 29,200 | 65,600 | 33,700 | 61,100 | - |
| Total incurred by County | \$ 4,068,471 | \$ 98,536 | \$ 434,717 | \$ 3,761,490 | \$ 398,590 |
| Incurred by School Board: | | | | | |
| State Literary Fund Loans payable | \$ 407 | - | \$ 407 | - | - |
| General obligation bonds payable | 1,708,930 | - | 550,270 | 1,158,660 | 569,212 |
| Total incurred by School Board | \$ 1,709,337 | - | \$ 550,677 | \$ 1,158,660 | \$ 569,212 |
| Total Governmental Obligations | \$ 5,777,808 | \$ 98,536 | \$ 985,394 | \$ 4,920,150 | \$ 967,802 |
| Enterprise Obligations: | | | | | |
| Claims, judgments and compensated absences payable | \$ 24,576 | - | \$ 2,998 | \$ 21,578 | \$ 2,158 |
| Revenue bonds payable | 103,955 | - | 6,395 | 97,560 | 6,723 |
| Total Enterprise Obligations | \$ 128,531 | - | \$ 9,393 | \$ 119,138 | \$ 8,881 |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

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

| Year Ending June 30 | County Obligations | |
|---------------------------|-------------------------------|-------------------|
| | Lease Revenue Bond Payable | |
| | Principal | Interest |
| 2011 | \$ 318,268 | \$ 115,985 |
| 2012 | 330,179 | 104,076 |
| 2013 | 342,537 | 91,715 |
| 2014 | 355,357 | 78,896 |
| 2015 | 368,657 | 65,595 |
| 2016 | 382,455 | 51,798 |
| 2017 | 396,769 | 37,484 |
| 2018 | 411,619 | 22,634 |
| 2019 | 390,837 | 7,228 |
| Total | \$ <u>3,296,678</u> | \$ <u>575,411</u> |

| Year Ending June 30 | School Obligations | |
|---------------------------|---------------------|------------------|
| | Bonds Payable | |
| | Principal | Interest |
| 2011 | \$ 569,212 | \$ 57,688 |
| 2012 | 589,448 | 19,452 |
| Total | \$ <u>1,158,660</u> | \$ <u>77,140</u> |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

| Year Ending June 30 | Enterprise Fund | |
|---------------------------|-----------------------|------------------|
| | Revenue Bonds Payable | |
| | Principal | Interest |
| 2011 | \$ 6,723 | \$ 4,725 |
| 2012 | 7,067 | 4,381 |
| 2013 | 7,428 | 4,020 |
| 2014 | 7,808 | 3,640 |
| 2015 | 8,208 | 3,240 |
| 2016 | 8,628 | 2,820 |
| 2017 | 9,069 | 2,379 |
| 2018 | 9,533 | 1,915 |
| 2019 | 10,021 | 1,427 |
| 2020 | 10,533 | 915 |
| 2021 | 11,072 | 376 |
| 2022 | 1,470 | 6 |
| Total | \$ <u>97,560</u> | \$ <u>29,844</u> |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness are as follows:

General Obligations:

Incurred by County:

Lease Revenue Bond Payable:

\$5,000,000 lease revenue bond payable issued through the Industrial Development Authority of Charles City County on May 15, 2003, payable in monthly installments of principal and interest totaling \$36,188 through May 1, 2019, interest payable annually at 3.68%. \$ 3,296,678

Capital Leases Payable:

\$129,950 Fire Truck lease issued on December 15, 2005, due in annual installments of \$29,763 on each September 1 through 2010. \$ 28,293

\$22,292 2009 Ford Crown Victoria lease issued on April 3, 2009, due in annual installments of \$6,488 on each July 1 through 2010. 6,115

\$22,262 2008 Ford Crown Victoria lease issued on December 1, 2008, due in annual installments of \$5,950 on each December 1 through 2010. 5,598

\$10,403 2010 Dodge Charger lease issued on January 22, 2010, due in annual installments of \$5,735 on each January 22 through 2012. 10,403

Total capital leases payable \$ 50,409

OPEB liability \$ 61,100

Compensated absences \$ 353,303

Total Incurred by County \$ 3,761,490

Incurred by School Board:

General Obligation Bonds Payable:

\$9,103,808 School Bonds issued March 1992, due in various annual principal installments each July 15 through 2011; interest payable semi-annually at an average rate of 6.60%. \$ 1,158,660

Total Incurred by School Board \$ 1,158,660

Total Governmental Obligations \$ 4,920,150

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

Enterprise Fund:

Revenue Bond Payable:

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

\$ 97,560

Compensated absences

\$ 21,578

Total Enterprise obligations

\$ 119,138

Component Unit-School Board:

The following is a summary of changes in long-term debt transactions for the fiscal year ended June 30, 2010:

| | Amounts Payable at July 1, 2009 | Increases | Decreases | Amounts Payable at June 30, 2010 | Amounts Due Within One Year |
|--|--|-------------------|-------------------|---|-----------------------------------|
| Claims, judgments and compensated absences payable | \$ 159,864 | \$ 1,111 | \$ 15,986 | \$ 144,989 | \$ 14,499 |
| Capital lease obligations (Note 8) | <u>102,916</u> | <u>108,505</u> | <u>102,916</u> | <u>108,505</u> | <u>32,662</u> |
| Total Component Unit-School Board | <u>\$ 262,780</u> | <u>\$ 109,616</u> | <u>\$ 118,902</u> | <u>\$ 253,494</u> | <u>\$ 47,161</u> |

Details of long-term obligations:

Capital Leases Payable:

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

\$ 67,773

\$51,980 School Bus lease issued on June 20, 2010, due in annual installments of \$11,248 on each June 20 through 2014; interest rate 4.10%.

40,732

Total Capital Leases Payable

\$ 108,505

Compensated absences

\$ 144,989

Total Component Unit-School Board

\$ 253,494

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 8—Capital Leases:

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

The assets acquired through capital leases are as follows:

| | Primary Government | Component Unit- School Board |
|--------------------------------|-----------------------|------------------------------------|
| Asset: | | |
| Equipment | \$ 207,156 | \$ 138,544 |
| Less: accumulated depreciation | (45,884) | (13,854) |
| Total | <u>\$ 161,272</u> | <u>\$ 124,690</u> |

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, are as follows:

| Year Ended June 30 | Primary Government | Component Unit School Board |
|---|-----------------------|--------------------------------|
| 2011 | \$ 47,936 | \$ 29,985 |
| 2012 | 5,735 | 29,985 |
| 2013 | - | 29,985 |
| 2014 | - | 29,985 |
| Total minimum lease payments | \$ 53,671 | \$ 119,940 |
| Less: amount representing interest | (3,262) | (11,435) |
| Present value of minimum lease payments | <u>\$ 50,409</u> | <u>\$ 108,505</u> |

Note 9—Landfill Closure and Post-closure Costs:

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 10—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 in the general fund totaling \$3,270,026 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$3,139,125 at June 30, 2010.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2010 but paid in advance by the taxpayers totaled \$117,651 at June 30, 2010.

Other Deferred Revenue - Deferred revenue representing uncollected lease/purchase payments and grant funds not available for funding of current expenditures totaled \$13,250.

Note 11—Commitments and Contingencies:

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

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

Note 12—Litigation:

At June 30, 2010, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 13 —Risk Management:

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

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 13 –Risk Management: (Continued)

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

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

Note 14 –Lease-Purchase Receivable:

On November 1, 1995, the County entered into a lease-purchase agreement with Timothy A. Carroll to sell a lot and building at the Roxbury Industrial Center. The agreement included a \$15,000 down payment and monthly installments of principal and interest of \$2,697 for 15 years to be received by the County. The interest rate is 7%, and the total amount financed was \$300,000. At June 30, 2010, the balance of the lease purchase receivable was \$13,250.

On October 1, 1996, the Industrial Development Authority (IDA) entered into a lease-purchase with Chesapeake Engineering to purchase property in the amount of \$100,000. The principal and interest payments of \$822 per month were due to the IDA for 20 years. On October 20, 2004, the IDA loaned Chesapeake Engineering an additional \$50,000 due in monthly installments of \$792 for seven years and a balloon payment in three years. At June 30, 2010, the balance of these lease purchase receivables was \$123,768.

Note 15 –Defined Benefit Pension Plan:

A. Plan Description

| | |
|-------------------------|---|
| Name of Plan: | Virginia Retirement System (VRS) |
| Identification of Plan: | Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan |
| Administering Entity: | Virginia Retirement System (System) |

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 15 – Defined Benefit Pension Plan (Continued):

A. Plan Description (Continued)

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

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board non-professional employees’ contribution rates for the fiscal year ended 2010 were 8.66% and 0% of annual covered payroll, respectively.

The School Board’s professional employees contributed \$316,337, \$423,054, and \$532,697, to the teacher cost-sharing pool for the fiscal years ended June 30, 2010, 2009, and 2008 respectively. The School Board’s rate was 8.81% (July 2009 through March 2010 and zero (0.00%) for April through June 2010), 8.81%, and 10.30% of annual covered payroll, respectively.

C. Annual Pension Cost

For the fiscal year 2010, the County’s annual pension cost of \$244,481 (which does not include the employee’s portion of \$141,155) was equal to the County’s required and actual contributions.

For the fiscal year 2010, the County School Board’s annual pension cost for the Board’s non-professional employees was \$0 (which does not include the employees portion assumed by the School Board of \$15,534) which was equal to the Board’s required and actual contributions.

| Fiscal Year Ending | Annual Pension Cost (APC) (1) | Percentage of APC Contributed | Net Pension Obligation |
|-----------------------|-------------------------------------|----------------------------------|------------------------------|
| County: | | | |
| June 30, 2010 | \$ 244,481 | 100% | \$ - |
| June 30, 2009 | 241,985 | 100% | - |
| June 30, 2008 | 208,879 | 100% | - |
| School Board: | | | |
| Non-Professional: | | | |
| June 30, 2010 | \$ - | 100% | \$ - |
| June 30, 2009 | - | 100% | - |
| June 30, 2008 | 7,952 | 100% | - |

(1) Employer portion only

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 15 – Defined Benefit Pension Plan (Continued):

C. Annual Pension Cost (Continued)

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both 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, 2007 was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the Primary Government plan was 83.61% funded. The actuarial accrued liability for benefits was \$12,310,574, and the actuarial value of assets was \$10,293,054, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,017,520. The covered payroll (annual payroll of active employees covered by the plan) was \$2,852,697, and ratio of the UAAL to the covered payroll was 70.72%.

As of June 30, 2009, the most recent actuarial valuation date, the School Board's Non-Professional plan was 120.67% funded. The actuarial accrued liability for benefits was \$1,390,905, and the actuarial value of assets was \$1,678,365, resulting in an unfunded actuarial accrued liability (UAAL) of (\$287,460). The covered payroll (annual payroll of active employees covered by the plan) was \$306,815, and ratio of the UAAL to the covered payroll was (93.69%).

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 16 – Surety Bonds:

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 17—Postemployment Benefits Other Than Pensions:

Plan Description

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

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

| | <u>COUNTY</u> |
|--|-------------------------|
| Annual required contribution | \$ 65,600 |
| Interest on net OPEB obligation | - |
| Adjustment to annual required contribution | - |
| Annual OPEB cost (expense) | <u>\$ 65,600</u> |
| Contributions made | <u>(33,700)</u> |
| Increase in net OPEB obligation | 31,900 |
| Net OPEB obligation-beginning of year | 29,200 |
| Net OPEB obligation-end of year | <u><u>\$ 61,100</u></u> |

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 17—Postemployment Benefits Other Than Pensions (Continued):

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 were as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|----------------------------------|-----------------------------|---|------------------------------------|
| County: | | | |
| 6/30/2009 | \$ 62,900 | 53.58% | \$ 29,200 |
| 6/30/2010 | 65,600 | 51.37% | 61,100 |

Funded Status and Funding Progress

As of June 30, 2010, the County's actuarial accrued liability for benefits was \$613,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,667,500, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 22.98 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.

Actuarial Methods and Assumptions

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

The following simplifying assumptions were made:

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

Mortality-Life expectancies were based on mortality tables from the RP-2000 Combined Healthy mortality tables for males and females projected to 2010 using Scale AA.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

Note 17–Postemployment Benefits Other Than Pensions (Continued):

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

Based on the historical and expected returns of the County's short-term investment portfolio, a discount of 4.0% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 was thirty years.

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 15.

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.04% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2010, 2009, and 2008 were \$37,343, \$51,861, and \$59,993, 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.

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County of Charles City, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2010

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|----------------------|-----------------------|----------------------|---|
| | Original | Final Appropriated | | |
| REVENUES | | | | |
| General property taxes | \$ 6,540,950 | \$ 6,540,950 | \$ 6,713,249 | \$ 172,299 |
| Other local taxes | 678,500 | 672,580 | 625,777 | (46,803) |
| Permits, privilege fees, and regulatory licenses | 3,127,900 | 3,127,900 | 2,652,175 | (475,725) |
| Fines and forfeitures | 5,000 | 5,000 | 1,616 | (3,384) |
| Revenue from the use of money and property | 151,550 | 151,550 | 56,308 | (95,242) |
| Charges for services | 132,489 | 132,489 | 161,594 | 29,105 |
| Miscellaneous | 172,390 | 174,344 | 222,205 | 47,861 |
| Recovered costs | 46,143 | 226,143 | 182,630 | (43,513) |
| Intergovernmental revenues: | | | | |
| Commonwealth | 2,832,259 | 3,295,893 | 2,837,553 | (458,340) |
| Federal | 612,499 | 1,449,761 | 802,249 | (647,512) |
| Total revenues | <u>\$ 14,299,680</u> | <u>\$ 15,776,610</u> | <u>\$ 14,255,356</u> | <u>\$ (1,521,254)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government administration | \$ 1,722,589 | \$ 1,678,718 | \$ 1,676,350 | \$ 2,368 |
| Judicial administration | 621,496 | 619,867 | 606,158 | 13,709 |
| Public safety | 1,682,739 | 2,189,689 | 2,023,606 | 166,083 |
| Public works | 1,023,681 | 1,032,042 | 1,056,667 | (24,625) |
| Health and welfare | 2,482,479 | 2,312,192 | 1,852,837 | 459,355 |
| Education | 5,057,945 | 5,057,945 | 4,940,186 | 117,759 |
| Parks, recreation, and cultural | 477,511 | 479,439 | 473,678 | 5,761 |
| Community development | 352,389 | 1,489,409 | 669,925 | 819,484 |
| Nondepartmental | 147,315 | 40,958 | 20,649 | 20,309 |
| Capital projects | 7,562 | 240,478 | 184,478 | 56,000 |
| Debt service: | | | | |
| Principal retirement | 931,793 | 931,793 | 914,942 | 16,851 |
| Interest and other fiscal charges | 222,109 | 222,109 | 226,715 | (4,606) |
| Total expenditures | <u>\$ 14,729,608</u> | <u>\$ 16,294,639</u> | <u>\$ 14,646,191</u> | <u>\$ 1,648,448</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (429,928)</u> | <u>\$ (518,029)</u> | <u>\$ (390,835)</u> | <u>\$ 127,194</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | \$ (234,082) | \$ (233,646) | \$ (307,085) | \$ (73,439) |
| Issuance of capital leases | - | - | 10,403 | 10,403 |
| Sale of capital assets | 70,000 | 70,000 | 55,500 | (14,500) |
| Total other financing sources (uses) | <u>\$ (164,082)</u> | <u>\$ (163,646)</u> | <u>\$ (241,182)</u> | <u>\$ (77,536)</u> |
| Net change in fund balances | \$ (594,010) | \$ (681,675) | \$ (632,017) | \$ 49,658 |
| Fund balances - beginning | 594,010 | 685,678 | 2,531,877 | 1,846,199 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ 4,003</u> | <u>\$ 1,899,860</u> | <u>\$ 1,895,857</u> |

County of Charles City, Virginia
 Schedule of Funding Progress-Virginia Retirement System
 For The Year Ended June 30, 2010

| Valuation Date (1) | Actuarial Value of Assets (AVA) (2) | Actuarial Accrued Liability (AAL) (3) | Unfunded (Excess Funded) Actuarial Accrued Liability (3) - (2) (4) | Funded Ratio (2) / (3) (5) | Annual Covered Payroll (6) | UAAL as % of Payroll (4) / (6) (7) |
|--|---|---|---|-------------------------------------|-------------------------------------|--|
| County: | | | | | | |
| 6/30/2009 | \$ 10,293,054 | \$ 12,310,574 | \$ 2,017,520 | 83.61% | \$ 2,852,697 | 70.72% |
| 6/30/2008 | 10,389,555 | 11,600,287 | 1,210,732 | 89.56% | 2,903,321 | 41.70% |
| 6/30/2007 | 9,543,656 | 10,785,200 | 1,241,544 | 88.49% | 2,915,765 | 42.58% |
| 6/30/2006 | 8,451,312 | 9,359,572 | 908,260 | 90.30% | 2,773,547 | 32.75% |
| 6/30/2005 | 7,912,044 | 9,125,817 | 1,213,773 | 86.70% | 2,420,764 | 50.14% |
| 6/30/2004 | 7,637,723 | 7,677,418 | 39,695 | 99.48% | 2,471,727 | 1.61% |
| 6/30/2003 | 7,447,850 | 7,195,264 | (252,586) | 103.51% | 2,306,694 | -10.95% |
| 6/30/2002 | 7,277,551 | 6,431,341 | (846,210) | 113.16% | 2,455,937 | -34.46% |
| 6/30/2001 | 6,957,701 | 5,865,105 | (1,092,596) | 118.63% | 2,377,182 | -45.96% |
| 6/30/2000 | 6,213,465 | 5,095,119 | (1,118,346) | 121.95% | 2,154,499 | -51.91% |
| School Board Non-Professionals: | | | | | | |
| 6/30/2009 | \$ 1,678,365 | \$ 1,390,905 | (287,460) | 120.67% | \$ 306,815 | -93.69% |
| 6/30/2008 | 1,703,744 | 1,226,779 | (476,965) | 138.88% | 338,537 | -140.89% |
| 6/30/2007 | 1,566,765 | 1,302,015 | (264,750) | 120.33% | 286,776 | -92.32% |
| 6/30/2006 | 1,396,860 | 1,263,842 | (133,018) | 110.52% | 275,773 | -48.23% |
| 6/30/2005 | 1,348,754 | 1,310,835 | (37,919) | 102.89% | 258,882 | -14.65% |
| 6/30/2004 | 1,342,583 | 1,042,674 | (299,909) | 128.76% | 255,206 | -117.52% |
| 6/30/2003 | 1,342,739 | 968,902 | (373,837) | 138.58% | 265,077 | -141.03% |
| 6/30/2002 | 1,354,254 | 975,214 | (379,040) | 138.87% | 270,971 | -139.88% |
| 6/30/2001 | 1,333,683 | 905,710 | (427,973) | 147.25% | 247,851 | -172.67% |
| 6/30/2000 | 1,232,733 | 846,040 | (386,693) | 145.71% | 256,108 | -150.99% |

County of Charles City, Virginia

Schedule of Funding Progress - Retiree Healthcare Plan
For the Year Ended June 30, 2010

| 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 (c) | UAAL as % of Payroll ((b-a)/c) |
|----------------------|-------------------------------------|---------------------------------------|--|--------------------|----------------------------|--------------------------------|
| County: 6/30/2009 | \$ - | \$ 613,000 | \$ 613,000 | 0.00% | \$ 2,667,500 | 22.98% |

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OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND STATEMENTS AND
SCHEDULES*

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County of Charles City, Virginia

Fiduciary Funds
 Statement of Changes in Fiduciary Net Assets - Agency Funds
 For the Year Ended June 30, 2010

| | <u>Balance Beginning of Year</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance End of Year</u> |
|--|--|------------------|------------------|------------------------------------|
| Special Welfare Fund: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 42,039 | \$ 14,678 | \$ 14,214 | \$ 42,503 |
| Liabilities: | | | | |
| Amounts held for social services clients | \$ 42,039 | \$ 14,678 | \$ 14,214 | \$ 42,503 |

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*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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County of Charles City, Virginia
 Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2010

| | | <u>School Operating Fund</u> |
|---|--------------------|--------------------------------------|
| ASSETS | | |
| Receivables (net of allowance for uncollectibles): | | |
| Accounts receivable | \$ | 4,673 |
| Due from other governmental units | | 1,077,064 |
| Total assets | <u>\$</u> | <u>1,081,737</u> |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts payable | \$ | 50,897 |
| Accrued liabilities | | 701,285 |
| Reconciled overdraft payable | | 325,064 |
| Deferred revenue | | 4,491 |
| Total liabilities | <u>\$</u> | <u>1,081,737</u> |
| Fund balances: | | |
| Unreserved: | | |
| Undesignated | <u>\$</u> | <u>-</u> |
| Total fund balances | <u>\$</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$</u> | <u>-</u> |
| Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because: | | |
| Total fund balances per above | \$ | - |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment: | | |
| Capital assets | \$ | 19,647,000 |
| Accumulated depreciation | <u>(9,325,041)</u> | 10,321,959 |
| Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Capital leases | \$ | (108,505) |
| Compensated absences | | (144,989) |
| Accrued interest payable | <u>(164)</u> | (253,658) |
| Net assets of governmental activities | <u>\$</u> | <u>10,072,792</u> |

County of Charles City, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2010

| | | School Operating Fund |
|--|------------------|--------------------------------------|
| REVENUES | | |
| Revenue from the use of money and property | \$ | 1,553 |
| Charges for services | | 178,713 |
| Miscellaneous | | 32,554 |
| Recovered costs | | 8,718 |
| Intergovernmental revenues: | | |
| Local government | | 4,939,124 |
| Commonwealth | | 4,875,507 |
| Federal | | 1,857,088 |
| Total revenues | <u>\$</u> | <u>11,893,257</u> |
| EXPENDITURES | | |
| Current: | | |
| Education | \$ | 11,896,179 |
| Debt service: | | |
| Principal retirement | | 102,916 |
| Interest and other fiscal charges | | 2,667 |
| Total expenditures | <u>\$</u> | <u>12,001,762</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$</u> | <u>(108,505)</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Issuance of capital lease | <u>\$</u> | <u>108,505</u> |
| Total other financing sources and uses | <u>\$</u> | <u>108,505</u> |
| Net change in fund balances | \$ | - |
| Fund balances - beginning | | - |
| Fund balances - ending | <u>\$</u> | <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 | \$ | - |
| 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. The following is a summary of items supporting this adjustment: | | |
| Capital outlay | \$ | 215,167 |
| Transfer of jointly owned assets from Primary Government | | 550,677 |
| Depreciation expense | <u>(721,081)</u> | 44,763 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Deferred grant revenue | <u>\$</u> | <u>4,491</u> |
| 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 retirement of capital leases | \$ | 102,916 |
| Issuance of capital leases | <u>(108,505)</u> | (5,589) |
| 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 | \$ | 14,875 |
| (Increase) decrease in accrued interest payable | <u>2,502</u> | 17,377 |
| Change in net assets of governmental activities | <u>\$</u> | <u>61,042</u> |

County of Charles City, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2010

| | School Operating Fund | | | |
|---|-----------------------|-----------------------|----------------------|---|
| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
| | Original | Final Appropriated | Actual | |
| REVENUES | | | | |
| Revenue from the use of money and property | \$ - | \$ - | \$ 1,553 | \$ 1,553 |
| Charges for services | 340,410 | 340,410 | 178,713 | (161,697) |
| Miscellaneous | 12,630 | 12,630 | 32,554 | 19,924 |
| Recovered costs | - | 63,131 | 8,718 | (54,413) |
| Intergovernmental revenues: | | | | |
| Local government | 5,056,883 | 5,056,883 | 4,939,124 | (117,759) |
| Commonwealth | 5,194,633 | 5,199,883 | 4,875,507 | (324,376) |
| Federal | 1,173,938 | 2,131,623 | 1,857,088 | (274,535) |
| Total revenues | <u>\$ 11,778,494</u> | <u>\$ 12,804,560</u> | <u>\$ 11,893,257</u> | <u>\$ (911,303)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Education | \$ 11,853,494 | \$ 12,879,560 | \$ 11,896,179 | \$ 983,381 |
| Debt service: | | | | |
| Principal retirement | - | - | 102,916 | (102,916) |
| Interest and other fiscal charges | - | - | 2,667 | (2,667) |
| Total expenditures | <u>\$ 11,853,494</u> | <u>\$ 12,879,560</u> | <u>\$ 12,001,762</u> | <u>\$ 877,798</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (75,000)</u> | <u>\$ (75,000)</u> | <u>\$ (108,505)</u> | <u>\$ (33,505)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issuance of capital lease | \$ - | \$ - | \$ 108,505 | \$ 108,505 |
| Total other financing sources and uses | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 108,505</u> | <u>\$ 108,505</u> |
| Net change in fund balances | \$ (75,000) | \$ (75,000) | \$ - | \$ 75,000 |
| Fund balances - beginning | 75,000 | 75,000 | - | (75,000) |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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*DISCRETELY PRESENTED COMPONENT UNIT
INDUSTRIAL DEVELOPMENT AUTHORITY*

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County of Charles City, Virginia
Statement of Net Assets
Discretely Presented Component Unit - Industrial Development Authority
June 30, 2010

ASSETS

| | |
|---------------------------|--------------|
| Current assets: | |
| Cash and cash equivalents | \$ 200,100 |
| Investments | 856,598 |
| Leases receivable | 123,768 |
| Total current assets | \$ 1,180,466 |
| Total assets | \$ 1,180,466 |

NET ASSETS

| | |
|------------------|--------------|
| Unrestricted | \$ 1,180,466 |
| Total net assets | \$ 1,180,466 |

County of Charles City, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2010

OPERATING REVENUES

Charges for services:

| | |
|--------------------------|------------|
| Bond fees | \$ 150,786 |
| Total operating revenues | \$ 150,786 |

OPERATING EXPENSES

| | |
|--------------------------|-----------|
| Contractual services | \$ 34,742 |
| Other expenses | 38,775 |
| Total operating expenses | \$ 73,517 |

| | |
|-------------------------|-----------|
| Operating income (loss) | \$ 77,269 |
|-------------------------|-----------|

NONOPERATING REVENUES (EXPENSES)

| | |
|--|--------|
| Investment earnings | \$ 955 |
| Total nonoperating revenues (expenses) | \$ 955 |

| | |
|----------------------|-----------|
| Change in net assets | \$ 78,224 |
|----------------------|-----------|

| | |
|------------------------------|--------------|
| Total net assets - beginning | 1,102,242 |
| Total net assets - ending | \$ 1,180,466 |

County of Charles City, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2010

| | |
|---|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from customers and users | \$ 150,786 |
| Payments for operating activities | <u>(73,517)</u> |
| Net cash provided (used) by operating activities | <u>\$ 77,269</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest and dividends received | \$ 21 |
| Net cash provided (used) by investing activities | <u>\$ 21</u> |
| Net increase (decrease) in cash and cash equivalents | \$ 77,290 |
| Cash and cash equivalents - beginning | <u>122,810</u> |
| Cash and cash equivalents - ending | <u><u>\$ 200,100</u></u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | |
| Operating income (loss) | \$ 77,269 |
| Total adjustments | <u>\$ -</u> |
| Net cash provided (used) by operating activities | <u><u>\$ 77,269</u></u> |

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SUPPORTING SCHEDULES

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County of Charles City, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

Schedule 1
 Page 1 of 4

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Appropriated Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|--|---------------------|---|
| General Fund: | | | | |
| Revenue from local sources: | | | | |
| General property taxes: | | | | |
| Real property taxes | \$ 4,947,850 | \$ 4,947,850 | \$ 5,060,091 | \$ 112,241 |
| Real and personal public service corporation taxes | 182,000 | 182,000 | 227,596 | 45,596 |
| Personal property taxes | 1,132,000 | 1,132,000 | 1,095,109 | (36,891) |
| Mobile home taxes | 8,500 | 8,500 | 9,686 | 1,186 |
| Machinery and tools taxes | 148,800 | 148,800 | 169,428 | 20,628 |
| Merchant's capital taxes | 21,800 | 21,800 | 21,818 | 18 |
| Penalties | 60,000 | 60,000 | 84,804 | 24,804 |
| Interest | 40,000 | 40,000 | 44,717 | 4,717 |
| Total general property taxes | <u>\$ 6,540,950</u> | <u>\$ 6,540,950</u> | <u>\$ 6,713,249</u> | <u>\$ 172,299</u> |
| Other local taxes: | | | | |
| Local sales and use taxes | \$ 415,000 | \$ 415,000 | \$ 365,633 | \$ (49,367) |
| Consumers' utility taxes | 172,000 | 172,000 | 163,435 | (8,565) |
| Consumption tax | 30,000 | 30,000 | 43,053 | 13,053 |
| Cable television franchise license tax | 3,000 | 3,000 | 5,166 | 2,166 |
| Motor vehicle licenses | - | - | 504 | 504 |
| Taxes on recordation and wills | 58,500 | 52,580 | 47,986 | (4,594) |
| Total other local taxes | <u>\$ 678,500</u> | <u>\$ 672,580</u> | <u>\$ 625,777</u> | <u>\$ (46,803)</u> |
| Permits, privilege fees, and regulatory licenses: | | | | |
| Animal licenses | \$ 7,000 | \$ 7,000 | \$ 12,055 | \$ 5,055 |
| Transfer fees | 200 | 200 | 271 | 71 |
| Landfill host fees | 3,045,000 | 3,045,000 | 2,511,114 | (533,886) |
| Permits and other licenses | 75,700 | 75,700 | 128,735 | 53,035 |
| Total permits, privilege fees, and regulatory licenses | <u>\$ 3,127,900</u> | <u>\$ 3,127,900</u> | <u>\$ 2,652,175</u> | <u>\$ (475,725)</u> |
| Fines and forfeitures: | | | | |
| Court fines and forfeitures | \$ 5,000 | \$ 5,000 | \$ 1,616 | \$ (3,384) |
| Revenue from use of money and property: | | | | |
| Revenue from use of money | \$ 92,000 | \$ 92,000 | \$ 9,596 | \$ (82,404) |
| Revenue from use of property | 59,550 | 59,550 | 46,712 | (12,838) |
| Total revenue from use of money and property | <u>\$ 151,550</u> | <u>\$ 151,550</u> | <u>\$ 56,308</u> | <u>\$ (95,242)</u> |
| Charges for services: | | | | |
| Clerk's interest fees | \$ 200 | \$ 200 | \$ 509 | \$ 309 |
| Sheriff's fees | 500 | 500 | 696 | 196 |
| Courthouse maintenance fees | 3,000 | 3,000 | 2,720 | (280) |
| Courthouse security fees | 21,339 | 21,339 | 13,353 | (7,986) |
| Court fees | 20,100 | 20,100 | 47,894 | 27,794 |
| Commonwealth's attorney fees | 300 | 300 | 236 | (64) |
| Charges for parks and recreation | 13,300 | 13,300 | 23,722 | 10,422 |
| Charges for other protection | 2,000 | 2,000 | 1,550 | (450) |
| Document reproduction fees | 750 | 750 | 1,793 | 1,043 |
| Jail admission fees | 1,000 | 1,000 | 1,265 | 265 |
| Charges for EMS transport | 70,000 | 70,000 | 67,856 | (2,144) |
| Total charges for services | <u>\$ 132,489</u> | <u>\$ 132,489</u> | <u>\$ 161,594</u> | <u>\$ 29,105</u> |
| Miscellaneous revenue: | | | | |
| Miscellaneous | \$ 172,390 | \$ 174,344 | \$ 222,205 | \$ 47,861 |

County of Charles City, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

Schedule 1
 Page 2 of 4

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Appropriated Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|--|----------------------|---|
| General Fund: (Continued) | | | | |
| Revenue from local sources: (Continued) | | | | |
| Recovered costs: | | | | |
| Jurors | \$ 2,500 | \$ 2,500 | \$ 3,960 | \$ 1,460 |
| Sheriff support -- IDA | 38,000 | 38,000 | 37,825 | (175) |
| Economic development -- IDA | 5,643 | 5,643 | 12,462 | 6,819 |
| Library design/bid -- IDA | - | 180,000 | 128,383 | (51,617) |
| Total recovered costs | <u>\$ 46,143</u> | <u>\$ 226,143</u> | <u>\$ 182,630</u> | <u>\$ (43,513)</u> |
| Total revenue from local sources | <u>\$ 10,854,922</u> | <u>\$ 11,030,956</u> | <u>\$ 10,615,554</u> | <u>\$ (415,402)</u> |
| Revenue from the Commonwealth: | | | | |
| Noncategorical aid: | | | | |
| Mobile home titling tax | \$ 8,500 | \$ 8,500 | \$ 15,371 | \$ 6,871 |
| Rolling stock tax | 6,500 | 5,356 | 37 | (5,319) |
| Communications tax | 145,000 | 145,000 | 161,923 | 16,923 |
| State recordation tax | 13,000 | 13,000 | 13,712 | 712 |
| Personal property tax relief funds | 690,000 | 690,000 | 690,963 | 963 |
| Total noncategorical aid | <u>\$ 863,000</u> | <u>\$ 861,856</u> | <u>\$ 882,006</u> | <u>\$ 20,150</u> |
| Categorical aid: | | | | |
| Shared expenses: | | | | |
| Commonwealth's attorney | \$ 125,000 | \$ 120,615 | \$ 153,303 | \$ 32,688 |
| Sheriff | 470,000 | 424,062 | 441,252 | 17,190 |
| Commissioner of revenue | 64,000 | 61,329 | 68,578 | 7,249 |
| Treasurer | 73,000 | 67,897 | 76,707 | 8,810 |
| Registrar/electoral board | 35,000 | 29,811 | 30,127 | 316 |
| Clerk of the Circuit Court | 155,000 | 143,048 | 152,808 | 9,760 |
| Total shared expenses | <u>\$ 922,000</u> | <u>\$ 846,762</u> | <u>\$ 922,775</u> | <u>\$ 76,013</u> |
| Other categorical aid: | | | | |
| Public assistance and welfare administration | \$ 361,740 | \$ 361,633 | \$ 337,871 | \$ (23,762) |
| Comprehensive services act program | 600,682 | 480,682 | 232,477 | (248,205) |
| Emergency medical services | 5,000 | 5,000 | 8,087 | 3,087 |
| PSAP grant | - | 330,822 | 234,822 | (96,000) |
| Asset forfeiture | 3,500 | 3,657 | 683 | (2,974) |
| Litter control | 6,337 | 7,221 | 5,125 | (2,096) |
| Emergency services | - | - | 23,500 | 23,500 |
| Chesapeake bay | - | 11,000 | 4,945 | (6,055) |
| Wireless grant | 45,000 | 45,000 | 35,712 | (9,288) |
| Cultural alliance | 5,000 | 5,000 | 5,000 | - |
| Fire programs fund | 20,000 | 20,000 | 19,108 | (892) |
| Indoor plumbing grant | - | 310,000 | 118,543 | (191,457) |
| Other state funds | - | 7,260 | 6,899 | (361) |
| Total other categorical aid | <u>\$ 1,047,259</u> | <u>\$ 1,587,275</u> | <u>\$ 1,032,772</u> | <u>\$ (554,503)</u> |
| Total categorical aid | <u>\$ 1,969,259</u> | <u>\$ 2,434,037</u> | <u>\$ 1,955,547</u> | <u>\$ (478,490)</u> |
| Total revenue from the Commonwealth | <u>\$ 2,832,259</u> | <u>\$ 3,295,893</u> | <u>\$ 2,837,553</u> | <u>\$ (458,340)</u> |
| Revenue from the federal government: | | | | |
| Noncategorical aid: | | | | |
| Payments in lieu of taxes | \$ 1,800 | \$ 1,800 | \$ 1,317 | \$ (483) |
| Categorical aid: | | | | |
| Public assistance and welfare administration | \$ 610,699 | \$ 610,519 | \$ 570,403 | \$ (40,116) |
| Emergency preparedness | - | - | 14,034 | 14,034 |

County of Charles City, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

Schedule 1
 Page 3 of 4

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Appropriated Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|--|----------------------|---|
| General Fund: (Continued) | | | | |
| Revenue from the federal government: (Continued) | | | | |
| Categorical aid: (Continued) | | | | |
| Indoor plumbing grant | \$ - | \$ 321,368 | \$ 185,917 | \$ (135,451) |
| JAG grants - ARRA | - | 2,098 | 19,415 | 17,317 |
| Alcohol open container requirements | - | 20,386 | 11,163 | (9,223) |
| Community development block grant | - | 493,590 | - | (493,590) |
| Total categorical aid | <u>\$ 610,699</u> | <u>\$ 1,447,961</u> | <u>\$ 800,932</u> | <u>\$ (647,029)</u> |
| Total revenue from the federal government | <u>\$ 612,499</u> | <u>\$ 1,449,761</u> | <u>\$ 802,249</u> | <u>\$ (647,512)</u> |
| Total General Fund | <u>\$ 14,299,680</u> | <u>\$ 15,776,610</u> | <u>\$ 14,255,356</u> | <u>\$ (1,521,254)</u> |
| | | | | |
| Total Primary Government | <u>\$ 14,299,680</u> | <u>\$ 15,776,610</u> | <u>\$ 14,255,356</u> | <u>\$ (1,521,254)</u> |
| | | | | |
| Discretely Presented Component Unit - School Board: | | | | |
| Special Revenue Funds: | | | | |
| School Operating Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from the use of property | \$ - | \$ - | \$ 1,553 | \$ 1,553 |
| Total revenue from use of money and property | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,553</u> | <u>\$ 1,553</u> |
| | | | | |
| Charges for services: | | | | |
| School food service | \$ 330,057 | \$ 330,057 | \$ 178,515 | \$ (151,542) |
| Tuition and payments from other divisions | 10,353 | 10,353 | 198 | (10,155) |
| Total charges for services | <u>\$ 340,410</u> | <u>\$ 340,410</u> | <u>\$ 178,713</u> | <u>\$ (161,697)</u> |
| | | | | |
| Miscellaneous revenue: | | | | |
| Miscellaneous | \$ 12,630 | \$ 12,630 | \$ 32,554 | \$ 19,924 |
| | | | | |
| Recovered costs: | | | | |
| Williamsburg community health grant | \$ - | \$ 63,131 | \$ - | \$ (63,131) |
| Transportation - recreation department | - | - | 8,718 | 8,718 |
| Total recovered costs | <u>\$ -</u> | <u>\$ 63,131</u> | <u>\$ 8,718</u> | <u>\$ (54,413)</u> |
| Total revenue from local sources | <u>\$ 353,040</u> | <u>\$ 416,171</u> | <u>\$ 221,538</u> | <u>\$ (194,633)</u> |
| | | | | |
| Intergovernmental revenues: | | | | |
| Revenues from local governments: | | | | |
| Contribution from County of Charles City, Virginia | \$ 5,056,883 | \$ 5,056,883 | \$ 4,939,124 | \$ (117,759) |
| Total revenues from local governments | <u>\$ 5,056,883</u> | <u>\$ 5,056,883</u> | <u>\$ 4,939,124</u> | <u>\$ (117,759)</u> |
| | | | | |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Share of state sales tax | \$ 802,198 | \$ 802,198 | \$ 753,811 | \$ (48,387) |
| Basic school aid | 2,750,689 | 2,750,689 | 2,441,012 | (309,677) |
| Regular foster care | 72,676 | 72,676 | 80,294 | 7,618 |
| Gifted and talented | 22,353 | 22,353 | 21,714 | (639) |
| Remedial education | 72,522 | 72,522 | 70,451 | (2,071) |
| Enrollment loss | 6,110 | 6,110 | 47,265 | 41,155 |
| Special education | 510,635 | 510,635 | 496,052 | (14,583) |
| Textbook payment | 58,872 | 58,872 | - | (58,872) |
| GED funding | 7,859 | 7,859 | 7,859 | - |
| Vocational education | 82,340 | 82,340 | 79,016 | (3,324) |
| English as a second language | - | - | 8,005 | 8,005 |

County of Charles City, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

Schedule 1
 Page 4 of 4

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Appropriated Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|--|----------------------|---|
| Discretely Presented Component Unit - School Board: (Continued) | | | | |
| Special Revenue Funds: (Continued) | | | | |
| School Operating Fund: (Continued) | | | | |
| Revenue from the Commonwealth: (Continued) | | | | |
| Categorical aid: (Continued) | | | | |
| School fringes | \$ 365,590 | \$ 365,590 | \$ 304,484 | \$ (61,106) |
| Technology grant | 128,000 | 128,000 | 256,000 | 128,000 |
| Early reading intervention | 14,329 | 14,329 | 19,703 | 5,374 |
| Remedial Ed-Summer School | 12,786 | 12,786 | 1,088 | (11,698) |
| School food program | 12,348 | 12,348 | 10,544 | (1,804) |
| School construction | 45,138 | 45,138 | 55,709 | 10,571 |
| At risk payments | 139,023 | 139,023 | 135,214 | (3,809) |
| Primary class size | 78,203 | 78,203 | 74,620 | (3,583) |
| Standards of Learning algebra readiness | 7,318 | 7,318 | 7,318 | - |
| Mentor teacher | 1,558 | 1,558 | 3,337 | 1,779 |
| Other state | - | 5,250 | - | (5,250) |
| Homebound | 4,086 | 4,086 | 2,011 | (2,075) |
| Total categorical aid | <u>\$ 5,194,633</u> | <u>\$ 5,199,883</u> | <u>\$ 4,875,507</u> | <u>\$ (324,376)</u> |
| Total revenue from the Commonwealth | <u>\$ 5,194,633</u> | <u>\$ 5,199,883</u> | <u>\$ 4,875,507</u> | <u>\$ (324,376)</u> |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| School food program | \$ 173,000 | \$ 197,692 | \$ 267,635 | \$ 69,943 |
| Summer food | 15,632 | 15,632 | - | (15,632) |
| Title I | 142,317 | 218,579 | 374,917 | 156,338 |
| Title I - ARRA | - | 47,964 | 19,701 | (28,263) |
| Commodities | - | - | 17,106 | 17,106 |
| Vocational education | 18,622 | 18,622 | 27,163 | 8,541 |
| Drug free schools | 3,509 | 8,398 | 4,576 | (3,822) |
| Title VIB | 322,280 | 322,280 | 247,120 | (75,160) |
| Title VIB - ARRA | - | 104,518 | - | (104,518) |
| Title II -- part d | - | - | 3,414 | 3,414 |
| School improvement grant | - | 423,695 | 73,695 | (350,000) |
| Preschool grant | 8,000 | 15,858 | 4,378 | (11,480) |
| Preschool grant - ARRA | - | 3,519 | - | (3,519) |
| Title II -- part a | 88,100 | 91,514 | 40,145 | (51,369) |
| 21st Century learning | - | 260,874 | 177,827 | (83,047) |
| Stimulus funds | 341,346 | 341,346 | 529,885 | 188,539 |
| JROTC grant | 61,132 | 61,132 | 69,526 | 8,394 |
| Total categorical aid | <u>\$ 1,173,938</u> | <u>\$ 2,131,623</u> | <u>\$ 1,857,088</u> | <u>\$ (274,535)</u> |
| Total revenue from the federal government | <u>\$ 1,173,938</u> | <u>\$ 2,131,623</u> | <u>\$ 1,857,088</u> | <u>\$ (274,535)</u> |
| Total School Operating Fund | <u>\$ 11,778,494</u> | <u>\$ 12,804,560</u> | <u>\$ 11,893,257</u> | <u>\$ (911,303)</u> |
| Total Discretely Presented Component Unit - School Board | <u>\$ 11,778,494</u> | <u>\$ 12,804,560</u> | <u>\$ 11,893,257</u> | <u>\$ (911,303)</u> |

County of Charles City, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

Schedule 2
 Page 1 of 4

| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Appropriated Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|----------------------------|--|---------------------|---|
| General Fund: | | | | |
| General government administration: | | | | |
| Legislative: | | | | |
| Board of supervisors | \$ 57,979 | \$ 57,479 | \$ 53,066 | \$ 4,413 |
| General and financial administration: | | | | |
| County administrator | \$ 205,849 | \$ 202,723 | \$ 196,568 | \$ 6,155 |
| Legal services | 52,333 | 52,333 | 56,563 | (4,230) |
| Commissioner of revenue | 269,946 | 268,882 | 274,121 | (5,239) |
| Independent Auditor | 38,500 | 38,500 | 35,921 | 2,579 |
| Treasurer | 161,166 | 164,429 | 159,841 | 4,588 |
| Motor pool | 115,399 | 106,382 | 70,833 | 35,549 |
| Central gas | 7,014 | 7,014 | 5,472 | 1,542 |
| Memberships | 2,700 | 2,700 | 2,420 | 280 |
| Information technology | 291,045 | 259,935 | 212,921 | 47,014 |
| Management services | 249,773 | 249,034 | 240,125 | 8,909 |
| Other general and financial administration | 204,762 | 205,012 | 314,519 | (109,507) |
| Total general and financial administration | <u>\$ 1,598,487</u> | <u>\$ 1,556,944</u> | <u>\$ 1,569,304</u> | <u>\$ (12,360)</u> |
| Board of elections: | | | | |
| Electoral board and officials | \$ 18,688 | \$ 17,162 | \$ 10,541 | \$ 6,621 |
| Registrar | 47,435 | 47,133 | 43,439 | 3,694 |
| Total board of elections | <u>\$ 66,123</u> | <u>\$ 64,295</u> | <u>\$ 53,980</u> | <u>\$ 10,315</u> |
| Total general government administration | <u>\$ 1,722,589</u> | <u>\$ 1,678,718</u> | <u>\$ 1,676,350</u> | <u>\$ 2,368</u> |
| Judicial administration: | | | | |
| Courts: | | | | |
| Circuit court | \$ 28,163 | \$ 28,673 | \$ 24,762 | \$ 3,911 |
| General district court | 8,629 | 8,629 | 5,034 | 3,595 |
| Courthouse security fund | 21,339 | 24,398 | 26,817 | (2,419) |
| Special Magistrates | 1,800 | 1,228 | 786 | 442 |
| Sheriff | 131,195 | 129,148 | 133,125 | (3,977) |
| 9th district court services | 25,212 | 25,212 | 17,702 | 7,510 |
| Crater Criminal Justice | 5,702 | 5,702 | 5,701 | 1 |
| Clerk of the circuit court | 213,102 | 210,325 | 208,910 | 1,415 |
| Total courts | <u>\$ 435,142</u> | <u>\$ 433,315</u> | <u>\$ 422,837</u> | <u>\$ 10,478</u> |
| Commonwealth's attorney: | | | | |
| Commonwealth's attorney | \$ 186,354 | \$ 186,552 | \$ 183,321 | \$ 3,231 |
| Total commonwealth's attorney | <u>\$ 186,354</u> | <u>\$ 186,552</u> | <u>\$ 183,321</u> | <u>\$ 3,231</u> |
| Total judicial administration | <u>\$ 621,496</u> | <u>\$ 619,867</u> | <u>\$ 606,158</u> | <u>\$ 13,709</u> |
| Public safety: | | | | |
| Law enforcement and traffic control: | | | | |
| Sheriff | \$ 742,957 | \$ 743,469 | \$ 751,273 | \$ (7,804) |
| Grants | - | 353,306 | 248,241 | 105,065 |
| E-911 | 92,500 | 92,500 | 66,843 | 25,657 |
| Total law enforcement and traffic control | <u>\$ 835,457</u> | <u>\$ 1,189,275</u> | <u>\$ 1,066,357</u> | <u>\$ 122,918</u> |
| Fire and rescue services: | | | | |
| Fire department | \$ 154,912 | \$ 183,410 | \$ 164,552 | \$ 18,858 |
| Ambulance and rescue services | 63,800 | 63,800 | 68,969 | (5,169) |
| Total fire and rescue services | <u>\$ 218,712</u> | <u>\$ 247,210</u> | <u>\$ 233,521</u> | <u>\$ 13,689</u> |

County of Charles City, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

Schedule 2
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| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Appropriated Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|----------------------------|--|---------------------|---|
| General Fund: (Continued) | | | | |
| Public safety: (Continued) | | | | |
| Correction and detention: | | | | |
| Confinement and care of prisoners | \$ 345,256 | \$ 465,308 | \$ 464,165 | \$ 1,143 |
| Criminal justice planner | - | 5,386 | - | 5,386 |
| Total correction and detention | <u>\$ 345,256</u> | <u>\$ 470,694</u> | <u>\$ 464,165</u> | <u>\$ 6,529</u> |
| Other protection: | | | | |
| Animal control | \$ 91,799 | \$ 91,446 | \$ 93,225 | \$ (1,779) |
| Codes enforcement | 131,448 | 130,997 | 124,404 | 6,593 |
| Emergency services | 56,765 | 56,765 | 38,912 | 17,853 |
| VJCCCA | 3,002 | 3,002 | 3,002 | - |
| Medical examiner | 300 | 300 | 20 | 280 |
| Total other protection | <u>\$ 283,314</u> | <u>\$ 282,510</u> | <u>\$ 259,563</u> | <u>\$ 22,947</u> |
| Total public safety | <u>\$ 1,682,739</u> | <u>\$ 2,189,689</u> | <u>\$ 2,023,606</u> | <u>\$ 166,083</u> |
| Public works: | | | | |
| Sanitation and waste removal: | | | | |
| Landfill monitoring | \$ 296,086 | \$ 295,548 | \$ 335,187 | \$ (39,639) |
| Maintenance of general buildings and grounds: | | | | |
| General properties | \$ 727,595 | \$ 736,494 | \$ 721,480 | \$ 15,014 |
| Total public works | <u>\$ 1,023,681</u> | <u>\$ 1,032,042</u> | <u>\$ 1,056,667</u> | <u>\$ (24,625)</u> |
| Health and welfare: | | | | |
| Health: | | | | |
| Supplement of local health department | \$ 87,800 | \$ 87,800 | \$ 85,395 | \$ 2,405 |
| Mental health and mental retardation: | | | | |
| Henrico area community services | \$ 110,660 | \$ 110,660 | \$ 110,660 | \$ - |
| Welfare: | | | | |
| Public assistance and welfare administration | \$ 1,310,298 | \$ 1,310,011 | \$ 1,038,993 | \$ 271,018 |
| Comprehensive services act | 875,543 | 705,543 | 400,609 | 304,934 |
| Tax relief for the elderly | - | - | 119,360 | (119,360) |
| Contributions | 98,178 | 98,178 | 97,820 | 358 |
| Total welfare | <u>\$ 2,284,019</u> | <u>\$ 2,113,732</u> | <u>\$ 1,656,782</u> | <u>\$ 456,950</u> |
| Total health and welfare | <u>\$ 2,482,479</u> | <u>\$ 2,312,192</u> | <u>\$ 1,852,837</u> | <u>\$ 459,355</u> |
| Education: | | | | |
| Other instructional costs: | | | | |
| Contributions to Community College | \$ 1,062 | \$ 1,062 | \$ 1,062 | \$ - |
| Contribution to County School Board | 5,056,883 | 5,056,883 | 4,939,124 | 117,759 |
| Total education | <u>\$ 5,057,945</u> | <u>\$ 5,057,945</u> | <u>\$ 4,940,186</u> | <u>\$ 117,759</u> |
| Parks, recreation, and cultural: | | | | |
| Parks and recreation: | | | | |
| Supervision of parks and recreation | \$ 388,055 | \$ 389,371 | \$ 384,306 | \$ 5,065 |
| Total parks and recreation | <u>\$ 388,055</u> | <u>\$ 389,371</u> | <u>\$ 384,306</u> | <u>\$ 5,065</u> |
| Cultural enrichment: | | | | |
| Center for local history | \$ 18,000 | \$ 18,612 | \$ 12,916 | \$ 5,696 |
| Total cultural enrichment | <u>\$ 18,000</u> | <u>\$ 18,612</u> | <u>\$ 12,916</u> | <u>\$ 5,696</u> |

County of Charles City, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

Schedule 2
 Page 3 of 4

| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Appropriated Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|--|----------------------|---|
| General Fund: (Continued) | | | | |
| Parks, recreation, and cultural: (Continued) | | | | |
| Library: | | | | |
| Library | \$ 71,456 | \$ 71,456 | \$ 76,456 | \$ (5,000) |
| Total library | <u>\$ 71,456</u> | <u>\$ 71,456</u> | <u>\$ 76,456</u> | <u>\$ (5,000)</u> |
| Total parks, recreation, and cultural | <u>\$ 477,511</u> | <u>\$ 479,439</u> | <u>\$ 473,678</u> | <u>\$ 5,761</u> |
| Community development: | | | | |
| Planning and community development: | | | | |
| Indoor plumbing rehab grant | \$ - | \$ 1,124,958 | \$ 344,507 | \$ 780,451 |
| Planning commission | 2,900 | 1,500 | 106 | 1,394 |
| Department of development | 261,344 | 258,931 | 252,297 | 6,634 |
| Community development contribution | 38,943 | 38,943 | 36,007 | 2,936 |
| Chesapeake bay implementation | - | 11,000 | 4,945 | 6,055 |
| Total planning and community development | <u>\$ 303,187</u> | <u>\$ 1,435,332</u> | <u>\$ 637,862</u> | <u>\$ 797,470</u> |
| Environmental management: | | | | |
| Contribution to soil and water conservation district | \$ 6,641 | \$ 6,641 | \$ 6,641 | \$ - |
| Litter control program | 6,337 | 7,221 | 5,975 | 1,246 |
| Water supply management grant | - | 4,500 | - | 4,500 |
| Total environmental management | <u>\$ 12,978</u> | <u>\$ 18,362</u> | <u>\$ 12,616</u> | <u>\$ 5,746</u> |
| Cooperative extension program: | | | | |
| Extension office | \$ 36,224 | \$ 35,715 | \$ 19,447 | \$ 16,268 |
| Total cooperative extension program | <u>\$ 36,224</u> | <u>\$ 35,715</u> | <u>\$ 19,447</u> | <u>\$ 16,268</u> |
| Total community development | <u>\$ 352,389</u> | <u>\$ 1,489,409</u> | <u>\$ 669,925</u> | <u>\$ 819,484</u> |
| Nondepartmental: | | | | |
| Recreation revolving accounts | \$ 500 | \$ 7,877 | \$ 20,649 | \$ (12,772) |
| Contingency | 146,815 | 33,081 | - | 33,081 |
| Total nondepartmental | <u>\$ 147,315</u> | <u>\$ 40,958</u> | <u>\$ 20,649</u> | <u>\$ 20,309</u> |
| Capital projects: | | | | |
| County capital improvements | \$ 7,562 | \$ 60,478 | \$ 3,375 | \$ 57,103 |
| Library design/bid | - | 180,000 | 181,103 | (1,103) |
| Total capital projects | <u>\$ 7,562</u> | <u>\$ 240,478</u> | <u>\$ 184,478</u> | <u>\$ 56,000</u> |
| Debt service: | | | | |
| Principal retirement | \$ 931,793 | \$ 931,793 | \$ 914,942 | \$ 16,851 |
| Interest and other fiscal charges | 222,109 | 222,109 | 226,715 | (4,606) |
| Total debt service | <u>\$ 1,153,902</u> | <u>\$ 1,153,902</u> | <u>\$ 1,141,657</u> | <u>\$ 12,245</u> |
| Total General Fund | <u>\$ 14,729,608</u> | <u>\$ 16,294,639</u> | <u>\$ 14,646,191</u> | <u>\$ 1,648,448</u> |
| Total Primary Government | <u>\$ 14,729,608</u> | <u>\$ 16,294,639</u> | <u>\$ 14,646,191</u> | <u>\$ 1,648,448</u> |

County of Charles City, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Appropriated Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|----------------------------|--|----------------------|---|
| Discretely Presented Component Unit - School Board | | | | |
| Special Revenue Funds: | | | | |
| School Operating Fund: | | | | |
| Education: | | | | |
| Administration, health, and attendance | \$ 874,769 | \$ 874,476 | \$ 832,086 | \$ 42,390 |
| Instruction costs | 8,126,304 | 9,097,971 | 8,264,448 | 833,523 |
| Pupil transportation | 912,473 | 806,890 | 853,297 | (46,407) |
| Operation and maintenance of school plant | 1,469,265 | 1,499,265 | 1,503,715 | (4,450) |
| Commodities | - | - | 17,106 | (17,106) |
| School food | 470,683 | 495,375 | 425,527 | 69,848 |
| Total education | <u>\$ 11,853,494</u> | <u>\$ 12,773,977</u> | <u>\$ 11,896,179</u> | <u>\$ 877,798</u> |
| Debt service: | | | | |
| Principal retirement | \$ - | \$ 102,916 | \$ 102,916 | \$ - |
| Interest and other fiscal charges | - | 2,667 | 2,667 | - |
| Total debt service | <u>\$ -</u> | <u>\$ 105,583</u> | <u>\$ 105,583</u> | <u>\$ -</u> |
| Total School Fund | <u>\$ 11,853,494</u> | <u>\$ 12,879,560</u> | <u>\$ 12,001,762</u> | <u>\$ 877,798</u> |
| Total Discretely Presented Component Unit - School Board | <u>\$ 11,853,494</u> | <u>\$ 12,879,560</u> | <u>\$ 12,001,762</u> | <u>\$ 877,798</u> |

OTHER STATISTICAL SECTION

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Table 1

County of Charles City, Virginia
Government-Wide Expenses by Function
Last Eight Fiscal Years (1)

| Fiscal Year | General Government Administration | Judicial Administration | Public Safety | Public Works | Health and Welfare | Education | Parks, Recreation, and Cultural | Community Development | Interest on Long-Term Debt | Sanitary District | Total |
|-------------|-----------------------------------|-------------------------|---------------|--------------|--------------------|--------------|---------------------------------|-----------------------|----------------------------|-------------------|---------------|
| | | | | | | | | | | | |
| 2002-03 | \$ 1,280,313 | \$ 281,621 | \$ 1,538,497 | \$ 748,877 | \$ 1,480,090 | \$ 5,436,649 | \$ 439,485 | \$ 602,701 | \$ 334,896 | \$ 324,644 | \$ 12,467,773 |
| 2003-04 | 1,401,119 | 570,278 | 1,348,489 | 910,300 | 1,527,490 | 6,041,220 | 459,389 | 884,606 | 478,919 | 318,300 | 13,940,110 |
| 2004-05 | 1,640,312 | 690,019 | 1,437,013 | 920,261 | 1,222,107 | 6,119,134 | 532,155 | 819,989 | 437,104 | 362,368 | 14,180,462 |
| 2005-06 | 1,982,532 | 469,581 | 1,578,343 | 953,873 | 1,730,460 | 6,589,265 | 487,665 | 674,304 | 386,302 | 436,259 | 15,288,584 |
| 2006-07 | 1,838,094 | 677,752 | 1,567,677 | 1,112,282 | 1,732,268 | 6,088,937 | 536,976 | 555,357 | 352,806 | 434,208 | 14,896,357 |
| 2007-08 | 1,862,735 | 643,074 | 1,691,980 | 1,002,415 | 1,993,208 | 6,453,624 | 500,508 | 460,901 | 302,479 | 452,988 | 15,363,912 |
| 2008-09 | 1,647,362 | 791,996 | 1,804,071 | 1,104,170 | 2,197,436 | 5,364,940 | 525,758 | 355,897 | 292,134 | 473,618 | 14,557,382 |
| 2009-10 | 1,739,638 | 738,957 | 2,055,534 | 1,084,483 | 1,877,355 | 5,490,863 | 414,432 | 612,185 | 199,819 | 448,855 | 14,662,121 |

(1) Information has only been available for eight years.

Table 2

County of Charles City, Virginia
Government-Wide Revenues
Last Eight Fiscal Years (1)

| Fiscal Year | PROGRAM REVENUES | | | | GENERAL REVENUES | | | | | | | Total |
|-------------|----------------------|------------------------------------|----------------------------------|--------------|------------------------|-------------------|----------------------------------|---------------|--|------------------------------------|--|-------|
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | | General Property Taxes | Other Local Taxes | Unrestricted Investment Earnings | Miscellaneous | Grants and Contributions Not Restricted to Specific Programs | Gain on Disposal of Capital Assets | | |
| 2002-03 | \$ 3,517,174 | \$ 1,851,347 | \$ - | \$ 4,798,814 | \$ 950,453 | \$ 318,651 | \$ 130,441 | \$ 694,491 | \$ 27,457 | \$ 12,288,828 | | |
| 2003-04 | 3,418,059 | 2,406,970 | - | 4,792,362 | 821,513 | 275,457 | 171,516 | 686,784 | 53,953 | 12,626,614 | | |
| 2004-05 | 3,241,398 | 2,245,149 | - | 5,107,477 | 1,008,952 | 223,172 | 155,966 | 768,807 | 29,930 | 12,780,851 | | |
| 2005-06 | 3,365,879 | 2,432,800 | - | 5,486,231 | 1,053,249 | 327,691 | 224,878 | 744,316 | (61,550) | 13,573,494 | | |
| 2006-07 | 3,261,270 | 2,241,386 | - | 5,776,256 | 846,451 | 298,119 | 204,708 | 747,470 | 18,124 | 13,393,784 | | |
| 2007-08 | 3,222,283 | 2,572,482 | - | 6,373,816 | 851,971 | 204,194 | 197,301 | 749,543 | - | 14,171,590 | | |
| 2008-09 | 3,114,550 | 2,950,534 | - | 6,450,632 | 755,316 | 185,085 | 206,711 | 724,303 | - | 14,387,131 | | |
| 2009-10 | 2,893,295 | 2,756,479 | 343,256 | 6,651,861 | 625,777 | 26,038 | 222,205 | 702,501 | 55,500 | 14,276,912 | | |

(1) Information has only been available for eight years.

Table 3

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

| Fiscal Year | General Government Administration | Judicial Administration | Public Safety | Public Works | Health and Welfare | Education (2) | Parks, Recreation, and Cultural | Community Development | Non-departmental | Debt Service | Total (3) |
|-------------|-----------------------------------|-------------------------|---------------|--------------|--------------------|---------------|---------------------------------|-----------------------|------------------|--------------|---------------|
| | | | | | | | | | | | |
| 2000-01 | \$ 1,202,117 | \$ 457,381 | \$ 1,100,160 | \$ 719,160 | \$ 1,293,372 | \$ 8,918,510 | \$ 334,519 | \$ 343,138 | \$ 9,078 | \$ 1,122,382 | \$ 15,499,817 |
| 2001-02 | 1,124,642 | 438,414 | 1,162,355 | 717,850 | 1,407,783 | 8,829,191 | 348,555 | 485,553 | 78,828 | 1,074,506 | 15,667,677 |
| 2002-03 | 1,203,309 | 455,102 | 1,360,216 | 744,647 | 1,466,635 | 9,339,730 | 386,709 | 589,958 | 107,365 | 1,014,218 | 16,667,889 |
| 2003-04 | 1,255,577 | 482,952 | 1,410,583 | 825,381 | 1,517,094 | 10,133,017 | 374,170 | 872,143 | 124,424 | 1,083,992 | 18,079,333 |
| 2004-05 | 1,556,015 | 470,843 | 1,409,671 | 833,135 | 1,240,503 | 11,438,087 | 406,200 | 819,884 | 134,600 | 1,246,882 | 19,555,820 |
| 2005-06 | 1,785,759 | 498,124 | 1,609,986 | 945,834 | 1,734,926 | 11,756,333 | 447,457 | 664,952 | 222,131 | 1,173,905 | 20,839,407 |
| 2006-07 | 1,904,866 | 488,797 | 1,592,741 | 1,034,972 | 1,667,864 | 11,205,424 | 482,327 | 551,372 | 47,682 | 1,185,668 | 20,161,713 |
| 2007-08 | 1,939,120 | 557,295 | 1,625,252 | 1,019,792 | 1,967,938 | 12,552,537 | 458,689 | 493,780 | 165,547 | 1,203,297 | 21,983,247 |
| 2008-09 | 1,672,398 | 655,982 | 1,817,459 | 1,068,700 | 2,113,520 | 11,849,174 | 487,283 | 364,286 | 18,143 | 1,251,056 | 21,298,001 |
| 2009-10 | 1,676,350 | 606,158 | 2,023,606 | 1,056,667 | 1,852,837 | 11,897,241 | 476,678 | 669,925 | 20,649 | 1,247,240 | 21,527,351 |

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

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

(3) Excludes capital projects expenditures.

Table 4

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

| Fiscal Year | General Property Taxes | Other Local Taxes | Permits, Privilege Fees, Regulatory Licenses | Fines and Forfeitures | Revenue from the Use of Money and Property | Charges for Services | Miscellaneous | Recovered Costs | Inter-governmental (2) | Total |
|-------------|------------------------|-------------------|--|-----------------------|--|----------------------|---------------|-----------------|------------------------|---------------|
| | | | | | | | | | | |
| 2000-01 | \$ 4,184,818 | \$ 652,425 | \$ 4,245,117 | \$ 31,360 | \$ 581,768 | \$ 184,520 | \$ 183,766 | \$ 407,595 | \$ 7,282,653 | \$ 17,754,022 |
| 2001-02 | 4,495,302 | 709,944 | 2,808,673 | 21,721 | 392,496 | 182,471 | 156,507 | 299,489 | 7,779,010 | 16,845,613 |
| 2002-03 | 4,706,990 | 950,453 | 3,378,183 | 28,067 | 316,768 | 175,864 | 163,409 | 233,251 | 6,810,536 | 16,763,521 |
| 2003-04 | 4,923,306 | 821,513 | 3,233,298 | 36,221 | 248,699 | 211,921 | 191,245 | 209,087 | 7,429,072 | 17,304,362 |
| 2004-05 | 5,167,309 | 1,008,952 | 3,036,178 | 40,005 | 294,807 | 249,275 | 176,554 | 173,993 | 8,579,156 | 18,726,229 |
| 2005-06 | 5,458,729 | 1,053,249 | 3,177,831 | 16,513 | 642,589 | 299,614 | 259,720 | 225,195 | 8,574,648 | 19,708,088 |
| 2006-07 | 5,752,817 | 846,451 | 3,060,535 | 36,323 | 320,690 | 292,542 | 223,653 | 258,008 | 8,965,592 | 19,756,611 |
| 2007-08 | 6,354,328 | 851,971 | 3,119,343 | 927 | 230,520 | 321,518 | 359,524 | 419,584 | 9,413,231 | 21,070,946 |
| 2008-09 | 6,498,076 | 755,316 | 2,811,953 | 8,137 | 185,085 | 350,930 | 272,665 | 126,053 | 10,218,831 | 21,227,046 |
| 2009-10 | 6,713,249 | 625,777 | 2,652,175 | 1,616 | 57,861 | 340,307 | 254,759 | 191,348 | 10,372,397 | 21,209,489 |

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

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

Table 5

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

| Fiscal Year | Total Tax Levy (1,3) | Current Tax Collections (1,3) | Percent of Levy Collected | Delinquent Tax Collections (1) | Total Tax Collections | Percent of | | Outstanding Delinquent Taxes (1,2) | Percent of Delinquent Taxes to Tax Levy |
|-------------|----------------------|-------------------------------|---------------------------|--------------------------------|-----------------------|-----------------------|-------------|------------------------------------|---|
| | | | | | | Total Tax Collections | to Tax Levy | | |
| 2000-01 | \$ 4,699,889 | \$ 4,266,185 | 90.77% | \$ 189,139 | \$ 4,455,324 | 94.80% | \$ 421,100 | 8.96% | |
| 2001-02 | 5,210,316 | 4,917,850 | 94.39% | 72,839 | 4,990,689 | 95.78% | 490,446 | 9.41% | |
| 2002-03 | 5,276,832 | 5,017,588 | 95.09% | 174,178 | 5,191,766 | 98.39% | 535,289 | 10.14% | |
| 2003-04 | 5,560,796 | 5,311,106 | 95.51% | 99,071 | 5,410,177 | 97.29% | 505,133 | 9.08% | |
| 2004-05 | 5,838,182 | 5,571,395 | 95.43% | 174,577 | 5,745,972 | 98.42% | 531,295 | 9.10% | |
| 2005-06 | 6,162,903 | 5,597,411 | 90.82% | 445,308 | 6,042,719 | 98.05% | 532,990 | 8.65% | |
| 2006-07 | 6,575,203 | 6,303,617 | 95.87% | 73,926 | 6,377,543 | 96.99% | 598,669 | 9.10% | |
| 2007-08 | 7,134,528 | 6,632,327 | 92.96% | 272,984 | 6,905,311 | 96.79% | 675,186 | 9.46% | |
| 2008-09 | 7,332,724 | 6,955,920 | 94.86% | 121,905 | 7,077,825 | 96.52% | 553,342 | 7.55% | |
| 2009-10 | 7,264,395 | 6,919,265 | 95.25% | 236,066 | 7,155,331 | 98.50% | 682,660 | 9.40% | |

(1) Exclusive of penalties and interest. Includes Commonwealth of Virginia's reimbursement for personal property taxes and balances outstanding.
 (2) Includes three most current delinquent tax years and first half of current tax year.
 (3) Does not include land redemptions.

Table 6

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

| Fiscal Year | Real Estate (1) | Personal Property and Mobile Homes | Machinery and Tools | Merchant's Capital | Public Utility (2) | Total |
|-------------|-----------------|------------------------------------|---------------------|--------------------|--------------------|----------------|
| 2000-01 | \$ 411,757,195 | \$ 40,345,197 | \$ 2,818,874 | \$ 285,600 | \$ 28,647,668 | \$ 483,854,534 |
| 2001-02 | 417,849,376 | 41,913,629 | 2,590,708 | 748,200 | 33,928,613 | 497,030,526 |
| 2002-03 | 424,989,997 | 41,275,581 | 3,738,552 | 885,190 | 34,180,396 | 505,069,716 |
| 2003-04 | 436,941,423 | 41,324,933 | 8,881,002 | 1,243,293 | 32,713,140 | 521,103,791 |
| 2004-05 | 515,887,069 | 41,790,354 | 10,264,697 | 1,236,805 | 29,914,950 | 599,093,875 |
| 2005-06 | 584,292,131 | 46,119,510 | 8,682,662 | 798,598 | 37,001,751 | 676,894,652 |
| 2006-07 | 580,077,477 | 54,829,767 | 5,500,042 | 787,449 | 33,233,074 | 674,427,809 |
| 2007-08 | 589,551,974 | 58,210,197 | 3,659,829 | 805,521 | 28,920,474 | 681,147,995 |
| 2008-09 | 597,928,422 | 59,492,001 | 6,351,653 | 820,569 | 26,054,623 | 690,647,268 |
| 2009-10 | 765,790,469 | 55,409,143 | 3,052,807 | 809,342 | 27,769,101 | 852,830,862 |

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

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

Table 7

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

| Fiscal Year | Real Estate | Mobile Homes | Personal Property | Merchant's Capital | Machinery and Tools |
|----------------|-------------|-----------------|----------------------|-----------------------|---------------------------|
| 2000-01 | \$ 0.82 | \$ 0.82 | \$ 3.40 | \$ 2.80 | \$ 2.50 |
| 2001-02 | 0.76 | 0.76 | 3.40 | 2.80 | 2.50 |
| 2002-03 | 0.82 | 0.82 | 3.40 | 2.80 | 2.50 |
| 2003-04 | 0.82 | 0.82 | 3.40 | 2.80 | 2.50 |
| 2004-05 | 0.70 | 0.82 | 3.40 | 2.80 | 2.50 |
| 2005-06 | 0.70 | 0.70 | 3.40 | 2.80 | 2.50 |
| 2006-07 | 0.75 | 0.75 | 3.40 | 2.80 | 2.50 |
| 2007-08 | 0.82 | 0.75 | 3.50 | 2.80 | 2.50 |
| 2008-09 | 0.82 | 0.82 | 3.50 | 2.80 | 2.50 |
| 2009-10 | 0.68 | 0.68 | 3.50 | 2.80 | 2.50 |

(1) Per \$100 of assessed value.

Table 8

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

| Fiscal Year | Population (1) | Assessed Value (2) | Gross Bonded Debt (3) | Net Bonded Debt | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt per Capita |
|-------------|----------------|--------------------|-----------------------|-----------------|--|----------------------------|
| 2000-01 | 6,926 | \$ 483,854,534 | \$ 5,678,786 | \$ 5,678,786 | 1.17% | 820 |
| 2001-02 | 6,926 | 497,030,526 | 5,165,557 | 5,165,557 | 1.04% | 746 |
| 2002-03 | 6,926 | 505,069,716 | 4,711,784 | 4,711,784 | 0.93% | 680 |
| 2003-04 | 6,926 | 521,103,791 | 4,246,296 | 4,246,296 | 0.81% | 613 |
| 2004-05 | 6,926 | 599,093,875 | 3,768,061 | 3,768,061 | 0.63% | 544 |
| 2005-06 | 6,926 | 676,894,652 | 3,276,209 | 3,276,209 | 0.48% | 473 |
| 2006-07 | 6,926 | 674,427,809 | 2,769,811 | 2,769,811 | 0.41% | 400 |
| 2007-08 | 6,926 | 681,147,995 | 2,247,874 | 2,247,874 | 0.33% | 325 |
| 2008-09 | 6,926 | 690,647,268 | 1,709,337 | 1,709,337 | 0.25% | 247 |
| 2009-10 | 6,926 | 852,830,862 | 1,158,660 | 1,158,660 | 0.14% | 167 |

(1) Institute of Government at the University of Virginia for 1990 Census information and Weldon Cooper Center for Public Service for 2000 census information.

(2) From Table 6.

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

COMPLIANCE SECTION

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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 Charles City
Charles City, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, and the major fund of the County of Charles City, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County of Charles City, Virginia's basic financial statements and have issued our report thereon dated December 22, 2010. 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 Charles City, 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 Charles City, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Charles City, 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.

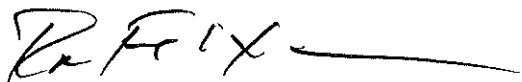
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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 Charles City, 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 Charles City, Virginia, in a separate letter dated December 22, 2010.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and 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.

A handwritten signature in black ink, appearing to read "R. Felix", followed by a horizontal line extending to the right.

Richmond, Virginia
December 22, 2010

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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 Independent Auditors' Report

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

Compliance

We have audited County of Charles City, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Charles City, Virginia's major federal programs for the year ended June 30, 2010. The County of Charles City, 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 Charles City, Virginia's management. Our responsibility is to express an opinion on the County of Charles City, 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 Charles City, Virginia's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Charles City, Virginia's compliance with those requirements.

In our opinion, the County of Charles City, 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 program for the year ended June 30, 2010.

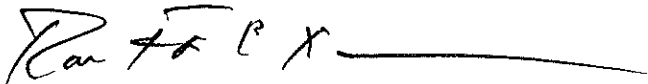
Internal Control Over Compliance

Management of the County of Charles City, 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 Charles City, 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 Charles City, Virginia's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a 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, the 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.



Richmond, Virginia
December 22, 2010

County of Charles City, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

| Federal Grantor/State Pass - Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---------------------------|--|-------------------------|
| Department of Health and Human Services: | | | |
| Pass Through Payments: | | | |
| Department of Social Services: | | | |
| Promoting safe and stable families | 93.556 | 0950109/0950110 | \$ 5,203 |
| Temporary assistance for needy families | 93.558 | 0400109/0400110 | 83,641 |
| Refugee and entrant assistance - state administered programs | 93.566 | 0500109/0500110 | 234 |
| Low income home energy assistance | 93.568 | 0600409/0600410 | 6,532 |
| Child care cluster: | | | |
| Child care and development block grant | 93.575 | 0770109/0770110 | 48,377 |
| Child care mandatory and matching funds of the child care development fund | 93.596 | 0760109/0760110 | 50,175 |
| ARRA - Child care and development block grant | 93.713 | 0740109/0780109 | 15,926 |
| Child welfare services - state grants | 93.645 | 0900109/090110 | 305 |
| Foster care - Title IV-E | 93.658 | 1100109/1100110 | 96,186 |
| ARRA - Foster care - Title IV-E | 93.658 | 1100109/1100110 | 8,043 |
| Adoption assistance | 93.659 | 1120109/1120110 | 7,642 |
| ARRA - Adoption assistance | 93.659 | 1120109/1120110 | 524 |
| Social services block grant | 93.667 | 1000109/1000110 | 43,253 |
| Chafee foster care independence program | 93.674 | 9150109/9150110 | 697 |
| Children's health insurance program | 93.767 | 0540109/0540110 | 4,856 |
| Medical assistance program | 93.778 | 1200109/1200110 | 73,847 |
| | | | <u>\$ 445,441</u> |
| Total Department of Health and Human Services | | | |
| U. S. Department of Homeland Security: | | | |
| Pass Through Payments: | | | |
| Department of Emergency Management: | | | |
| Emergency management performance grants | 97.042 | 77501-52749 | \$ 14,034 |
| | | | <u>\$ 14,034</u> |
| Total U. S. Department of Homeland Security | | | |
| Department of Agriculture: | | | |
| Pass Through Payments: | | | |
| Child nutrition cluster: | | | |
| Department of Agriculture: | | | |
| Food Distribution | 10.555 | 17901-45707 | \$ 17,106 |
| Department of Education: | | | |
| School breakfast program | 10.553 | 17901-40591 | 83,516 |
| National school lunch program | 10.555 | 17901-40623 | 162,380 |
| Fresh fruit and vegetable program | 10.582 | 17901-40599 | 21,739 |
| Department of Social Services: | | | |
| SNAP cluster: | | | |
| State administrative matching grants for the supplemental nutrition assistance program | 10.561 | 0010109/0010100 | 120,963 |
| ARRA - State administrative matching grants for the supplemental nutrition assistance program | 10.561 | 0040109/0040110 | 3,999 |
| | | | <u>\$ 409,703</u> |
| Total Department of Agriculture - pass-through payments | | | |
| | | | <u>\$ 409,703</u> |
| Total Department of Agriculture | | | |

County of Charles City, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2010

| Federal Grantor/State Pass - Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|---------------------------|--|-------------------------|
| Department of Justice: | | | |
| Pass Through Payments: | | | |
| Department of Criminal Justice Service: | | | |
| ARRA - Edward Byrne memorial justice assistance grant (JAG) program/ grants to states and territories | 16.803 | 39001-62200 | 2,098 |
| Compensation Board: | | | |
| ARRA - Edward Byrne memorial justice assistance grant (JAG) program/ grants to states and territories | 16.803 | 30712 | <u>\$ 17,317</u> |
| Total Department of Justice | | | <u>\$ 19,415</u> |
| Department of Transportation: | | | |
| Pass Through Payments: | | | |
| Department of Transportation: | | | |
| Alcohol open container requirements | 20.607 | 60507-50295/59139 | <u>11,163</u> |
| Total Department of Transportation | | | <u>\$ 11,163</u> |
| Department of Housing and Urban Development: | | | |
| Pass Through Payments: | | | |
| Department of Housing and Community Development: | | | |
| Community development block grant | 14.228 | 53305-50798 | \$ 343,256 |
| Home investment partnerships program | 14.239 | 45805-45856 | <u>185,917</u> |
| Total Department of Housing and Urban Development | | | <u>\$ 529,173</u> |
| Department of Education: | | | |
| Pass Through Payments: | | | |
| Department of Education: | | | |
| Title I, part A cluster: | | | |
| Title I grants to local educational agencies | 84.010 | 17901-42901 | \$ 374,917 |
| ARRA - Title I grants to local educational agencies | 84.389 | 17901-42913 | 19,701 |
| Special education cluster: | | | |
| Special education - grants to states | 84.027 | 17901-43071 | 247,120 |
| Special education - preschool grants | 84.173 | 17901-62521 | 4,378 |
| Career and technical education: basic grants to states | 84.048 | 17901-61095 | 27,163 |
| Safe and drug free schools and communities - state grants | 84.186 | 17901-60511 | 4,576 |
| Improving teacher quality state grants | 84.367 | 17901-61480 | 40,145 |
| Education technology state grants | 84.318 | 17901-61600 | 3,414 |
| Twenty-first century community learning centers | 84.287 | 17901-60565 | 177,827 |
| ARRA - State fiscal stabilization fund, education state grants | 84.394 | 17901-62532 | 529,885 |
| School improvement grant | 84.377 | 17901-43040 | <u>73,695</u> |
| Total Department of Education | | | <u>\$ 1,502,821</u> |
| Department of Defense: | | | |
| Direct payments: | | | |
| Junior ROTC | 12.xxx | | <u>\$ 69,526</u> |
| Department of the Interior: | | | |
| Direct Payments: | | | |
| Bureau of Land Management: | | | |
| Payments in lieu of taxes | 15.226 | | <u>\$ 1,317</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 3,002,593</u> |

County of Charles City, Virginia

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Charles City, Virginia under programs of the federal government for the year ended June 30, 2010. The information in this Schedule is presented in accordance with the requirements of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Charles City, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Charles City, Virginia.

Note B - Summary of Significant Accounting Policies

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

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

Note C - 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 | \$ 802,249 |
| Total primary government | \$ 802,249 |
| Enterprise Fund: | |
| Sanitary District | \$ 343,256 |
| Total Enterprise Fund | \$ 343,256 |
| Component Unit-School Board: | |
| School Operating Fund | \$ 1,857,088 |
| Total component unit public schools | \$ 1,857,088 |
| Total federal expenditures per basic financial statements | \$ 3,002,593 |
| Total federal expenditures per the Schedule of Expenditures of Federal Awards | \$ 3,002,593 |

County of Charles City, Virginia
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2010

Section I—Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: unqualified
 Internal control over financial reporting:
 Material weakness(es) identified? _____ yes _____ no
 Significant deficiency(ies) identified? _____ yes _____ none reported
 Noncompliance material to financial statements noted? _____ yes _____ no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? _____ yes _____ no
 Significant deficiency(ies) identified? _____ yes _____ none reported
 Type of auditor's report issued on compliance
 for major programs: unqualified
 Any findings disclosed that are required to be
 reported in accordance with section 510(a) of
 Circular A-133? _____ yes _____ no

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 14.228 | Community Development Block Grant |
| 84.027/84.173 | Special Education Cluster |
| 84.010/84.389 | Title I Cluster |
| 84.394 | ARRA - State Fiscal Stabilization Fund - Education State Grants |

Dollar threshold used to distinguish between type A
 and type B programs: \$300,000
 Auditee qualified as low-risk auditee? _____ yes _____ no

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None

County of Charles City, Virginia

**Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2010**

There were no prior year findings and questioned costs.

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