

COUNTY OF CHARLES CITY,  
VIRGINIA



ANNUAL FINANCIAL REPORT

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FOR FISCAL YEAR ENDED JUNE 30, 2007

**COUNTY OF CHARLES CITY, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2007**

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# COUNTY OF CHARLES CITY, VIRGINIA

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## Board of Supervisors

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Michael L. Holmes, Chairperson

Gilbert A. Smith

Timothy W. Cotman

## Board of Social Services

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Michael L. Holmes, Chairperson

Clyde L. Miles  
Muriel Adkins

Beatrice M. Cole  
Brenda J. Wade

## COUNTY SCHOOL BOARD

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Royce E. Paige, Chairperson

Sylvia B. Christian  
Edwin Van Pearce

Barbara C. Crawley  
Dr. Henry O. Hollimon, Jr.

## Other Officials

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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 ..... B. Randolph Boyd  
Commissioner of the Revenue ..... Denise B. Smith  
Treasurer ..... Cecelia Bradby  
Sheriff..... B. A. Washington  
Superintendent of Schools ..... Dr. Janet C. Crawley  
Director of Social Services ..... Byron M. Adkins  
County Administrator ..... Angelia Yancey  
Chief Judge of the General District Court ..... Colleen K. Killilea  
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

COUNTY OF CHARLES CITY, VIRGINIA  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

---

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-8
<b><u>Basic Financial Statements</u></b>	
<b>Government-wide Financial Statements:</b>	
Exhibit 1    Statement of Net Assets	9
Exhibit 2    Statement of Activities	10
<b>Fund Financial Statements:</b>	
Exhibit 3    Balance Sheet--Governmental Funds	11
Exhibit 4    Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	12
Exhibit 5    Statement of Revenues, Expenditures and Changes in Fund Balances--Governmental Funds	13
Exhibit 6    Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities -- Governmental Funds	14
Exhibit 7    Statement of Net Assets -- Proprietary Funds	15
Exhibit 8    Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	16
Exhibit 9    Statement of Cash Flows -- Proprietary Funds	17
Exhibit 10   Statement of Fiduciary Net Assets - Fiduciary Funds	18
Notes to Financial Statements	19-41

**COUNTY OF CHARLES CITY, VIRGINIA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**TABLE OF CONTENTS**

---

	<u>Page</u>
<b><u>Required Supplementary Information:</u></b>	
Exhibit 11    Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	42
Exhibit 12    Schedule of Funding Progress - Virginia Retirement System	43
<b><u>Other Supplementary Information:</u></b>	
<b>Combining and Individual Fund Statements and Schedules:</b>	
Exhibit 13    Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	44
<b>Discretely Presented Component Unit - School Board:</b>	
Exhibit 14    Balance Sheet	45
Exhibit 15    Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	46
Exhibit 16    Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	47
<b>Discretely Presented Component Unit - Industrial Development Authority:</b>	
Exhibit 17    Statement of Net Assets	48
Exhibit 18    Statement of Revenues, Expenses and Changes in Fund Net Assets	49
Exhibit 19    Statement of Cash Flows	50

COUNTY OF CHARLES CITY, VIRGINIA  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

---

**Other Supplementary Information (Continued):**

**Supporting Schedules:**

**Page**

Schedule 1 Governmental Funds–Schedule of Revenues–Budget and Actual 51-54

Schedule 2 Governmental Funds–Schedule of Expenditures–Budget and Actual 55-58

**Other Statistical Information:**

Table 1 Government-Wide Expenses by Function – Last Ten Fiscal Years 59

Table 2 Government-Wide Revenues – Last Ten Fiscal Years 60

Table 3 General Governmental Expenditures by Function – Last Ten Fiscal Years 61

Table 4 General Governmental Revenues by Source – Last Ten Fiscal Years 62

Table 5 Property Tax Levies and Collections – Last Ten Fiscal Years 63

Table 6 Assessed Value of Taxable Property – Last Ten Fiscal Years 64

Table 7 Property Tax Rates – Last Ten Fiscal Years 65

Table 8 Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita 66

**Compliance:**

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* 67-68

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 69-70

Schedule of Expenditures of Federal Awards 71-72

Notes to Schedule of Expenditures of Federal Awards 73

Schedule of Findings and Questioned Costs 74-75

# 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Charles City, Virginia, as of and for the year ended June 30, 2007, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 opinion.

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Charles City, Virginia, as of June 30, 2007, 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 March 10, 2008, 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 is important for assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, and Schedule of Pension Funding Progress 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 an opinion on the financial statements that collectively comprise the County of Charles City, Virginia, basic financial statements. The introductory section, combining and individual fund financial statements, 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 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 introductory section and 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.

*Robinson, Fauer, Cox Associates*

Richmond, Virginia  
March 10, 2008

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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To the Honorable Members of the Board of Supervisors  
To the Citizens of Charles City County  
County of Charles City, 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, 2007. 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 \$10,879,263 (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 \$1,621,379 (Exhibit 5) after making contributions totaling \$5,581,433 to the School Board.

- ▶ As of the close of the current fiscal year; the County's funds reported ending fund balances of \$4,097,929, a decrease of \$1,621,379 in comparison with the prior year.
- ▶ At the end of the current fiscal year, the unreserved general fund balance was \$4,097,929 or 27% of total general fund expenditures and other uses.
- ▶ The combined long-term obligations decreased \$530,536 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 comprise 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### 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. The County has one major governmental fund - the General Fund.

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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Overview of the Financial Statements (Continued)**

**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 \$10,879,263 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Assets:

County of Charles City, Virginia's Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 4,890,259	\$ 6,819,705	\$ 43,708	\$ 39,387	\$ 4,933,967	\$ 6,859,092
Capital assets	12,070,310	12,292,919	1,919,127	2,005,055	13,989,437	14,297,974
<b>Total assets</b>	<b>\$ 16,960,569</b>	<b>\$19,112,624</b>	<b>\$ 1,962,835</b>	<b>\$ 2,044,442</b>	<b>\$ 18,923,404</b>	<b>\$ 21,157,066</b>
Current liabilities	\$ 319,040	\$ 638,766	\$ -	\$ -	\$ 319,040	\$ 638,766
Long-term liabilities outstanding	7,609,274	8,139,810	115,827	121,344	7,725,101	8,261,154
<b>Total liabilities</b>	<b>\$ 7,928,314</b>	<b>\$ 8,778,576</b>	<b>\$ 115,827</b>	<b>\$ 121,344</b>	<b>\$ 8,044,141</b>	<b>\$ 8,899,920</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	\$ 5,011,207	\$ 4,557,715	\$ 1,803,300	\$ 1,883,711	\$ 6,814,507	\$ 6,441,426
Restricted for:						
Debt service	-	-	20,934	20,934	20,934	20,934
Unrestricted	4,021,048	5,776,333	22,774	18,453	4,043,822	5,794,786
<b>Total net assets</b>	<b>\$ 9,032,255</b>	<b>\$10,334,048</b>	<b>\$ 1,847,008</b>	<b>\$ 1,923,098</b>	<b>\$ 10,879,263</b>	<b>\$ 12,257,146</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Government-wide Financial Analysis (Continued)**

During the current fiscal year, the County's net assets decreased by \$1,502,573. 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	
	2007	2006	2007	2006	2007	2006
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 3,143,642	\$ 3,251,392	\$ 117,628	\$ 114,487	\$ 3,261,270	\$ 3,365,879
Operating grants and contributions	2,241,386	2,432,800	-	-	2,241,386	2,432,800
General revenues:						
General property taxes	5,776,256	5,486,231	-	-	5,776,256	5,486,231
Other local taxes	846,451	1,053,249	-	-	846,451	1,053,249
Grants and other contributions not restricted	747,470	744,316	-	-	747,470	744,316
Other general revenues	520,951	491,019	-	-	520,951	491,019
Transfers	(240,490)	(235,738)	240,490	235,738	-	-
<b>Total revenues</b>	<b>\$ 13,035,666</b>	<b>\$ 13,223,269</b>	<b>\$ 358,118</b>	<b>\$ 350,225</b>	<b>\$13,393,784</b>	<b>\$ 13,573,494</b>
<b>Expenses:</b>						
General government administration	\$ 1,838,094	\$ 1,982,532	\$ -	\$ -	\$ 1,838,094	\$ 1,982,532
Judicial administration	677,752	469,581	-	-	677,752	469,581
Public safety	1,567,677	1,578,343	-	-	1,567,677	1,578,343
Public works	1,112,282	953,873	434,208	436,259	1,546,490	1,390,132
Health and welfare	1,732,268	1,730,460	-	-	1,732,268	1,730,460
Education	6,088,937	6,589,265	-	-	6,088,937	6,589,265
Parks, recreation, and cultural	536,976	487,665	-	-	536,976	487,665
Community development	555,357	674,304	-	-	555,357	674,304
Interest and other fiscal charges	352,806	386,302	-	-	352,806	386,302
<b>Total expenses</b>	<b>\$ 14,462,149</b>	<b>\$ 14,852,325</b>	<b>\$ 434,208</b>	<b>\$ 436,259</b>	<b>\$14,896,357</b>	<b>\$ 15,288,584</b>
<b>Change in net assets</b>	<b>\$ (1,426,483)</b>	<b>\$ (1,629,056)</b>	<b>\$ (76,090)</b>	<b>\$ (86,034)</b>	<b>\$ (1,502,573)</b>	<b>\$ (1,715,090)</b>
Beginning of year	10,458,738	11,963,104	1,923,098	2,009,132	12,381,836	13,972,236
End of year	\$ 9,032,255	\$ 10,334,048	\$ 1,847,008	\$ 1,923,098	\$10,879,263	\$ 12,257,146

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### 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 \$4,097,929, a decrease of \$1,621,379 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 \$22,774. Net assets decreased \$76,090. 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 budget and the final amended budget were decreases of \$61,006, attributable to minor decreases spread throughout general fund departments.

The decrease in budgeted General Fund expenditures resulted in a decrease in the budgeted beginning General Fund balance. During the year, budgetary estimates were less than revenues and other financing sources by \$60,070. Expenditures and other uses were less than budgetary estimates by \$1,118,409. The final budget included a decrease to the fund balance of \$2,799,858. The actual fund balance decreased \$1,621,379.

### Capital Asset and Debt Administration

- ▶ Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2007 amounts to \$12,070,310 (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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### Capital Asset and Debt Administration (Continued)

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$7,059,103. Of this amount, \$2,769,811 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 \$676,101.

Additional information on the County of Charles City, Virginia's long-term debt can be found in Note 7 of this report.

### Economic Factors and Next Year's Budgets and Rates

- ▶ The unemployment rate for the County compares favorably to the state's average unemployment rate of 3.3 percent and compares favorably to the national average rate of 4.6 percent.
- ▶ Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2007 fiscal year.

The fiscal year 2007 budget increased by approximately 7.8%.

### 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.

## *BASIC FINANCIAL STATEMENTS*

*GOVERNMENT-WIDE FINANCIAL STATEMENTS*

County of Charles City, Virginia  
Statement of Net Assets  
June 30, 2007

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	IDA
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,587,736	\$ -	\$ 3,587,736	\$ -	\$ 245,944
Investments	-	-	-	-	807,551
Receivables (net of allowance for uncollectibles):					
Taxes receivable	577,733	-	577,733	-	-
Accounts receivable	22,433	22,774	45,207	-	-
Leases receivable	98,076	-	98,076	-	123,768
Due from other governmental units	604,281	-	604,281	279,642	-
Temporarily restricted:					
Cash and cash equivalents restricted for debt reserve	-	20,934	20,934	-	-
Capital assets (net of accumulated depreciation):					
Land	1,554,783	7,819	1,562,602	263,786	-
Buildings and improvements	9,654,101	1,911,308	11,565,409	8,574,008	-
Machinery and equipment	669,256	-	669,256	567,114	-
Construction in progress	192,170	-	192,170	392,434	-
Total assets	<u>\$ 16,960,569</u>	<u>\$ 1,962,835</u>	<u>\$ 18,923,404</u>	<u>\$ 10,076,984</u>	<u>\$ 1,177,263</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 60,908	-	\$ 60,908	\$ 21,232	-
Accrued interest payable	88,460	-	88,460	-	-
Due to other governmental units	-	-	-	258,410	-
Deferred revenue	104,227	-	104,227	-	-
Performance bonds payable	65,445	-	65,445	-	-
Long-term liabilities:					
Due within one year	886,308	5,788	892,096	30,007	-
Due in more than one year	6,722,966	110,039	6,833,005	154,314	-
Total liabilities	<u>\$ 7,928,314</u>	<u>\$ 115,827</u>	<u>\$ 8,044,141</u>	<u>\$ 463,963</u>	<u>\$ -</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	\$ 5,011,207	\$ 1,803,300	\$ 6,814,507	\$ 9,767,511	\$ -
Restricted for:					
Debt service and bond covenants	-	20,934	20,934	-	-
Unrestricted (deficit)	4,021,048	22,774	4,043,822	(154,490)	1,177,263
Total net assets	<u>\$ 9,032,255</u>	<u>\$ 1,847,008</u>	<u>\$ 10,879,263</u>	<u>\$ 9,613,021</u>	<u>\$ 1,177,263</u>
Total Liabilities and Net Assets	<u>\$ 16,960,569</u>	<u>\$ 1,962,835</u>	<u>\$ 18,923,404</u>	<u>\$ 10,076,984</u>	<u>\$ 1,177,263</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, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets				
		Charges for Services	Operating Grants and Contributions	Primary Government		Component Units		
				Governmental Activities	Business-type Activities	Total	School Board	IDA
<b>PRIMARY GOVERNMENT:</b>								
Governmental activities:								
General government administration	\$ 1,838,094	\$ 30,071	\$ 180,145	\$ (1,627,878)	\$ -	\$ (1,627,878)	\$ -	\$ -
Judicial administration	677,752	50,963	231,908	(394,881)	-	(394,881)	-	-
Public safety	1,567,677	124,025	583,566	(860,086)	-	(860,086)	-	-
Public works	1,112,282	2,913,798	-	1,801,516	-	1,801,516	-	-
Health and welfare	1,732,268	-	1,017,794	(714,474)	-	(714,474)	-	-
Education	6,088,937	-	-	(6,088,937)	-	(6,088,937)	-	-
Parks, recreation, and cultural	536,976	24,785	5,000	(507,191)	-	(507,191)	-	-
Community development	555,357	-	222,973	(332,384)	-	(332,384)	-	-
Interest on long-term debt	352,806	-	-	(352,806)	-	(352,806)	-	-
Total governmental activities	\$ 14,462,149	\$ 3,143,642	\$ 2,241,386	\$ (9,077,121)	\$ -	\$ (9,077,121)	\$ -	\$ -
Business-type activities:								
Sanitary District	\$ 434,208	\$ 117,628	\$ -	\$ -	\$ (316,580)	\$ (316,580)	\$ -	\$ -
Total primary government	\$ 14,896,357	\$ 3,261,270	\$ 2,241,386	\$ (9,077,121)	\$ (316,580)	\$ (9,393,701)	\$ -	\$ -
<b>COMPONENT UNITS:</b>								
School Board	\$ 11,889,772	\$ 245,758	\$ 5,976,736	\$ -	\$ -	\$ -	\$ (5,667,278)	\$ -
Industrial Development Authority	22,389	89,479	-	-	-	-	-	67,090
Total component units	\$ 11,912,161	\$ 335,237	\$ 5,976,736	\$ -	\$ -	\$ -	\$ (5,667,278)	\$ 67,090
General revenues:								
General property taxes				\$ 5,776,256	\$ -	\$ 5,776,256	\$ -	\$ -
Local sales and use taxes				446,057	-	446,057	-	-
Consumer's utility taxes				178,576	-	178,576	-	-
Other local taxes				221,818	-	221,818	-	-
Unrestricted revenues from use of money and property				298,119	-	298,119	-	48,579
Miscellaneous				204,708	-	204,708	18,945	-
Grants and contributions not restricted to specific programs				747,470	-	747,470	-	-
Gain (loss) on disposal of capital assets				18,124	-	18,124	-	-
Payment from Charles City County				-	-	-	6,308,931	-
Transfers				(240,490)	240,490	-	-	-
Total general revenues				\$ 7,650,638	\$ 240,490	\$ 7,891,128	\$ 6,327,876	\$ 48,579
Change in net assets				(1,426,483)	(76,090)	(1,502,573)	660,598	115,669
Net assets - beginning - as restated				10,458,738	1,923,098	12,381,836	8,952,423	1,061,594
Net assets - ending				\$ 9,032,255	\$ 1,847,008	\$ 10,879,263	\$ 9,613,021	\$ 1,177,263

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

*FUND FINANCIAL STATEMENTS*

**County of Charles City, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2007**

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		<u>General</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$	3,587,736
Receivables (net of allowance for uncollectibles):		
Taxes receivable		577,733
Accounts receivable		22,433
Leases receivable		98,076
Due from other governmental units		604,281
Total assets	\$	<u>4,890,259</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$	60,908
Deferred revenue		665,977
Performance bonds payable		65,445
Total liabilities	\$	<u>792,330</u>
 Fund balances:		
Unreserved, designated for:		
Utility construction	\$	3,135,179
Other capital projects		194,661
Indoor plumbing rehab.		25,360
Employee health insurance		12,000
Landfill closure		253,178
E-911 system		247,803
Unreserved, reported in:		
General fund		229,748
Total fund balances	\$	<u>4,097,929</u>
Total liabilities and fund balances	\$	<u>4,890,259</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, 2007**

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	4,097,929
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		12,070,310
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		561,750
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	(4,184,230)	
Literary fund loans	(12,407)	
General obligation bonds	(2,757,404)	
Compensated absences	(550,171)	
Capital lease obligations	(105,062)	
Accrued interest payable	<u>(88,460)</u>	(7,697,734)
Net assets of governmental activities	<u>\$</u>	<u>9,032,255</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, 2007**

	<u>General</u>
<b>REVENUES</b>	
General property taxes	\$ 5,752,817
Other local taxes	846,451
Permits, privilege fees, and regulatory licenses	3,060,535
Fines and forfeitures	36,323
Revenue from the use of money and property	320,690
Charges for services	46,784
Miscellaneous	204,708
Recovered costs	247,008
Intergovernmental revenues:	
Commonwealth	2,262,054
Federal	726,802
Total revenues	<u>\$ 13,504,172</u>
<b>EXPENDITURES</b>	
Current:	
General government administration	\$ 1,904,866
Judicial administration	488,797
Public safety	1,592,741
Public works	1,034,972
Health and welfare	1,667,864
Education	5,582,539
Parks, recreation, and cultural	482,327
Community development	551,372
Nondepartmental	47,682
Capital projects	512,703
Debt service:	
Principal retirement	806,051
Interest and other fiscal charges	363,597
Total expenditures	<u>\$ 15,035,511</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,531,339)</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers out	\$ (240,490)
Issuance of capital leases	129,950
Sale of capital assets	20,500
Total other financing sources (uses)	<u>\$ (90,040)</u>
Net change in fund balances	\$ (1,621,379)
Fund balances - beginning	5,719,308
Fund balances - ending	<u><u>\$ 4,097,929</u></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, 2007**

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

Net change in fund balances - total governmental funds \$ (1,621,379)

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	826,862	
Transfer of jointly owned assets to Component Unit School Board	(862,623)	
Depreciation expense	(309,162)	(344,923)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. (2,376)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 868

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	274,765	
Principal retirement on capital leases	24,888	
Principal retirement on literary loans	6,000	
Principal retirement on general obligations bonds	500,398	
Issuance of capital leases	(129,950)	676,101

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:

Change in compensated absences	(145,565)	
Change in accrued interest payable	10,791	(134,774)

Change in net assets of governmental activities \$ (1,426,483)

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, 2007**

	<b>Enterprise Fund Sanitary District</b>
<b>ASSETS</b>	
Current assets:	
Accounts receivable, net of allowances for uncollectibles	\$ 22,774
Total current assets	\$ 22,774
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents restricted for debt reserve	\$ 20,934
Total restricted assets	\$ 20,934
Capital assets:	
Utility plant in service	\$ 3,437,144
Machinery and equipment	24,400
Less accumulated depreciation	(1,550,236)
Land	7,819
Total capital assets	\$ 1,919,127
Total noncurrent assets	\$ 1,940,061
Total assets	\$ 1,962,835
<b>LIABILITIES</b>	
Current liabilities:	
Bonds payable - current portion	\$ 5,788
Total current liabilities	\$ 5,788
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 110,039
Total noncurrent liabilities	\$ 110,039
Total liabilities	\$ 115,827
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$ 1,803,300
Restricted for debt service and bond covenants	20,934
Unrestricted	22,774
Total net assets	\$ 1,847,008

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, 2007**

	<b>Enterprise Fund</b>
	<b>Sanitary District</b>
<b>OPERATING REVENUES</b>	
Charges for services:	
Water and sewer revenues	\$ 41,239
Connection fees	19,433
Other revenues	56,956
Total operating revenues	\$ 117,628
<b>OPERATING EXPENSES</b>	
Water	\$ 60,004
Wastewater	54,425
Industrial center	102,273
Government utility	125,648
Depreciation	85,929
Total operating expenses	\$ 428,279
Operating income (loss)	\$ (310,651)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest expense	\$ (5,929)
Total nonoperating revenues (expenses)	\$ (5,929)
Income before contributions and transfers	(316,580)
Transfers in	\$ 240,490
Change in net assets	\$ (76,090)
Total net assets - beginning	1,923,098
Total net assets - ending	\$ 1,847,008

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, 2007**

	<b>Enterprise Fund Sanitary District</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 113,307
Payments for operating activities	(342,350)
Net cash provided (used) by operating activities	\$ (229,043)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	\$ 240,490
Net cash provided (used) by noncapital financing activities	\$ 240,490
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal payments on bonds	\$ (5,518)
Interest payments	(5,929)
Net cash provided (used) by capital and related financing activities	\$ (11,447)
Net increase (decrease) in cash and cash equivalents	\$ -
Cash and cash equivalents - beginning - including restricted	20,934
Cash and cash equivalents - ending - including restricted	\$ 20,934
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ (310,651)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	\$ 85,929
(Increase) decrease in accounts receivable	(4,321)
Total adjustments	\$ 81,608
Net cash provided (used) by operating activities	\$ (229,043)

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, 2007**

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	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>35,295</u>
<b>LIABILITIES</b>	
Amounts held for social services clients	\$ <u>35,295</u>

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

## COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007

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### ***Note 1—Summary of Significant Accounting Policies:***

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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 Changes in Net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. 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, 2007 (Continued)

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

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**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 government's 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, 2007 (Continued)

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

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#### **B. Individual Component Unit Disclosures**

*Blended Component Unit.* The County has no blended component units at June 30, 2007.

*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, 2007.

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, 2007. 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 appoints 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 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, 2007, the County contributed \$57,694 to the operations of the Library.

**COUNTY OF CHARLES CITY, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2007 (Continued)

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

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**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 enhance the region for the protection of the citizens by the construction, equipping, maintenance and operation of a new juvenile detention facility serving the nineteen member jurisdictions of which the 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 or responsibility in 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, 2007 (Continued)

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

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#### **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, 2007 (Continued)

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

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

##### 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 revenues 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 - 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.

The County reports the following non-major governmental funds:

Fiduciary Funds - (Trust and Agency 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.

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

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

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**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 \$117,582 at June 30, 2007 and is comprised solely of property taxes.

**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, 2007 (Continued)

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

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**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, 2007 (Continued)

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

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#### **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 is 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:***

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

1. On or before March 15<sup>th</sup>, 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.

#### **Expenditures and Appropriations**

Expenditures did not exceed appropriations in any fund at June 30, 2007.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

**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 (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

**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, 2007 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>AAA</u>	<u>AA</u>	<u>AA-</u>
Local Government Investment Pool	\$ 1,208,555	\$ -	\$ -
Money Market Mutual Fund	436,896	-	-
Corporate Debt	109,944	199,411	274,442
Municipal/Public Bonds	<u>1,485,852</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,241,247</u>	<u>\$ 199,411</u>	<u>\$ 274,442</u>

**Interest Rate Risk**

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>	
	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Municipal/Public Bonds	\$ 1,485,852	\$ 1,485,852
Corporate Debt	<u>583,797</u>	<u>583,797</u>
Total	<u>\$ 2,069,649</u>	<u>\$ 2,069,649</u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (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, 2007, the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Other Local Governments:		
County of Charles City School Board	\$ 258,410	\$ -
Commonwealth of Virginia:		
Local sales tax	87,136	-
Shared expenses	73,689	-
Recordation tax	3,769	-
Rolling stock tax	5,492	-
VPA funds	21,932	-
ABC profits	4,060	-
Wine tax	4,256	-
Auto rental	106	-
E-911 wireless	11,951	-
State Sales Tax	-	129,165
Mobile home titling tax	1,577	-
Comprehensive services act	61,722	-
Communications tax	26,879	-
Federal Government:		
School fund grants	-	150,477
VPA funds	43,302	-
Total due from other governments	\$ <u>604,281</u>	\$ <u>279,642</u>

At June 30, 2007 amounts due to other local governments are as follows:

Other Local Governments:		
County of Charles City	\$ <u>-</u>	\$ <u>258,410</u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

**Note 5—Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2007:

<b>Primary Government:</b>	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
Capital assets not subject to depreciation:				
Land and land improvements	\$ 1,557,159	\$ -	\$ 2,376	\$ 1,554,783
Construction in Progress	<u>16,877</u>	<u>175,293</u>	<u>-</u>	<u>192,170</u>
Total capital assets not subject to depreciation	<u>\$ 1,574,036</u>	<u>\$ 175,293</u>	<u>\$ 2,376</u>	<u>\$ 1,746,953</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 9,856,018	\$ 30,000	\$ -	\$ 9,886,018
Equipment	1,910,333	400,469	149,560	2,161,242
Jointly owned assets	<u>5,033,262</u>	<u>221,100</u>	<u>862,623</u>	<u>4,391,739</u>
Total capital assets being depreciated	<u>\$ 16,799,613</u>	<u>\$ 651,569</u>	<u>\$ 1,012,183</u>	<u>\$ 16,438,999</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 2,772,391	\$ 229,337	\$ -	\$ 3,001,728
Equipment	1,426,596	214,950	149,560	1,491,986
Jointly owned assets	<u>1,757,053</u>	<u>124,932</u>	<u>260,057</u>	<u>1,621,928</u>
Total accumulated depreciation	<u>\$ 5,956,040</u>	<u>\$ 569,219</u>	<u>\$ 409,617</u>	<u>\$ 6,115,642</u>
Total capital assets subject to depreciation, net	<u>\$ 10,843,573</u>	<u>\$ 82,350</u>	<u>\$ 602,566</u>	<u>\$ 10,323,357</u>
Net capital assets primary government	<u>\$ 12,417,609</u>	<u>\$ 257,643</u>	<u>\$ 604,942</u>	<u>\$ 12,070,310</u>
<b>Enterprise Fund:</b>	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
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	\$ -	\$ -	\$ 3,437,144
Equipment	<u>24,400</u>	<u>-</u>	<u>-</u>	<u>24,400</u>
Total capital assets being depreciated	<u>\$ 3,461,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,461,544</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 1,439,907	\$ 85,929	\$ -	\$ 1,525,836
Equipment	<u>24,400</u>	<u>-</u>	<u>-</u>	<u>24,400</u>
Total accumulated depreciation	<u>\$ 1,464,307</u>	<u>\$ 85,929</u>	<u>\$ -</u>	<u>\$ 1,550,236</u>
Total capital assets subject to depreciation, net	<u>\$ 1,997,237</u>	<u>\$ (85,929)</u>	<u>\$ -</u>	<u>\$ 1,911,308</u>
Net capital assets enterprise fund	<u>\$ 2,005,056</u>	<u>\$ (85,929)</u>	<u>\$ -</u>	<u>\$ 1,919,127</u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

**Note 5—Capital Assets: (Continued)**

Component Unit-School Board:	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Capital assets not subject to depreciation:				
Land and land improvements	\$ 263,786	\$ -	\$ -	\$ 263,786
Construction in Progress	-	392,434	-	392,434
Total capital assets not subject to depreciation	<u>\$ 263,786</u>	<u>\$ 392,434</u>	<u>\$ -</u>	<u>\$ 656,220</u>
Capital assets subject to depreciation:				
Equipment	\$ 2,105,506	\$ 137,134	\$ -	\$ 2,242,640
Jointly owned assets	12,732,097	862,623	-	13,594,720
Total capital assets being depreciated	<u>\$ 14,837,603</u>	<u>\$ 999,757</u>	<u>\$ -</u>	<u>\$ 15,837,360</u>
Less accumulated depreciation for:				
Equipment	\$ 1,523,779	\$ 151,747	\$ -	\$ 1,675,526
Jointly owned assets	4,444,626	576,086	-	5,020,712
Total accumulated depreciation	<u>\$ 5,968,405</u>	<u>\$ 727,833</u>	<u>\$ -</u>	<u>\$ 6,696,238</u>
Total capital assets subject to depreciation, net	<u>\$ 8,869,198</u>	<u>\$ 271,924</u>	<u>\$ -</u>	<u>\$ 9,141,122</u>
Net capital assets Component Unit-School Board	<u>\$ 9,132,984</u>	<u>\$ 664,358</u>	<u>\$ -</u>	<u>\$ 9,797,342</u>

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

Governmental activities:

General government	\$ 66,000
Judicial administration	139,732
Public safety	134,575
Public works	50,129
Health and welfare	21,834
Education	(135,125)
Parks, recreation and cultural	31,717
Community development	300
Total Governmental activities	<u>\$ 309,162</u>
Business-type activities	<u>\$ 85,929</u>
Component Unit School Board	<u>\$ 727,833</u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

**Note 6—Interfund Transfers:**

Interfund transfers for the year ended June 30, 2007 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General fund	\$ -	\$ 240,490
Sanitary District	<u>240,490</u>	<u>-</u>
Total	<u>\$ 240,490</u>	<u>\$ 240,490</u>

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

**Note 7—Long Term Obligations:**

**Primary Government:**

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2007:

	<u>Amounts Payable at July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2007</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County					
Claims, judgments and compensated absences payable	\$ 404,606	\$ 186,026	\$ 40,461	\$ 550,171	\$ 55,017
Lease revenue bond payable	4,458,995	-	274,765	4,184,230	285,049
Capital lease obligations (Note 8)	<u>-</u>	<u>129,950</u>	<u>24,888</u>	<u>105,062</u>	<u>24,305</u>
Total incurred by County	<u>\$ 4,863,601</u>	<u>\$ 315,976</u>	<u>\$ 340,114</u>	<u>\$ 4,839,463</u>	<u>\$ 364,371</u>
Incurred by School Board:					
State Literary Fund Loans payable	\$ 18,407	\$ -	\$ 6,000	\$ 12,407	\$ 6,000
General obligation bonds payable	<u>3,257,802</u>	<u>-</u>	<u>500,398</u>	<u>2,757,404</u>	<u>515,937</u>
Total incurred by School Board	<u>\$ 3,276,209</u>	<u>\$ -</u>	<u>\$ 506,398</u>	<u>\$ 2,769,811</u>	<u>\$ 521,937</u>
Total Governmental Obligations	<u>\$ 9,664,978</u>	<u>\$ 315,976</u>	<u>\$ 846,512</u>	<u>\$ 7,609,274</u>	<u>\$ 886,308</u>
Enterprise Obligations:					
Revenue bonds payable	<u>\$ 121,345</u>	<u>\$ -</u>	<u>\$ 5,518</u>	<u>\$ 115,827</u>	<u>\$ 5,788</u>
Total Enterprise Obligations	<u>\$ 121,345</u>	<u>\$ -</u>	<u>\$ 5,518</u>	<u>\$ 115,827</u>	<u>\$ 5,788</u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (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
2008	\$ 285,049	\$ 149,203
2009	295,718	138,535
2010	306,785	127,467
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>4,184,230</u>	\$ <u>990,616</u>

Year Ending June 30	School Obligations			
	Literary Fund Loans		Bonds Payable	
	Principal	Interest	Principal	Interest
2008	\$ 6,000	\$ 372	\$ 515,937	\$ 164,963
2009	6,000	193	532,537	130,363
2010	407	12	550,270	94,630
2011	-	-	569,212	57,688
2012	-	-	589,448	19,452
Total	\$ <u>12,407</u>	\$ <u>577</u>	\$ <u>2,757,404</u>	\$ <u>467,096</u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

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**Note 7—Long-Term Obligations: (Continued)**

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**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
2008	\$ 5,788	\$ 5,660
2009	6,084	5,364
2010	6,395	5,052
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>115,827</u>	\$ <u>45,920</u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

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**Note 7—Long-Term Obligations: (Continued)**

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**Primary Government: (Continued)**

Details of long-term obligations:

**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%.

\$ 4,184,230

**Capital Lease Payable:**

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

\$ 105,062

Compensated absences

\$ 550,171

Total Incurred by County

\$ 4,839,463

**Incurred by School Board:**

**State Literary Fund Loans:**

\$114,407 State Literary Fund loan issued July 15, 1990, due in annual principal installments of \$6,000 through 2010, interest payable annually at 3%.

\$ 12,407

**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%.

\$ 2,757,404

Total Incurred by School Board

\$ 2,769,811

Total Governmental Obligations

\$ 7,609,274

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (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%. \$ 115,827

**Component Unit-School Board:**

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2007:

	<u>Amounts Payable at July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2007</u>	<u>Amounts Due Within One Year</u>
Claims, judgments and compensated absences payable	\$ 136,852	\$ 31,503	\$ 13,865	\$ 154,490	\$ 15,449
Capital lease obligations (Note 8)	<u>43,709</u>	<u>-</u>	<u>13,878</u>	<u>29,831</u>	<u>14,558</u>
Total Component Unit-School Board	<u>\$ 134,009</u>	<u>\$ 31,503</u>	<u>\$ 27,743</u>	<u>\$ 184,321</u>	<u>\$ 30,007</u>

Details of long-term obligations:

**Capital Leases Payable:**

\$56,939 School Bus lease issued on June 24, 2005, due in annual installments of \$16,020 on each June 15 through 2009; interest rate 4.90%. \$ 29,831

Total Capital Leases Payable \$ 29,831

Compensated absences \$ 154,490

Total Component Unit-School Board \$ 184,321

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

**Note 8—Capital Leases:**

The government has entered into lease agreements as lessee for financing the acquisition of a school bus and fire truck. 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	\$ 157,690	\$ 72,959
Less: accumulated depreciation	(7,885)	(21,888)
Total	\$ 149,805	\$ 51,071

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007, are as follows:

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007, are as follows:

Year Ended June 30	Primary Government	Component Unit School Board
2008	\$ 29,763	\$ 16,020
2009	29,763	16,020
2010	29,763	-
2011	29,763	-
Total minimum lease payments	\$ 119,052	\$ 32,040
Less: amount representing interest	(13,990)	(2,209)
Present value of minimum lease payments	\$ 105,062	\$ 29,831

**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, 2007 (Continued)

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**Note 10—Deferred Revenue:**

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Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$665,977 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$463,674 at June 30, 2007.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2007 but paid in advance by the taxpayers totaled \$104,227 at June 30, 2007.

Lease Purchase Receivable - Deferred revenue representing uncollected lease/purchase payments not available for funding of current expenditures totaled \$98,076.

**Note 11—Contingent Liabilities:**

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

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

The following construction contracts were outstanding at June 30, 2007:

<u>Project</u>	<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Outstanding</u>
Visitor's Center	Del Sol Inc	\$ 294,310	\$ 139,845
School Bus Garage	Grand Metro Builders	464,000	231,263

**Note 12—Litigation:**

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At June 30, 2007, 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.

## COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

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### **Note 13 –Risk Management:**

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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.

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 losses. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

### **Note 14 –Lease-Purchase Receivable:**

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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 \$2,697.50 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, 2007, the balance of the lease purchase receivable was \$98,076.

### **Note 15 –Defined Benefit Pension Plan:**

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#### **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 with 5 years of service for participating law enforcement officers, firefighters, and sheriffs) or at age 50 with 30 years of service if elected by the employer (age 50 with 25 years of service for participating law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. 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 increases limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. Participating 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, 2007 (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/2006AnnuRept.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

**B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their reported compensation to the VRS. This 5% 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 participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The County and School Board non-professional employees' contribution rates for the fiscal year ended 2007 were 7.13% and 2.67% of annual covered payroll, respectively.

The School Board's professional employees contributed \$456,980, \$306,903, and \$282,153, to the teacher cost-sharing pool for the fiscal years ended June 30, 2007, 2006, and 2005 respectively. The County's rate was 9.20%, 6.62%, and 6.03% of annual covered payroll, respectively.

**C. Annual Pension Cost**

For fiscal 2007, the County's annual pension cost of \$208,336 (which does not include the employee's portion assumed by the County of \$146,098) was equal to the County's required and actual contributions. The required contributions were determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method.

For fiscal 2007, the County School Board's annual pension cost for the Board's non-professional employees was \$7,528 (which does not include the employees portion assumed by the School Board of \$14,097) which was equal to the Board's required and actual contributions. The required contributions were determined as a part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method.

	<u>County</u>	<u>Non-Professional School Board Employees</u>
Valuation date	June 30, 2005	June 30, 2005
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent, open	Level percent, open
Payroll growth rate	3%	3%
Remaining amortization period	21 years	21 years
Asset valuation method	Modified market	Modified market
Actuarial assumptions:		
Investment rate of return <sup>1</sup>	7.50%	7.50%
Projected salary increases: <sup>1</sup>		
Non LEO Employees	3.50% to 5.73%	4.25% to 6.10%
LEO Employees	3.50% to 5.71%	4.50% to 5.75%
Cost-of-living adjustments	2.50%	3.0%

<sup>1</sup> Includes inflation at 2.50%

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

**Note 15 – Defined Benefit Pension Plan (Continued):**

**C. Annual Pension Cost (Continued)**

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
County:			
June 30, 2007	\$ 208,336	100%	\$ -
June 30, 2006	107,473	100%	-
June 30, 2005	99,259	100%	-
School Board:			
Non-Professional:			
June 30, 2007	\$ 7,528	100%	\$ -
June 30, 2006	-	100%	-
June 30, 2005	-	100%	-

(1) Employer portion only

**Note 16 – Surety Bonds:**

	Amount
Division of Risk Management Surety:	
Commonwealth Funds	
Thomas Randolph Williams, Clerk of the Circuit Court	\$ 265,000
Cecelia Bradby, Treasurer	300,000
Denise B. Smith, Commissioner of the Revenue	3,000
B. A. Washington, 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

**Note 17 – Changes to Beginning Net Assets:**

The following were adjustments made to beginning net assets:

	Governmental Activities
Net assets as previously reported	\$ 10,334,048
Adjustment to due to error in capitalized assets	124,690
Net assets as adjusted	\$ 10,458,738

## ***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***

**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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes	\$ 5,847,679	\$ 5,847,679	\$ 5,752,817	\$ (94,862)
Other local taxes	878,500	820,500	846,451	25,951
Permits, privilege fees, and regulatory licenses	3,328,220	3,328,220	3,060,535	(267,685)
Fines and forfeitures	41,000	41,000	36,323	(4,677)
Revenue from the use of money and property	274,916	274,916	320,690	45,774
Charges for services	40,450	40,450	46,784	6,334
Miscellaneous	249,042	193,940	204,708	10,768
Recovered costs	39,661	39,661	247,008	207,347
Intergovernmental revenues:				
Commonwealth	2,457,783	2,379,084	2,262,054	(117,030)
Federal	666,276	609,102	726,802	117,700
Total revenues	<u>\$ 13,823,527</u>	<u>\$ 13,574,552</u>	<u>\$ 13,504,172</u>	<u>\$ (70,380)</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,702,611	\$ 1,666,601	\$ 1,904,866	\$ (238,265)
Judicial administration	510,527	502,485	488,797	13,688
Public safety	1,765,374	1,752,237	1,592,741	159,496
Public works	1,054,680	1,054,680	1,034,972	19,708
Health and welfare	2,149,393	1,981,296	1,667,864	313,432
Education	5,951,332	6,261,736	5,582,539	679,197
Parks, recreation, and cultural	520,245	504,403	482,327	22,076
Community development	396,791	399,041	551,372	(152,331)
Nondepartmental	130,559	-	47,682	(47,682)
Capital projects	901,369	899,396	512,703	386,693
Debt service:				
Principal retirement	787,367	787,367	806,051	(18,684)
Interest and other fiscal charges	382,104	382,104	363,597	18,507
Total expenditures	<u>\$ 16,252,352</u>	<u>\$ 16,191,346</u>	<u>\$ 15,035,511</u>	<u>\$ 1,155,835</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,428,825)</u>	<u>\$ (2,616,794)</u>	<u>\$ (1,531,339)</u>	<u>\$ 1,085,455</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ (203,064)	\$ (203,064)	\$ (240,490)	\$ (37,426)
Issuance of capital leases	-	-	129,950	129,950
Sale of capital assets	20,000	20,000	20,500	500
Total other financing sources (uses)	<u>\$ (183,064)</u>	<u>\$ (183,064)</u>	<u>\$ (90,040)</u>	<u>\$ 93,024</u>
Net change in fund balances	\$ (2,611,889)	\$ (2,799,858)	\$ (1,621,379)	\$ 1,178,479
Fund balances - beginning	2,611,889	2,799,858	5,719,308	2,919,450
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,097,929</u>	<u>\$ 4,097,929</u>

**County of Charles City, Virginia**  
**Schedule of Funding Progress-Virginia Retirement System**  
**For The Year Ended June 30, 2007**

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio (2) (3)	Annual Covered Payroll	UAAL as % of Payroll (4) (6)
<b>County:</b>						
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%
6/30/1999	5,303,635	5,102,638	(200,997)	103.94%	2,099,632	-9.57%
6/30/1998	4,533,403	4,212,813	(320,590)	107.61%	1,846,223	-17.36%
6/30/1996	3,180,867	3,168,443	(12,424)	100.39%	1,690,572	-0.73%
<b>School Board Non-Professionals:</b>						
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%
6/30/1999	1,082,042	947,045	(134,997)	114.25%	244,027	-55.32%
6/30/1998	959,497	891,724	(67,773)	107.60%	237,577	-28.53%
6/30/1996	750,906	734,875	(16,031)	102.18%	213,485	-7.51%

## *OTHER SUPPLEMENTARY INFORMATION*

County of Charles City, Virginia

Fiduciary Funds  
 Statement of Changes in Fiduciary Net Assets - Agency Funds  
 For the Year Ended June 30, 2007

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
<b>Special Welfare Fund:</b>				
Assets:				
Cash and cash equivalents	\$ <u>43,552</u>	\$ <u>12,025</u>	\$ <u>20,282</u>	\$ <u>35,295</u>
Liabilities:				
Amounts held for social services clients	\$ <u>43,552</u>	\$ <u>12,025</u>	\$ <u>20,282</u>	\$ <u>35,295</u>

***DISCRETELY PRESENTED COMPONENT UNIT  
SCHOOL BOARD***

County of Charles City, Virginia  
Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2007

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	<b>School Operating Fund</b>
<b>ASSETS</b>	
Due from other governmental units	\$ 279,642
Total assets	\$ 279,642
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	\$ 21,232
Due to other governmental units	258,410
Total liabilities	\$ 279,642
Fund balances:	
Unreserved:	
Undesignated	\$ -
Total fund balances	\$ -
Total liabilities and fund balances	\$ 279,642
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.	9,797,342
Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, are not reported in the funds.	(184,321)
Net assets of governmental activities	\$ 9,613,021

**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, 2007**

	<b>School Operating Fund</b>
<b>REVENUES</b>	
Charges for services	\$ 245,758
Miscellaneous	18,945
Recovered costs	11,000
Intergovernmental revenues:	
Local government	5,581,433
Commonwealth	5,028,829
Federal	947,907
Total revenues	\$ 11,833,872
<b>EXPENDITURES</b>	
Current:	
Education	\$ 11,204,318
Capital projects	613,534
Debt service:	
Principal retirement	13,878
Interest and other fiscal charges	2,142
Total expenditures	\$ 11,833,872
Excess (deficiency) of revenues over (under) expenditures	\$ -
Net change in fund balances	\$ -
Fund balances - beginning	-
Fund balances - ending	\$ -
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.	664,358
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.	13,878
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.	(17,638)
Change in net assets of governmental activities	\$ 660,598

**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, 2007**

	<b>School Operating Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services	\$ 227,253	\$ 227,253	\$ 245,758	\$ 18,505
Miscellaneous	12,500	12,500	18,945	6,445
Recovered costs	4,000	4,000	11,000	7,000
Intergovernmental revenues:				
Local government	5,950,226	6,260,630	5,581,433	(679,197)
Commonwealth	5,144,448	5,144,448	5,028,829	(115,619)
Federal	1,254,515	1,056,895	947,907	(108,988)
Total revenues	<u>\$ 12,592,942</u>	<u>\$ 12,705,726</u>	<u>\$ 11,833,872</u>	<u>\$ (871,854)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 12,412,653	\$ 12,525,437	\$ 11,204,318	\$ 1,321,119
Capital projects	274,488	274,488	613,534	(339,046)
Debt service:				
Principal retirement	13,878	13,878	13,878	-
Interest and other fiscal charges	2,142	2,142	2,142	-
Total expenditures	<u>\$ 12,703,161</u>	<u>\$ 12,815,945</u>	<u>\$ 11,833,872</u>	<u>\$ 982,073</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (110,219)</u>	<u>\$ (110,219)</u>	<u>\$ -</u>	<u>\$ 110,219</u>
Net change in fund balances	\$ (110,219)	\$ (110,219)	\$ -	\$ 110,219
Fund balances - beginning	110,219	110,219	-	(110,219)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*DISCRETELY PRESENTED COMPONENT UNIT  
INDUSTRIAL DEVELOPMENT AUTHORITY*

**County of Charles City, Virginia**  
**Statement of Net Assets**  
**Discretely Presented Component Unit - Industrial Development Authority**  
**June 30, 2007**

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**ASSETS**

## Current assets:

Cash and cash equivalents	\$	245,944
Investments		807,551
Leases receivable		123,768
Total current assets	\$	<u>1,177,263</u>
Total assets	\$	<u>1,177,263</u>

**NET ASSETS**

Unrestricted	\$	<u>1,177,263</u>
Total net assets	\$	<u><u>1,177,263</u></u>

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

**County of Charles City, Virginia**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Discretely Presented Component Unit - Industrial Development Authority**  
**For the Year Ended June 30, 2007**

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**OPERATING REVENUES**

Charges for services:

Other revenues	\$ 89,479
Total operating revenues	<u>\$ 89,479</u>

**OPERATING EXPENSES**

Personal services	\$ 20,033
Other supplies and expenses	2,356
Total operating expenses	<u>\$ 22,389</u>
Operating income (loss)	<u>\$ 67,090</u>

**NONOPERATING REVENUES (EXPENSES)**

Investment earnings	\$ 48,579
Total nonoperating revenues (expenses)	<u>\$ 48,579</u>
Change in net assets	\$ 115,669
Total net assets - beginning	1,061,594
Total net assets - ending	<u><u>\$ 1,177,263</u></u>

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

**County of Charles City, Virginia**  
**Statement of Cash Flows**  
**Discretely Presented Component Unit - Industrial Development Authority**  
**For the Year Ended June 30, 2007**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers and users	\$ 89,479
Payments for operating activities	(22,389)
Net cash provided (used) by operating activities	<u>\$ 67,090</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest and dividends received	\$ 8,520
Net cash provided (used) by investing activities	<u>\$ 8,520</u>

Net increase (decrease) in cash and cash equivalents \$ 75,610

Cash and cash equivalents - beginning	170,334
Cash and cash equivalents - ending	<u><u>\$ 245,944</u></u>

**Reconciliation of operating income (loss) to net cash  
provided by operating activities:**

Operating income (loss)	<u>\$ 67,090</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
(Increase) decrease in leases receivable	-
Total adjustments	<u>\$ -</u>

Net cash provided (used) by operating activities \$ 67,090

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

## *SUPPORTING SCHEDULES*

**County of Charles City, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2007**

**Schedule 1**  
**Page 1 of 4**

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,419,739	\$ 4,419,739	\$ 4,169,082	\$ (250,657)
Real and personal public service corporation taxes	248,340	248,340	223,865	(24,475)
Personal property taxes	815,000	815,000	1,101,124	286,124
Mobile home taxes	7,600	7,600	7,956	356
Machinery and tools taxes	219,000	219,000	122,015	(96,985)
Merchant's capital taxes	20,000	20,000	21,657	1,657
Penalties	80,000	80,000	68,341	(11,659)
Interest	38,000	38,000	38,777	777
Total general property taxes	<u>\$ 5,847,679</u>	<u>\$ 5,847,679</u>	<u>\$ 5,752,817</u>	<u>\$ (94,862)</u>
Other local taxes:				
Local sales and use taxes	\$ 325,000	\$ 325,000	\$ 446,057	\$ 121,057
Consumers' utility taxes	211,500	211,500	178,576	(32,924)
Consumption tax	-	-	25,269	25,269
Communications tax	-	-	76,104	76,104
Cable television franchise license tax	18,000	18,000	6,723	(11,277)
E911	58,000	-	29,178	29,178
Gross Receipts	29,000	29,000	8,902	(20,098)
Motor vehicle licenses	175,000	175,000	4,663	(170,337)
Bank stock tax	-	-	5,697	5,697
Taxes on recordation and wills	62,000	62,000	65,282	3,282
Total other local taxes	<u>\$ 878,500</u>	<u>\$ 820,500</u>	<u>\$ 846,451</u>	<u>\$ 25,951</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,500	\$ 10,500	\$ 12,191	\$ 1,691
Transfer fees	300	300	239	(61)
Permits and other licenses	3,317,420	3,317,420	3,048,105	(269,315)
Total permits, privilege fees, and regulatory licenses	<u>\$ 3,328,220</u>	<u>\$ 3,328,220</u>	<u>\$ 3,060,535</u>	<u>\$ (267,685)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 41,000	\$ 41,000	\$ 36,323	\$ (4,677)
Total fines and forfeitures	<u>\$ 41,000</u>	<u>\$ 41,000</u>	<u>\$ 36,323</u>	<u>\$ (4,677)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 124,000	\$ 124,000	\$ 260,703	\$ 136,703
Revenue from use of property	150,916	150,916	59,987	(90,929)
Total revenue from use of money and property	<u>\$ 274,916</u>	<u>\$ 274,916</u>	<u>\$ 320,690</u>	<u>\$ 45,774</u>
Charges for services:				
Clerk's interest fees	\$ 1,800	\$ 1,800	\$ 362	\$ (1,438)
Sheriff's fees	400	400	348	(52)
Courthouse fees	2,500	2,500	3,840	1,340
Courthouse security fees	10,000	10,000	10,041	41
Court fees	1,750	1,750	58	(1,692)
Commonwealth's attorney fees	200	200	339	139
Charges for parks and recreation	19,200	19,200	24,785	5,585
Charges for other protection	1,600	1,600	3,597	1,997
Document reproduction fees	1,500	1,500	2,082	582
Jail admission fees	1,500	1,500	1,332	(168)
Total charges for services	<u>\$ 40,450</u>	<u>\$ 40,450</u>	<u>\$ 46,784</u>	<u>\$ 6,334</u>
Miscellaneous revenue:				
Miscellaneous	\$ 249,042	\$ 193,940	\$ 204,708	\$ 10,768
Total miscellaneous revenue	<u>\$ 249,042</u>	<u>\$ 193,940</u>	<u>\$ 204,708</u>	<u>\$ 10,768</u>

**County of Charles City, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2007**

Schedule 1  
Page 2 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Recovered costs:				
Central gas	\$ -	\$ -	\$ 185,488	\$ 185,488
Jurors	3,300	3,300	3,035	(265)
Sheriff support -- IDA	36,361	36,361	58,485	22,124
Total recovered costs	<u>\$ 39,661</u>	<u>\$ 39,661</u>	<u>\$ 247,008</u>	<u>\$ 207,347</u>
 Total revenue from local sources	 <u>\$ 10,699,468</u>	 <u>\$ 10,586,366</u>	 <u>\$ 10,515,316</u>	 <u>\$ (71,050)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 4,060	\$ 4,060	\$ 4,060	\$ -
Wine taxes	4,256	4,256	4,256	-
Auto rental tax	-	-	106	106
Mobile home titling tax	20,000	20,000	5,922	(14,078)
Rolling stock tax	5,600	5,600	5,492	(108)
State recordation tax	13,000	13,000	25,057	12,057
Personal property tax relief funds	690,963	690,963	698,691	7,728
Total noncategorical aid	<u>\$ 737,879</u>	<u>\$ 737,879</u>	<u>\$ 743,584</u>	<u>\$ 5,705</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 78,220	\$ 78,220	\$ 83,510	\$ 5,290
Sheriff	464,594	464,594	499,596	35,002
Commissioner of revenue	64,331	64,331	68,602	4,271
Treasurer	65,576	65,576	76,234	10,658
Medical examiner	100	100	-	(100)
Registrar/electoral board	32,300	32,300	35,309	3,009
Clerk of the Circuit Court	126,599	121,687	148,398	26,711
Total shared expenses	<u>\$ 831,720</u>	<u>\$ 826,808</u>	<u>\$ 911,649</u>	<u>\$ 84,841</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 227,492	\$ 227,492	\$ 210,085	\$ (17,407)
Comprehensive services act program	560,854	560,854	249,370	(311,484)
Emergency medical services	6,602	4,051	6,887	2,836
Emergency services	8,590	-	261	261
Litter control	-	-	4,163	4,163
Wireless grant	45,000	-	53,006	53,006
Arts grant	5,000	5,000	5,000	-
Fire programs fund	17,000	17,000	16,799	(201)
Indoor plumbing grant	-	-	61,250	61,250
Other state funds	17,646	-	-	-
Total other categorical aid	<u>\$ 888,184</u>	<u>\$ 814,397</u>	<u>\$ 606,821</u>	<u>\$ (207,576)</u>
 Total categorical aid	 <u>\$ 1,719,904</u>	 <u>\$ 1,641,205</u>	 <u>\$ 1,518,470</u>	 <u>\$ (122,735)</u>
 Total revenue from the Commonwealth	 <u>\$ 2,457,783</u>	 <u>\$ 2,379,084</u>	 <u>\$ 2,262,054</u>	 <u>\$ (117,030)</u>

**County of Charles City, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2007**

Schedule 1  
Page 3 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 3,500	\$ 3,500	\$ 3,886	\$ 386
Categorical aid:				
Public assistance and welfare administration	\$ 604,602	\$ 604,602	\$ 558,339	\$ (46,263)
Emergency preparedness	15,000	-	7,017	7,017
Community development block grant	-	-	157,560	157,560
National park service grant	13,641	-	-	-
Homeland security	28,533	-	-	-
USDA summer food	1,000	1,000	-	(1,000)
Total categorical aid	<u>\$ 662,776</u>	<u>\$ 605,602</u>	<u>\$ 722,916</u>	<u>\$ 117,314</u>
Total revenue from the federal government	<u>\$ 666,276</u>	<u>\$ 609,102</u>	<u>\$ 726,802</u>	<u>\$ 117,700</u>
Total General Fund	<u>\$ 13,823,527</u>	<u>\$ 13,574,552</u>	<u>\$ 13,504,172</u>	<u>\$ (70,380)</u>
Total Primary Government	<u>\$ 13,823,527</u>	<u>\$ 13,574,552</u>	<u>\$ 13,504,172</u>	<u>\$ (70,380)</u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Charges for services:				
School food service	\$ 221,000	\$ 221,000	\$ 245,758	\$ 24,758
Tuition and payments from other divisions	6,253	6,253	-	(6,253)
Total charges for services	<u>\$ 227,253</u>	<u>\$ 227,253</u>	<u>\$ 245,758</u>	<u>\$ 18,505</u>
Miscellaneous revenue:				
Miscellaneous	\$ 12,500	\$ 12,500	\$ 18,945	\$ 6,445
Recovered costs:				
Tuition and payments from other localities	\$ 4,000	\$ 4,000	\$ 11,000	\$ 7,000
Total recovered costs	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 11,000</u>	<u>\$ 7,000</u>
Total revenue from local sources	<u>\$ 243,753</u>	<u>\$ 243,753</u>	<u>\$ 275,703</u>	<u>\$ 31,950</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Charles City, Virginia	\$ 5,950,226	\$ 6,260,630	\$ 5,581,433	\$ (679,197)
Total revenues from local governments	<u>\$ 5,950,226</u>	<u>\$ 6,260,630</u>	<u>\$ 5,581,433</u>	<u>\$ (679,197)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 870,775	\$ 870,775	\$ 814,494	\$ (56,281)
Basic school aid	2,575,143	2,575,143	2,536,622	(38,521)
Regular foster care	29,578	29,578	31,347	1,769

**County of Charles City, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2007**

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Funds: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Gifted and talented	\$ 20,529	\$ 20,529	\$ 20,028	\$ (501)
Remedial education	73,903	73,903	72,100	(1,803)
Enrollment loss	663	663	11,194	10,531
Special education	431,099	431,099	420,583	(10,516)
Textbook payment	52,250	52,250	50,210	(2,040)
GED funding	7,859	7,859	7,859	-
Vocational education	74,474	74,474	69,597	(4,877)
English as a second language	-	-	3,128	3,128
School fringes	334,102	334,102	323,448	(10,654)
Technology grant	143,200	143,200	165,282	22,082
Early reading intervention	12,899	12,899	6,450	(6,449)
Remedial Ed-Summer School	17,007	17,007	-	(17,007)
School food program	4,718	4,718	5,674	956
School construction	110,602	110,602	110,445	(157)
Lottery proceeds	119,491	119,491	116,066	(3,425)
At risk payments	101,730	101,730	102,042	312
Primary class size	74,203	74,203	69,203	(5,000)
Salary supplement	54,914	54,914	66,092	11,178
Standards of Learning algebra readiness	8,220	8,220	9,911	1,691
Mentor teacher	7,611	7,611	7,611	-
Other state	15,000	15,000	6,585	(8,415)
Homebound	4,478	4,478	2,858	(1,620)
Total categorical aid	<u>\$ 5,144,448</u>	<u>\$ 5,144,448</u>	<u>\$ 5,028,829</u>	<u>\$ (115,619)</u>
Total revenue from the Commonwealth	<u>\$ 5,144,448</u>	<u>\$ 5,144,448</u>	<u>\$ 5,028,829</u>	<u>\$ (115,619)</u>
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 170,000	\$ 170,000	\$ 189,832	\$ 19,832
Summer food	18,455	18,455	12,972	(5,483)
Title I	348,329	181,924	224,540	42,616
Vocational education	18,622	18,622	35,761	17,139
Drug free schools	6,000	6,000	4,131	(1,869)
Title VI	5,500	5,500	388	(5,112)
Title VIB	329,290	311,302	202,843	(108,459)
Title II -- part d	-	-	3,732	3,732
Preschool grant	21,227	8,000	5,708	(2,292)
Title II -- part a	84,510	84,510	44,385	(40,125)
21st Century learning	192,000	192,000	162,780	(29,220)
Advanced placement	-	-	104	104
JROTC grant	60,582	60,582	60,731	149
Total categorical aid	<u>\$ 1,254,515</u>	<u>\$ 1,056,895</u>	<u>\$ 947,907</u>	<u>\$ (108,988)</u>
Total revenue from the federal government	<u>\$ 1,254,515</u>	<u>\$ 1,056,895</u>	<u>\$ 947,907</u>	<u>\$ (108,988)</u>
Total School Operating Fund	<u>\$ 12,592,942</u>	<u>\$ 12,705,726</u>	<u>\$ 11,833,872</u>	<u>\$ (871,854)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 12,592,942</u>	<u>\$ 12,705,726</u>	<u>\$ 11,833,872</u>	<u>\$ (871,854)</u>

**County of Charles City, Virginia**  
**Schedule of Expenditures - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2007**

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 69,389	\$ 68,564	\$ 59,665	\$ 8,899
General and financial administration:				
County administrator	\$ 269,322	\$ 246,895	\$ 248,761	\$ (1,866)
Legal services	57,783	57,783	58,227	(444)
Commissioner of revenue	178,982	178,982	181,567	(2,585)
Independent Auditor	28,700	28,700	21,700	7,000
Treasurer	170,866	170,866	166,557	4,309
Motor pool	144,963	144,963	166,522	(21,559)
Central gas	8,467	8,467	8,119	348
Memberships	7,380	7,380	2,260	5,120
Information technology	296,297	296,297	295,312	985
Management services	244,542	231,784	210,376	21,408
Other general and financial administration	162,700	162,700	425,628	(262,928)
Total general and financial administration	<u>\$ 1,570,002</u>	<u>\$ 1,534,817</u>	<u>\$ 1,785,029</u>	<u>\$ (250,212)</u>
Board of elections:				
Electoral board and officials	\$ 14,144	\$ 14,144	\$ 12,399	\$ 1,745
Registrar	49,076	49,076	47,773	1,303
Total board of elections	<u>\$ 63,220</u>	<u>\$ 63,220</u>	<u>\$ 60,172</u>	<u>\$ 3,048</u>
Total general government administration	<u>\$ 1,702,611</u>	<u>\$ 1,666,601</u>	<u>\$ 1,904,866</u>	<u>\$ (238,265)</u>
Judicial administration:				
Courts:				
Circuit court	\$ 20,640	\$ 20,640	\$ 19,199	\$ 1,441
General district court	13,900	13,900	5,009	8,891
Courthouse security fund	12,227	12,227	13,153	(926)
Special Magistrates	1,800	1,300	541	759
Sheriff	129,496	129,496	131,397	(1,901)
9th district court services	25,000	25,000	11,193	13,807
Crater Criminal Justice	5,638	5,638	5,638	-
Clerk of the circuit court	198,869	191,427	201,737	(10,310)
Total courts	<u>\$ 407,570</u>	<u>\$ 399,628</u>	<u>\$ 387,867</u>	<u>\$ 11,761</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 102,957	\$ 102,857	\$ 100,930	\$ 1,927
Total commonwealth's attorney	<u>\$ 102,957</u>	<u>\$ 102,857</u>	<u>\$ 100,930</u>	<u>\$ 1,927</u>
Total judicial administration	<u>\$ 510,527</u>	<u>\$ 502,485</u>	<u>\$ 488,797</u>	<u>\$ 13,688</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 765,563	\$ 764,063	\$ 737,437	\$ 26,626
E-911	106,300	103,300	112,140	(8,840)
Total law enforcement and traffic control	<u>\$ 871,863</u>	<u>\$ 867,363</u>	<u>\$ 849,577</u>	<u>\$ 17,786</u>
Fire and rescue services:				
Fire department	\$ 140,480	\$ 140,480	\$ 138,590	\$ 1,890
Ambulance and rescue services	65,202	65,202	66,437	(1,235)
Total fire and rescue services	<u>\$ 205,682</u>	<u>\$ 205,682</u>	<u>\$ 205,027</u>	<u>\$ 655</u>

County of Charles City, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2007

Schedule 2  
 Page 2 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Correction and detention:				
Sheriff	\$ 388,268	\$ 388,268	\$ 300,993	\$ 87,275
Criminal justice planner	5,054	5,054	5,054	-
Total correction and detention	<u>\$ 393,322</u>	<u>\$ 393,322</u>	<u>\$ 306,047</u>	<u>\$ 87,275</u>
Other protection:				
Animal control	\$ 107,555	\$ 107,124	\$ 102,874	\$ 4,250
Codes enforcement	122,561	122,561	118,850	3,711
Emergency services	53,731	45,525	36,784	8,741
VDEM grant	28,533	28,533	-	28,533
Department of Emergency Management	8,590	8,590	224	8,366
VJCCCA	3,002	3,002	3,002	-
Medical examiner	300	300	119	181
Total other protection	<u>\$ 324,272</u>	<u>\$ 315,635</u>	<u>\$ 261,853</u>	<u>\$ 53,782</u>
Total public safety	<u>\$ 1,765,374</u>	<u>\$ 1,752,237</u>	<u>\$ 1,592,741</u>	<u>\$ 159,496</u>
Public works:				
Sanitation and waste removal:				
Landfill monitoring	\$ 305,466	\$ 305,466	\$ 279,148	\$ 26,318
Maintenance of general buildings and grounds:				
General properties	\$ 749,214	\$ 749,214	\$ 755,824	\$ (6,610)
Total public works	<u>\$ 1,054,680</u>	<u>\$ 1,054,680</u>	<u>\$ 1,034,972</u>	<u>\$ 19,708</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 86,333	\$ 86,333	\$ 86,333	\$ -
Mental health and mental retardation:				
Henrico area community services	\$ 103,836	\$ 103,836	\$ 103,836	\$ -
Welfare:				
Public assistance and welfare administration	\$ 1,191,574	\$ 1,023,586	\$ 975,761	\$ 47,825
Comprehensive services act	616,500	616,391	357,749	258,642
Office on youth	59,148	59,148	56,293	2,855
Contributions	57,002	57,002	53,755	3,247
Virginia child care and development	35,000	35,000	34,137	863
Total welfare	<u>\$ 1,959,224</u>	<u>\$ 1,791,127</u>	<u>\$ 1,477,695</u>	<u>\$ 313,432</u>
Total health and welfare	<u>\$ 2,149,393</u>	<u>\$ 1,981,296</u>	<u>\$ 1,667,864</u>	<u>\$ 313,432</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 1,106	\$ 1,106	\$ 1,106	\$ -
Contribution to County School Board	5,950,226	6,260,630	5,581,433	679,197
Total education	<u>\$ 5,951,332</u>	<u>\$ 6,261,736</u>	<u>\$ 5,582,539</u>	<u>\$ 679,197</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 339,174	\$ 323,332	\$ 324,904	\$ (1,572)
National park service grant	13,641	13,641	12,842	799
Total parks and recreation	<u>\$ 352,815</u>	<u>\$ 336,973</u>	<u>\$ 337,746</u>	<u>\$ (773)</u>

**County of Charles City, Virginia**  
**Schedule of Expenditures - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2007**

**Schedule 2**  
**Page 3 of 4**

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Parks, recreation, and cultural: (Continued)				
Cultural enrichment:				
USDA summer food	\$ 10,615	\$ 10,615	\$ -	\$ 10,615
Center for local history	26,114	26,114	24,174	1,940
Cultural alliance	12,000	12,000	12,000	-
Central Va Regional Film Office	2,319	2,319	2,319	-
2007 Planning committee	58,688	58,688	48,394	10,294
Total cultural enrichment	<u>\$ 109,736</u>	<u>\$ 109,736</u>	<u>\$ 86,887</u>	<u>\$ 22,849</u>
Library:				
Library	\$ 57,694	\$ 57,694	\$ 57,694	\$ -
Total library	<u>\$ 57,694</u>	<u>\$ 57,694</u>	<u>\$ 57,694</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 520,245</u>	<u>\$ 504,403</u>	<u>\$ 482,327</u>	<u>\$ 22,076</u>
Community development:				
Planning and community development:				
Community development block grant	\$ -	\$ -	\$ 198,436	\$ (198,436)
Planning commission	5,500	5,500	426	5,074
Department of development	282,234	284,484	251,552	32,932
Community development contribution	55,340	55,340	53,510	1,830
Total planning and community development	<u>\$ 343,074</u>	<u>\$ 345,324</u>	<u>\$ 503,924</u>	<u>\$ (158,600)</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 6,340	\$ 6,340	\$ 6,340	\$ -
Litter control program	4,375	4,375	4,160	215
Total environmental management	<u>\$ 10,715</u>	<u>\$ 10,715</u>	<u>\$ 10,500</u>	<u>\$ 215</u>
Cooperative extension program:				
Extension office	\$ 43,002	\$ 43,002	\$ 36,948	\$ 6,054
Total cooperative extension program	<u>\$ 43,002</u>	<u>\$ 43,002</u>	<u>\$ 36,948</u>	<u>\$ 6,054</u>
Total community development	<u>\$ 396,791</u>	<u>\$ 399,041</u>	<u>\$ 551,372</u>	<u>\$ (152,331)</u>
Nondepartmental:				
Recreation revolving accounts	\$ -	\$ -	\$ 11,775	\$ (11,775)
Contingency	130,559	-	35,907	(35,907)
Total nondepartmental	<u>\$ 130,559</u>	<u>\$ -</u>	<u>\$ 47,682</u>	<u>\$ (47,682)</u>
Capital projects:				
County capital improvements	\$ 901,369	\$ 899,396	\$ 512,703	\$ 386,693
Total capital projects	<u>\$ 901,369</u>	<u>\$ 899,396</u>	<u>\$ 512,703</u>	<u>\$ 386,693</u>
Debt service:				
Principal retirement	\$ 787,367	\$ 787,367	\$ 806,051	\$ (18,684)
Interest and other fiscal charges	382,104	382,104	363,597	18,507
Total debt service	<u>\$ 1,169,471</u>	<u>\$ 1,169,471</u>	<u>\$ 1,169,648</u>	<u>\$ (177)</u>
Total General Fund	<u>\$ 16,252,352</u>	<u>\$ 16,191,346</u>	<u>\$ 15,035,511</u>	<u>\$ 1,155,835</u>
Total Primary Government	<u>\$ 16,252,352</u>	<u>\$ 16,191,346</u>	<u>\$ 15,035,511</u>	<u>\$ 1,155,835</u>

County of Charles City, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2007

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration, health, and attendance	\$ 817,549	\$ 754,576	\$ 689,274	\$ 65,302
Instruction costs	8,827,168	8,300,976	7,998,114	302,862
Pupil transportation	835,531	835,531	835,332	199
Operation and maintenance of school plant	1,437,685	2,139,634	1,211,263	928,371
School food	494,720	494,720	470,335	24,385
Total education	<u>\$ 12,412,653</u>	<u>\$ 12,525,437</u>	<u>\$ 11,204,318</u>	<u>\$ 1,321,119</u>
Capital projects:				
School capital projects	\$ 274,488	\$ 274,488	\$ 613,534	\$ (339,046)
Total capital projects	<u>\$ 274,488</u>	<u>\$ 274,488</u>	<u>\$ 613,534</u>	<u>\$ (339,046)</u>
Debt service:				
Principal retirement	\$ 13,878	\$ 13,878	\$ 13,878	\$ -
Interest and other fiscal charges	2,142	2,142	2,142	-
Total debt service	<u>\$ 16,020</u>	<u>\$ 16,020</u>	<u>\$ 16,020</u>	<u>\$ -</u>
Total School Fund	<u>\$ 12,703,161</u>	<u>\$ 12,815,945</u>	<u>\$ 11,833,872</u>	<u>\$ 982,073</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 12,703,161</u>	<u>\$ 12,815,945</u>	<u>\$ 11,833,872</u>	<u>\$ 982,073</u>

## *OTHER STATISTICAL INFORMATION*

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Table 1

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

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

Table 2

**County of Charles City, Virginia  
Government-Wide Revenues  
Last Ten 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 (Loss) 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	

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

**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)
1997-98	\$ 815,938	\$ 435,607	\$ 967,818	\$ 658,856	\$ 1,215,142	\$ 8,510,990	\$ 283,296	\$ 317,029	\$ 41,646	\$1,186,707	\$ 14,433,029
1998-99	943,262	397,967	1,237,733	654,437	1,387,324	8,588,435	296,267	327,783	11,736	1,190,462	15,035,406
1999-00	1,014,076	420,913	989,422	668,239	1,412,468	9,346,605	321,566	330,399	15,693	1,191,817	15,711,198
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

(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
1997-98	\$ 3,705,463	\$ 551,777	\$ 3,977,182	\$ 21,119	\$ 420,694	\$ 177,274	\$ 383,722	\$ 230,960	\$ 6,396,181	\$ 15,864,372
1998-99	3,976,067	607,665	4,124,791	38,480	466,699	176,983	184,198	130,189	6,799,836	16,504,908
1999-00	3,918,650	625,202	3,826,270	31,562	539,893	183,362	112,590	250,908	7,061,257	16,549,694
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

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
1997-98	\$ 3,694,208	\$ 3,358,602	90.92%	\$ 215,194	\$ 3,573,796	96.74%	\$ 388,263	10.51%
1998-99	4,065,095	3,696,248	90.93%	186,132	3,882,380	95.51%	376,913	9.27%
1999-00	4,236,172	3,861,853	91.16%	165,450	4,027,303	95.07%	337,896	7.98%
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%

(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
1997-98	\$ 315,662,076	\$ 33,526,140	\$ 1,820,100	\$ 364,300	\$ 33,909,647	\$ 385,282,263
1998-99	323,217,125	35,940,490	3,269,538	356,000	30,976,718	393,759,871
1999-00	323,784,498	38,796,916	3,490,444	318,300	30,373,484	396,763,642
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

(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
1997-98	\$ 0.72	\$ 0.72	\$ 3.40	\$ 2.80	\$ 2.50
1998-99	0.72	0.72	3.40	2.80	2.50
1999-00	0.78	0.78	3.40	2.80	2.50
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

(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)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Assumed by Other Localities (4)			
1997-98	6,300	\$ 385,282,263	\$ 7,250,573	\$ -	\$ -	\$ 7,250,573	1.88%	\$ 1,151
1998-99	6,300	393,759,871	6,953,470	-	-	6,953,470	1.77%	1,104
1999-00	6,300	396,763,642	6,177,549	-	-	6,177,549	1.56%	981
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

(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*

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**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***

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**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 aggregate discretely presented component units, each major fund, and the remaining fund information of the County of Charles City, Virginia, as of and for the year ended June 30, 2007, which collectively comprise the County of Charles City, Virginia's basic financial statements and have issued our report thereon dated March 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *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 opinion 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County of Charles City, Virginia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County of Charles City, Virginia's financial statements that is more than inconsequential will not be prevented or detected by the County of Charles City, Virginia's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County of Charles City, Virginia's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies referenced (2007-01 and 2007-02) in the schedule of findings and questioned costs to be material weaknesses.

### **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*.

This report is intended solely for the information and use of the Board of Supervisors, management, and others within the County of Charles City, Virginia, and is not intended to be and should not be used by anyone other than these specified parties.

*Roberson, Farmer, Cox Associates*

Richmond, Virginia

March 10, 2008

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## ***Report on Compliance with Requirements Applicable to Each Major Program And on Internal Control over Compliance in Accordance with OMB Circular A-133***

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

### **Compliance**

We have audited the compliance of the County of Charles City, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

### **Internal Control Over Compliance**

The 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County of Charles City, Virginia's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County of Charles City, Virginia's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County of Charles City, Virginia's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 the Board of Supervisors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Farmer, Cox Associates*  
Richmond, Virginia  
March 10, 2008

**County of Charles City, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2007**

<b>Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)</b>	<b>Federal Catalog Number</b>	<b>Expenditures</b>
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Family Preservation and Support	93.556	\$ 20,681
Temporary Assistance to Needy Families (TANF)	93.558	55,878
Refugee and Entrant Assistance - Discretionary Grants	93.566	90
Low Income Home Energy Assistance	93.568	6,871
Payments to States for Child Care Assistance	93.575	49,506
Child Care and Development Fund	93.596	38,666
Chafee Education & Training Vouchers	93.599	85
Child Welfare Services - State Grants	93.645	20
Foster Care - Title IV-E	93.658	93,213
Adoption Assistance	93.659	88
Social Services Block Grant	93.667	102,561
Statewide children's insurance program	93.767	160
Medical Assistance Program (Title XIX)	93.778	<u>85,351</u>
Total Department of Health and Human Services		<u>\$ 453,170</u>
U. S. Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Management:		
Emergency management preparedness grant	97.042	<u>\$ 7,017</u>
Total U. S. Department of Homeland Security		<u>\$ 7,017</u>
Department of Agriculture:		
Direct Payments:		
Summer Food Program	10.559	<u>\$ 12,972</u>
Pass Through Payments:		
Department of Agriculture:		
Food Distribution	10.555	\$ 14,931
Food Distribution - summer food	10.559	2,089
Department of Education:		
National school breakfast program	10.553	61,221
National school lunch program	10.555	128,611
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	<u>105,169</u>
Total Department of Agriculture - pass-through payments		<u>\$ 312,021</u>
Total Department of Agriculture		<u>\$ 324,993</u>

**County of Charles City, Virginia**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2007**

<b>Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)</b>	<b>Federal Catalog Number</b>	<b>Expenditures</b>
Department of Housing and Urban Development:		
Pass Through Payments:		
Department of Housing and Community Development:		
Community Development Block Grant	14.228	\$ 157,560
Total Department of Housing and Urban Development		<u>\$ 157,560</u>
Department of Education:		
Pass Through Payments:		
Department of Education:		
Title I: Educationally deprived children	84.010	\$ 224,540
Title VI-B: Handicapped state grants	84.027	202,843
Vocational Education: Basic grants to states	84.048	35,761
Title VI-B: Handicapped preschool incentive grant	84.173	5,708
Drug free schools and communities	84.186	4,131
Title II, Part A	84.367	44,385
Technology literacy challenge	84.318	3,732
21st Century learning	84.287	162,780
Title VI: Improving school programs state block grant	84.298	388
Advanced placement classes	84.330	104
Total Department of Education		<u>\$ 684,372</u>
Department of Defense:		
Direct payments:		
Junior ROTC	12.xxx	\$ 60,731
Department of the Interior:		
Direct Payments:		
Fish and Wildlife Service:		
Payments in lieu of taxes	15.226	\$ 3,886
Total Expenditures of Federal Awards		<u><u>\$ 1,691,729</u></u>

## County of Charles City, Virginia

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2007

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### Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federally assisted programs of the County of Charles City, Virginia. The County's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

### Note 2 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

### Note 3 - 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	\$ 726,802
Total primary government	\$ 726,802
Component Unit-School Board:	
School Operating Fund	\$ 947,907
Total component unit public schools	\$ 947,907
Total federal expenditures per basic financial statements	\$ 1,674,709
Non-cash expenditures - value of donated commodities	\$ 17,020
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 1,691,729

**County of Charles City, Virginia  
Schedule of Findings and Questioned Costs  
For the year ended June 30, 2007**

**Section I—Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued unqualified

Internal control over financial reporting:

a. Material weaknesses identified?  X  yes   no

b. Significant deficiencies identified that are not considered to be material weaknesses?   yes  X  none reported

Noncompliance material to financial statements noted?   yes  X  no

**Federal Awards**

Internal control over major programs:

A. Material weaknesses identified?   yes  X  no

B. Significant deficiencies identified that are not considered to be material weaknesses?   yes  X  no

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

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

Identification of major programs:

**CFDA Numbers**

84.027/84.173  
10.553/10.555  
84.010  
10.551/10.561  
14.228

**Name of Federal Program or Cluster**

Title VI-B Cluster  
Child Nutrition Cluster  
Title I  
Food Stamp Cluster  
Community Development Block Grant

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

Auditee qualified as low-risk auditee?   yes  X  no

**County of Charles City, Virginia  
Schedule of Findings and Questioned Costs  
For the year ended June 30, 2007**

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**Section II-Financial Statement Findings**

2007-01

During the audit it was noted that the County had posting errors in the general ledger due to closing the books prior to the preparation of the June 30, 2007 bank reconciliation. These errors could have been resolved prior to the close of the books if the June 30, 2007 bank reconciliation had been completed in a timely manner and the Treasurer's Office and Finance Office had properly investigated differences.

2007-02

Financial Reporting

Condition:	Inadequate internal controls over the preparation of the financial statements being audited.
Criteria:	Internal controls should be in place that provide assurance that the audited financial statements are materially correct.
Effect:	Audited financial statements, including the related footnotes, may contain an undetected material misstatement.
Recommendation:	Procedures should be implemented requiring the posting of all year-end adjusting entries to allow for a reconciliation between the audited financial statements and the County's automated general ledger financial reports. In addition, the County should consider a staffing change or realignment to allow for an individual with knowledge and skills to apply generally accepted accounting principles in recording the County's financial transactions and reviewing its financial statements.

**Section III-Federal Award Findings and Questioned Costs**

None