

COUNTY OF CHARLES CITY, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2014

COUNTY OF CHARLES CITY, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2014

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COUNTY OF CHARLES CITY, VIRGINIA

Board of Supervisors

William G. Coada, Chairperson

Gilbert A. Smith

Floyd H. Miles, Sr.

Board of Social Services

Floyd H. Miles, Sr., Chairperson

Sherri M. Bowman

Sylvia A. Owens

Edna M. Bates

Elton R. Adkins

COUNTY SCHOOL BOARD

Barbara C. Crawley, Chairperson

E. Preston Adkins, Vice Chairperson

Helen Payne-Jones

Dr. Steve D. Fuhrmann

Martha Harris

Other Officials

Chief Judge of the Circuit Court Richard Y. Atlee, Jr.
Judge of the Circuit Court Thomas B. Hoover
Clerk of the Circuit Court Edith K. Holmes
Commonwealth's Attorney Robert H. Tyler
Commissioner of the Revenue Denise B. Smith
Treasurer Mindy Bradby
Sheriff Javier J. Smith
Superintendent of Schools Dr. Janet C. Crawley
Director of Social Services Byron M. Adkins
County Administrator Zach Trogdon
Chief Judge of the General District Court Colleen K. Killilea
Chief Judge of the Juvenile and Domestic Relations Court.... George C. Fairbanks, IV
County Attorney B. Randolph Boyd

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Charles City, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Charles City, Virginia, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding progress on pages 4-10, 60, and 61-62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

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

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

Other Information (continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014, on our consideration of County of Charles City, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Charles City, Virginia's internal control over financial reporting and compliance.

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

Richmond, Virginia
December 22, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Charles City, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2014. 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 and deferred inflows of resources at the close of the most recent fiscal year by \$12,002,628 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other uses of \$425,935 (Exhibit 5) after making contributions totaling \$4,399,169 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$3,789,347, an increase of \$425,935 in comparison with the prior year.
- < At the end of the current fiscal year, the unassigned fund balance was \$2,386,353, or 17% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased \$205,536 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 comprised of three components:

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

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

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

Overview of the Financial Statements (Continued)

Government-wide financial statements (Continued)

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and pension and OPEB funding schedules. Other supplementary information includes combining financial statements for the discretely presented component unit - School Board and financial statements for the Economic Development Authority. The School Board and Economic Development Authority do not issue separate financial statements.

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Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities and deferred inflows of resources by \$12,002,628 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

County of Charles City, Virginia's Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 7,674,114	\$ 7,225,807	\$ 7,549	\$ 10,201	\$ 7,681,663	\$ 7,236,008
Capital assets	<u>8,383,130</u>	<u>8,389,851</u>	<u>1,964,307</u>	<u>1,908,259</u>	<u>10,347,437</u>	<u>10,298,110</u>
Total assets	<u>\$ 16,057,244</u>	<u>\$ 15,615,658</u>	<u>\$ 1,971,856</u>	<u>\$ 1,918,460</u>	<u>\$ 18,029,100</u>	<u>\$ 17,534,118</u>
Current liabilities	\$ 389,187	\$ 342,066	\$ 38,228	\$ 81,282	\$ 427,415	\$ 423,348
Long-term liabilities outstanding	<u>2,642,699</u>	<u>2,837,404</u>	<u>76,311</u>	<u>87,142</u>	<u>2,719,010</u>	<u>2,924,546</u>
Total liabilities	<u>\$ 3,031,886</u>	<u>\$ 3,179,470</u>	<u>\$ 114,539</u>	<u>\$ 168,424</u>	<u>\$ 3,146,425</u>	<u>\$ 3,347,894</u>
Deferred inflows of resources	<u>\$ 2,880,047</u>	<u>\$ 2,934,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,880,047</u>	<u>\$ 2,934,954</u>
Net investment in capital assets	\$ 6,289,350	\$ 6,043,924	\$ 1,895,773	\$ 1,831,917	\$ 8,185,123	\$ 7,875,841
Restricted	851,707	899,154	-	-	851,707	899,154
Unrestricted (deficit)	<u>3,004,254</u>	<u>2,558,156</u>	<u>(38,456)</u>	<u>(81,881)</u>	<u>2,965,798</u>	<u>2,476,275</u>
Total net position	<u>\$ 10,145,311</u>	<u>\$ 9,501,234</u>	<u>\$ 1,857,317</u>	<u>\$ 1,750,036</u>	<u>\$ 12,002,628</u>	<u>\$ 11,251,270</u>

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Government-wide Financial Analysis (Continued)

During the current fiscal year, the County's net position increased by \$751,358. The following table summarizes the County's Statement of Activities

	County of Charles City, Virginia's Changes in Net Position					
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 2,167,142	\$ 2,897,817	\$ 73,309	\$ 102,191	\$ 2,240,451	\$ 3,000,008
Operating grants and contributions	2,209,143	2,279,861	-	-	2,209,143	2,279,861
General revenues:						
General property taxes	7,897,223	7,456,501	-	-	7,897,223	7,456,501
Other local taxes	1,178,872	889,625	-	-	1,178,872	889,625
Grants and other contributions not restricted	882,192	883,286	-	-	882,192	883,286
Other general revenues	244,103	213,326	-	-	244,103	213,326
Transfers	(546,033)	(357,253)	546,033	357,253	-	-
Total revenues	\$ 14,032,642	\$ 14,263,163	\$ 619,342	\$ 459,444	\$ 14,651,984	\$ 14,722,607
Expenses:						
General government administration	\$ 1,897,055	\$ 1,920,864	\$ -	\$ -	\$ 1,897,055	\$ 1,920,864
Judicial administration	814,653	785,863	-	-	814,653	785,863
Public safety	2,321,388	2,231,982	-	-	2,321,388	2,231,982
Public works	1,602,108	1,414,659	512,061	469,770	2,114,169	1,884,429
Health and welfare	1,270,786	1,362,437	-	-	1,270,786	1,362,437
Education	4,400,292	4,720,314	-	-	4,400,292	4,720,314
Parks, recreation, and cultural	605,196	571,404	-	-	605,196	571,404
Community development	388,732	583,638	-	-	388,732	583,638
Interest and other fiscal charges	88,355	93,477	-	-	88,355	93,477
Total expenses	\$ 13,388,565	\$ 13,684,638	\$ 512,061	\$ 469,770	\$ 13,900,626	\$ 14,154,408
Change in net position	\$ 644,077	\$ 578,525	\$ 107,281	\$ (10,326)	\$ 751,358	\$ 568,199
Net position, beginning of year	9,501,234	8,922,709	1,750,036	1,760,362	11,251,270	10,683,071
Net position, end of year	\$ 10,145,311	\$ 9,501,234	\$ 1,857,317	\$ 1,750,036	\$ 12,002,628	\$ 11,251,270

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, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental fund reported fund balances of \$3,789,347, an increase of \$425,935 in comparison with the prior year.

Proprietary Funds - The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the end of the year amounted to a deficit of \$38,456. Net position increased by \$107,281. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

During the year, budgetary estimates exceeded actual revenues and other financing sources by \$99,992. Expenditures and other uses were less than budgetary estimates by \$107,210. The combination of both resulted in a net positive variance of \$7,218.

Capital Asset and Debt Administration

< Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2014 amounted to \$8,383,130 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$2,162,314. The County's debt is secured solely by specified revenue sources (i.e., lease/revenue bonds, capital leases and revenue bonds). During the current fiscal year, the County's total debt decreased by \$259,955. Additional information on the County of Charles City, Virginia's long-term debt can be found in Note 7 of this report.

Economic Factors

Inflationary trends in the region compare to national indices.

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

The fiscal year 2015 budget decreased by approximately 1% from the adopted fiscal year 2014 budget. The real estate tax rate increased by \$0.02(per \$100 of assessed value), personal property tax rate increased by \$0.25(per \$100 of assessed value), and machinery & tools tax rate increased by \$0.50(per \$100 of assessed value).

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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County of Charles City, Virginia
Statement of Net Position
June 30, 2014

	Primary Government			Component Units	
	Governmental	Business-type	Total	School Board	EDA
	<u>Activities</u>	<u>Activities</u>		<u>School Board</u>	<u>EDA</u>
ASSETS					
Cash and cash equivalents	\$ 3,815,868	\$ -	\$ 3,815,868	\$ 533,726	\$ 1,012,275
Receivables (net of allowance for uncollectibles):					
Taxes receivable	3,469,393	-	3,469,393	-	-
Accounts receivable	54,425	7,549	61,974	71,965	-
Leases receivable	-	-	-	-	123,768
Due from other governmental units	334,428	-	334,428	266,117	-
Capital assets (net of accumulated depreciation):					
Land and land improvements	1,549,410	7,819	1,557,229	263,786	-
Buildings and improvements	5,788,872	1,893,199	7,682,071	8,521,927	-
Machinery and equipment	711,699	43,394	755,093	270,377	-
Construction in progress	333,149	19,895	353,044	-	-
Total assets	<u>\$ 16,057,244</u>	<u>\$ 1,971,856</u>	<u>\$ 18,029,100</u>	<u>\$ 9,927,898</u>	<u>\$ 1,136,043</u>
LIABILITIES					
Accounts payable	\$ 269,301	\$ 36,558	\$ 305,859	\$ 56,912	\$ -
Accrued liabilities	-	-	-	762,818	-
Customers' deposits	-	1,400	1,400	-	-
Accrued interest payable	10,073	270	10,343	-	-
Performance bonds	109,813	-	109,813	-	-
Long-term liabilities:					
Due within one year	476,350	8,985	485,335	10,364	-
Due in more than one year	2,166,349	67,326	2,233,675	93,277	-
Total liabilities	<u>\$ 3,031,886</u>	<u>\$ 114,539</u>	<u>\$ 3,146,425</u>	<u>\$ 923,371</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 2,880,047	\$ -	\$ 2,880,047	\$ -	\$ -
Total deferred inflows of resources	<u>\$ 2,880,047</u>	<u>\$ -</u>	<u>\$ 2,880,047</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION					
Net investment in capital assets	\$ 6,289,350	\$ 1,895,773	\$ 8,185,123	\$ 9,056,090	\$ -
Restricted	851,707	-	851,707	-	-
Unrestricted (deficit)	3,004,254	(38,456)	2,965,798	(51,563)	1,136,043
Total net position	<u>\$ 10,145,311</u>	<u>\$ 1,857,317</u>	<u>\$ 12,002,628</u>	<u>\$ 9,004,527</u>	<u>\$ 1,136,043</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, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Primary Business-type Activities	Total	Component Units	
			Operating Contributions	Capital Grants and Contributions				School Board	EDA
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	\$ 1,897,055	\$ -	\$ 152,722	\$ -	\$ (1,744,333)	\$ -	\$ (1,744,333)	\$ -	\$ -
Judicial administration	814,653	60,533	319,483	-	(434,637)	-	(434,637)	-	-
Public safety	2,321,388	201,154	766,853	-	(1,353,381)	-	(1,353,381)	-	-
Public works	1,602,108	1,864,006	-	-	261,898	-	261,898	-	-
Health and welfare	1,270,786	-	815,150	-	(455,636)	-	(455,636)	-	-
Education	4,400,292	-	-	-	(4,400,292)	-	(4,400,292)	-	-
Parks, recreation, and cultural	605,196	41,449	5,000	-	(558,747)	-	(558,747)	-	-
Community development	388,732	-	147,229	-	(241,503)	-	(241,503)	-	-
Interest on long-term debt	88,355	-	-	-	(88,355)	-	(88,355)	-	-
Total governmental activities	\$ 13,388,565	\$ 2,167,142	\$ 2,206,437	\$ -	\$ (9,014,986)	\$ -	\$ (9,014,986)	\$ -	\$ -
Business-type activities:									
Sanitary District	\$ 512,061	\$ 73,309	\$ -	\$ -	\$ -	\$ (438,752)	\$ (438,752)	\$ -	\$ -
Total primary government	\$ 13,900,626	\$ 2,240,451	\$ 2,206,437	\$ -	\$ (9,014,986)	\$ (438,752)	\$ (9,453,738)	\$ -	\$ -
COMPONENT UNITS:									
School Board	\$ 10,048,234	\$ 149,247	\$ 4,983,593	\$ -	\$ -	\$ -	\$ (4,915,394)	\$ -	\$ -
Economic Development Authority	2,923	26,250	-	-	-	-	-	-	23,327
Total component units	\$ 10,051,157	\$ 175,497	\$ 4,983,593	\$ -	\$ -	\$ -	\$ (4,915,394)	\$ -	\$ 23,327
General revenues:									
General property taxes			\$ 7,897,223	\$ -	\$ -	\$ 7,897,223	\$ -	\$ -	\$ -
Local sales and use taxes			929,502	-	-	929,502	-	-	-
Consumer's utility taxes			138,572	-	-	138,572	-	-	-
Other local taxes			110,798	-	-	110,798	-	-	-
Unrestricted revenues from use of money and property			64,037	-	-	64,037	1,657	-	81
Miscellaneous			180,066	-	-	180,066	30,532	-	-
Grants and contributions not restricted to specific programs			884,898	-	-	884,898	-	-	-
Payment from Charles City County			-	-	-	-	4,399,169	-	-
Transfers			(546,033)	546,033	-	-	-	-	-
Total general revenues and transfers			\$ 9,659,063	\$ 546,033	\$ 10,205,096	\$ 4,431,358	\$ 81	\$ -	\$ 81
Change in net position			644,077	107,281	751,358	(484,036)	23,408		
Net position - beginning			9,501,234	1,750,036	11,251,270	9,488,563	1,112,635		
Net position - ending			\$ 10,145,311	\$ 1,857,317	\$ 12,002,628	\$ 9,004,527	\$ 1,136,043		

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

FUND FINANCIAL STATEMENTS

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County of Charles City, Virginia
Balance Sheet
Governmental Funds
June 30, 2014

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 3,815,868
Receivables (net of allowance for uncollectibles):	
Taxes receivable	3,469,393
Accounts receivable	54,425
Due from other governmental units	334,428
Total assets	<u>\$ 7,674,114</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 269,301
Performance bonds	109,813
Total liabilities	<u>\$ 379,114</u>
 Deferred inflows of resources:	
Unavailable revenue - property taxes	\$ 3,505,653
Total deferred inflows of resources	<u>\$ 3,505,653</u>
 Fund balances:	
Restricted	\$ 851,707
Committed	551,287
Unassigned	2,386,353
Total fund balances	<u>\$ 3,789,347</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,674,114</u>

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

County of Charles City, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 June 30, 2014

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	3,789,347
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Capital assets, cost	\$ 15,553,380	
Accumulated depreciation	<u>(7,170,250)</u>	8,383,130

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		625,606
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Lease revenue bond	\$ (1,950,337)	
Compensated absences	(385,419)	
Capital leases	(143,443)	
Net OPEB obligation	(163,500)	
Accrued interest payable	<u>(10,073)</u>	(2,652,772)

Net position of governmental activities	\$	<u><u>10,145,311</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Charles City, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	<u>General</u>
REVENUES	
General property taxes	\$ 7,865,938
Other local taxes	1,178,872
Permits, privilege fees, and regulatory licenses	1,905,919
Fines and forfeitures	44,463
Revenue from the use of money and property	64,037
Charges for services	216,760
Miscellaneous	180,066
Recovered costs	81,618
Intergovernmental:	
Commonwealth	2,353,164
Federal	738,171
Total revenues	<u>\$ 14,629,008</u>
EXPENDITURES	
Current:	
General government administration	\$ 1,859,467
Judicial administration	679,325
Public safety	2,420,561
Public works	1,303,923
Health and welfare	1,263,042
Education	4,400,292
Parks, recreation, and cultural	545,073
Community development	415,686
Capital projects	430,296
Debt service:	
Principal retirement	436,020
Interest and other fiscal charges	87,228
Total expenditures	<u>\$ 13,840,913</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 788,095</u>
OTHER FINANCING SOURCES (USES)	
Transfers out	\$ (546,033)
Issuance of capital leases	183,873
Total other financing sources (uses)	<u>\$ (362,160)</u>
Net change in fund balances	\$ 425,935
Fund balances - beginning	3,363,412
Fund balances - ending	<u>\$ 3,789,347</u>

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

County of Charles City, Virginia
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds \$ 425,935

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. The following is a summary of items supporting this adjustment:

Capital outlay	\$ 537,347	
Depreciation expense	(538,123)	(776)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (5,945)

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

Unavailable tax revenue 31,285

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

Principal retirement on lease revenue bonds	\$ 355,357	
Principal retirement on capital leases	80,663	
Issuance of capital leases	(183,873)	252,147

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

The following is a summary of items supporting this adjustment:

(Increase) decrease in compensated absences	\$ (36,142)	
(Increase) decrease in net OPEB obligation	(21,300)	
(Increase) decrease in accrued interest payable	(1,127)	(58,569)

Change in net position of governmental activities \$ 644,077

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

County of Charles City, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2014

	Enterprise Fund <u>Sanitary District</u>
ASSETS	
Current assets:	
Accounts receivable, net of allowance for uncollectibles	\$ 7,549
Total current assets	<u>\$ 7,549</u>
Noncurrent assets:	
Capital assets:	
Utility plant in service	\$ 4,073,644
Machinery and equipment	80,705
Less accumulated depreciation	(2,217,756)
Construction in progress	19,895
Land and land improvements	7,819
Total net capital assets	<u>\$ 1,964,307</u>
Total noncurrent assets	<u>\$ 1,964,307</u>
Total assets	<u>\$ 1,971,856</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 36,558
Accrued interest payable	270
Customers' deposits	1,400
Compensated absences - current portion	777
Bonds payable - current portion	8,208
Total current liabilities	<u>\$ 47,213</u>
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 60,326
Compensated absences - net of current portion	7,000
Total noncurrent liabilities	<u>\$ 67,326</u>
Total liabilities	<u>\$ 114,539</u>
NET POSITION	
Net investment in capital assets	\$ 1,895,773
Unrestricted	(38,456)
Total net position	<u><u>\$ 1,857,317</u></u>

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

County of Charles City, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Enterprise Fund
	Sanitary District
OPERATING REVENUES	
Charges for services:	
Water and sewer revenues	\$ 72,309
Connection fees	1,000
Total operating revenues	\$ 73,309
OPERATING EXPENSES	
Water	\$ 70,960
Wastewater	92,328
Industrial center	128,699
Government utility	73,875
Special projects	35,945
Depreciation	106,647
Total operating expenses	\$ 508,454
Operating income (loss)	\$ (435,145)
NONOPERATING REVENUES (EXPENSES)	
Interest expense	\$ (3,607)
Total nonoperating revenues (expenses)	\$ (3,607)
Income (loss) before transfers	\$ (438,752)
Transfers in	\$ 546,033
Change in net position	\$ 107,281
Total net position - beginning	1,750,036
Total net position - ending	\$ 1,857,317

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, 2014

	Enterprise Fund <u>Sanitary District</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 76,391
Payments for operating activities	(368,326)
Net cash provided by (used for) operating activities	<u>\$ (291,935)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 546,033
Net cash provided by (used for) noncapital financing activities	<u>\$ 546,033</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to capital assets	\$ (162,695)
Principal payments on bonds	(7,808)
Interest payments	(3,640)
Net cash provided by (used for) capital and related financing activities	<u>\$ (174,143)</u>
Net increase (decrease) in cash and cash equivalents	\$ 79,955
Cash and cash equivalents - beginning	(79,955)
Cash and cash equivalents - ending	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (435,145)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 106,647
(Increase) decrease in accounts receivable	2,652
Increase (decrease) in customer deposits	430
Increase (decrease) in accounts payable	36,504
Increase (decrease) in compensated absences	(3,023)
Total adjustments	<u>\$ 143,210</u>
Net cash provided by (used for) operating activities	<u><u>\$ (291,935)</u></u>

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

County of Charles City, Virginia
 Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2014

	Agency <u>Funds</u>
ASSETS	
Cash and cash equivalents	\$ 34,416
LIABILITIES	
Amounts held for social services clients	\$ 34,416

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

NOTES TO THE FINANCIAL STATEMENTS

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements As of June 30, 2014

Note 1—Summary of Significant Accounting Policies:

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

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

Government-wide and Fund Financial Statements

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

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

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

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

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

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

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

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

A. Financial Reporting Entity

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

B. Individual Component Units Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2014.

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, 2014.

The Economic Development Authority of Charles City County is responsible for industrial and commercial development in the County. The Authority consists of seven members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2014. The Economic Development Authority of Charles City County does not issue a separate financial report.

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

Riverside Regional Jail Authority

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

Middle Peninsula Detention Center

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

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

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

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

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

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

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.

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

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

1. Governmental Funds

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

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

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

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

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

E. Cash and Cash Equivalents

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

F. Investments

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

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

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$146,451 at June 30, 2014 and is comprised of property taxes of \$139,985 and water and sewer charges of \$6,466.

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, 2014 (Continued)

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

H. Capital Assets

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

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

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

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

<u>Assets</u>	<u>Years</u>
Plant, equipment and system	35-45
Motor vehicles	5-10
Equipment	2-15
Utility Plant	20-40
Buildings and improvements	20-40

I. Compensated Absences

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

J. Retirement Plan

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

K. Use of Estimates

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

L. Net Position

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

M. Net Position Flow Assumption

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

N. Long-term Obligations

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

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

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any deferred outflows of resources as of June 30, 2014.

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

P. Fund Equity

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

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

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

Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

P. Fund Equity (Continued)

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

	General Fund
Fund Balances:	
Restricted:	
Indoor plumbing	\$ 444,991
Forfeited assets	2,706
Debt service reserve	404,010
Total Restricted Fund Balance	\$ <u>851,707</u>
Committed:	
E-911	\$ 155,139
Performance bonds	109,813
Landfill closure	253,178
Central gas	33,157
Total Committed Fund Balance	\$ <u>551,287</u>
Unassigned	\$ <u>2,386,353</u>
Total Fund Balances	\$ <u><u>3,789,347</u></u>

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 2—Stewardship, Compliance, and Accounting:

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

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

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2014.

Note 3 - Deposits and Investments:

Deposits

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

Investments

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 3 - Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2014 were rated by Standard and Poor's and the ratings are presented below using Standard and Poor's rating scale.

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>	
	<u>County</u>	
	<u>AAAm</u>	
Local Government Investment Pool	\$	439
Money Market Mutual Fund		404,010
Total	\$	<u>404,449</u>

Interest Rate Risk

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>		
	<u>Fair Value</u>	<u>County</u>	
		<u>Less Than</u>	
		<u>1 Year</u>	
Money Market Mutual Funds	\$ 404,010	\$	404,010
Total	\$ 404,010	\$	<u>404,010</u>

External Investment Pools

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

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 4—Due to/from Other Governmental Units:

At June 30, 2014, the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
Local sales tax	\$ 134,189	\$ -
Shared expenses	73,849	-
Recordation tax	6,602	-
VPA funds	17,572	-
Mobile home titling tax	5,026	-
PSAP grant	7,105	-
State sales tax	-	156,582
Railroad rolling stock tax	7,692	-
Emergency services	563	-
Fire programs	3,445	-
Comprehensive services act	14,285	-
Communications tax	26,215	-
Federal Government:		
School fund grants	-	71,875
Disaster relief	2,437	-
School food funds	-	37,660
VPA funds	<u>35,448</u>	<u>-</u>
Total due from other governmental units	<u>\$ 334,428</u>	<u>\$ 266,117</u>

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2014:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Primary Government:				
Governmental activities:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 1,549,410	\$ -	\$ -	\$ 1,549,410
Construction in Progress	<u>333,149</u>	<u>-</u>	<u>-</u>	<u>333,149</u>
Total capital assets not subject to depreciation	<u>\$ 1,882,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,882,559</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 10,474,907	\$ -	\$ -	\$ 10,474,907
Machinery and equipment	<u>2,849,377</u>	<u>537,347</u>	<u>190,810</u>	<u>3,195,914</u>
Total capital assets being depreciated	<u>\$ 13,324,284</u>	<u>\$ 537,347</u>	<u>\$ 190,810</u>	<u>\$ 13,670,821</u>
Accumulated depreciation:				
Buildings and improvements	\$ 4,456,861	\$ 229,174	\$ -	\$ 4,686,035
Machinery and equipment	<u>2,360,131</u>	<u>308,949</u>	<u>184,865</u>	<u>2,484,215</u>
Total accumulated depreciation	<u>\$ 6,816,992</u>	<u>\$ 538,123</u>	<u>\$ 184,865</u>	<u>\$ 7,170,250</u>
Total capital assets subject to depreciation, net	<u>\$ 6,507,292</u>	<u>\$ (776)</u>	<u>\$ 5,945</u>	<u>\$ 6,500,571</u>
Net capital assets governmental activities	<u>\$ 8,389,851</u>	<u>\$ (776)</u>	<u>\$ 5,945</u>	<u>\$ 8,383,130</u>
	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Business-type activities:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 7,819	\$ -	\$ -	\$ 7,819
Construction in Progress	<u>116,477</u>	<u>11,795</u>	<u>108,377</u>	<u>19,895</u>
Total capital assets not subject to depreciation	<u>\$ 124,296</u>	<u>\$ 11,795</u>	<u>\$ 108,377</u>	<u>\$ 27,714</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 3,814,367	\$ 259,277	\$ -	\$ 4,073,644
Machinery and equipment	<u>80,705</u>	<u>-</u>	<u>-</u>	<u>80,705</u>
Total capital assets being depreciated	<u>\$ 3,895,072</u>	<u>\$ 259,277</u>	<u>\$ -</u>	<u>\$ 4,154,349</u>
Accumulated depreciation:				
Buildings and improvements	\$ 2,078,603	\$ 101,842	\$ -	\$ 2,180,445
Machinery and equipment	<u>32,506</u>	<u>4,805</u>	<u>-</u>	<u>37,311</u>
Total accumulated depreciation	<u>\$ 2,111,109</u>	<u>\$ 106,647</u>	<u>\$ -</u>	<u>\$ 2,217,756</u>
Total capital assets subject to depreciation, net	<u>\$ 1,783,963</u>	<u>\$ 152,630</u>	<u>\$ -</u>	<u>\$ 1,936,593</u>
Net capital assets business-type activities	<u>\$ 1,908,259</u>	<u>\$ 164,425</u>	<u>\$ 108,377</u>	<u>\$ 1,964,307</u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2014:

Component Unit-School Board:	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Capital assets not subject to depreciation:				
Land and land improvements	\$ 263,786	\$ -	\$ -	\$ 263,786
Total capital assets not subject to depreciation	<u>\$ 263,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,786</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 18,774,482	\$ -	\$ -	\$ 18,774,482
Equipment	<u>2,606,441</u>	<u>-</u>	<u>89,059</u>	<u>2,517,382</u>
Total capital assets being depreciated	<u>\$ 21,380,923</u>	<u>\$ -</u>	<u>\$ 89,059</u>	<u>\$ 21,291,864</u>
Accumulated depreciation:				
Buildings and improvements	\$ 9,792,261	\$ 460,294	\$ -	\$ 10,252,555
Equipment	<u>2,237,457</u>	<u>98,607</u>	<u>89,059</u>	<u>2,247,005</u>
Total accumulated depreciation	<u>\$ 12,029,718</u>	<u>\$ 558,901</u>	<u>\$ 89,059</u>	<u>\$ 12,499,560</u>
Total capital assets subject to depreciation, net	<u>\$ 9,351,205</u>	<u>\$ (558,901)</u>	<u>\$ -</u>	<u>\$ 8,792,304</u>
Net capital assets Component Unit-School Board	<u><u>\$ 9,614,991</u></u>	<u><u>\$ (558,901)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,056,090</u></u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$ 102,354
Judicial administration	131,919
Public safety	124,278
Public works	30,842
Education	89,059
Parks, recreation and cultural	47,033
Community development	<u>12,638</u>
Total Governmental activities	<u>\$ 538,123</u>
Business-type activities	<u>\$ 106,647</u>
Component Unit School Board	<u>\$ 558,901</u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2014 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ -	\$ 546,033
Sanitary District	546,033	-
Total	<u>\$ 546,033</u>	<u>\$ 546,033</u>
Component Unit-School Board:		
School Operating	\$ -	\$ 23,068
School Cafeteria	23,068	-
Total	<u>\$ 23,068</u>	<u>\$ 23,068</u>

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

Note 7—Long Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligation transactions of the County for the fiscal year ended June 30, 2014:

	<u>Balance at July 1, 2013</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2014</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Compensated absences	\$ 349,277	\$ 71,070	\$ 34,928	\$ 385,419	\$ 38,542
Lease revenue bond	2,305,694	-	355,357	1,950,337	368,657
Capital leases (Note 8)	40,233	183,873	80,663	143,443	69,151
Net OPEB obligation	142,200	70,700	49,400	163,500	-
Total Governmental Activities	<u>\$ 2,837,404</u>	<u>\$ 325,643</u>	<u>\$ 520,348</u>	<u>\$ 2,642,699</u>	<u>\$ 476,350</u>
Business-type Activities:					
Compensated absences	\$ 10,800	\$ 1,080	\$ 4,103	\$ 7,777	\$ 777
Revenue bonds	76,342	-	7,808	68,534	8,208
Total Business-type Activities	<u>\$ 87,142</u>	<u>\$ 1,080</u>	<u>\$ 11,911</u>	<u>\$ 76,311</u>	<u>\$ 8,985</u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

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

Year Ending June 30	Governmental Activities	
	Lease Revenue	
	Bond	
	Principal	Interest
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>1,950,337</u>	\$ <u>184,739</u>

Year Ending June 30	Business-type Activities	
	Revenue Bonds	
	Principal	Interest
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>68,534</u>	\$ <u>13,078</u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term obligations:

Governmental Activities:

Incurred by County:

Lease Revenue Bond:

\$5,000,000 lease revenue bond payable issued through the Industrial Development Authority of Charles City County on May 15, 2003, payable in monthly installments of principal and interest totaling \$36,188 through May 1, 2019, interest payable annually at 3.68%. \$ 1,950,337

Capital Leases:

\$29,663 Two 2012 Dodge Chargers lease issued on August 3, 2012, due in annual installments of \$16,292 on each August 5 through 2014. \$ 15,298

\$124,764 Document Imaging Hardware & Software lease issued on January 1, 2012, due in monthly installments of \$2,468 through February 2017. 69,897

\$90,081 Three 2013 GMC Sierras lease issued on August 20, 2013, due in annual installments of \$31,833 through August 2015 58,248

Total capital leases \$ 143,443

Net OPEB obligation (payable from the General Fund) \$ 163,500

Compensated absences (payable from the General Fund) \$ 385,419

Total Governmental Activities \$ 2,642,699

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

Details of long-term obligations: (Continued)

Business-type Activities:

Revenue Bonds:

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

\$ 68,534

Compensated absences (payable from the Enterprise Fund)

\$ 7,777

Total Business-type Activities

\$ 76,311

Component Unit-School Board:

The following is a summary of changes in long-term obligation transactions for the fiscal year ended June 30, 2014:

	<u>Balance at July 1, 2013</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2014</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 126,507	\$ 12,651	\$ 35,517	\$ 103,641	\$ 10,364
Capital leases (Note 8)	<u>17,898</u>	<u>-</u>	<u>17,898</u>	<u>-</u>	<u>-</u>
Total Component Unit-School Board	<u>\$ 144,405</u>	<u>\$ 12,651</u>	<u>\$ 53,415</u>	<u>\$ 103,641</u>	<u>\$ 10,364</u>

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 7—Long-Term Obligations: (Continued)

Component Unit-School Board: (continued)

Details of long-term obligations:

Compensated absences (payable from the School Fund)	\$ <u>103,641</u>
Total Component Unit-School Board	\$ <u><u>103,641</u></u>

Note 8—Capital Leases:

The government has entered into lease agreements as lessee for financing the acquisition of three trucks, document imaging hardware and software and two police vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Primary Government</u>
Capital Assets:	
Equipment	\$ 260,375
Less: accumulated depreciation	<u>(73,657)</u>
Total net capital assets	<u><u>\$ 186,718</u></u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2014, are as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>
2015	\$ 77,739
2016	61,447
2017	<u>17,274</u>
Total minimum lease payments	\$ 156,460
Less: amount representing interest	<u>(13,017)</u>
Present value of minimum lease payments	<u><u>\$ 143,443</u></u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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.

Note 10—Deferred/Unavailable Revenue:

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

Unavailable Property Tax Revenue - Revenue representing uncollected tax billings not available for funding of current expenditures totaled \$3,305,828 (including 2nd half tax billings of \$2,680,222 not due until December 5) at June 30, 2014.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2014 but paid in advance by the taxpayers totaled \$199,825 at June 30, 2014.

Note 11—Commitments and Contingencies:

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

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

Note 12—Litigation:

At June 30, 2014, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 13—Risk Management:

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

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 13 –Risk Management: (Continued)

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

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

Note 14 –Lease-Purchase Receivable:

On October 1, 1996, the Economic Development Authority (EDA) entered into a lease-purchase with Chesapeake Engineering to purchase property in the amount of \$100,000. The principal and interest payments of \$822 per month were due to the EDA for 20 years. On October 20, 2004, the EDA loaned Chesapeake Engineering an additional \$50,000 due in monthly installments of \$792 for seven years and a balloon payment in three years. However, no payments have been received since June 30, 2009. Management is developing a new payment plan to begin during the next fiscal year. At June 30, 2014, the balance of these lease purchase receivables was \$123,768.

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 15 – Pension Plan:

A. Plan Description

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees - Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

VRS – PLAN 1

- 1. Plan Overview** - VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- 2. Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- 3. Hybrid Opt-In Election** - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

- 4. Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

Note 15 – Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

5. **Creditable Service** - Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
6. **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

7. **Calculating the Benefit** - The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.
10. **Normal Retirement Age** - Age 65.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

Note 15 – Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

- 12. Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.
- 13. Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.
- 14. Eligibility** - For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

- 15. Exceptions to COLA Effective Dates** - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
 - The member retires on disability.
 - The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
 - The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
 - The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.
- 16. Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Note 15 – Pension Plan: (Continued)

A Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

- 17. Purchase of Prior Service** - Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

VRS – PLAN 2

- 1. Plan Overview** - VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- 2. Eligible Members** - Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- 3. Hybrid Opt-In Election** - VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

- 4. Retirement Contributions** - Same as VRS Plan 1–Refer to Section 4.
- 5. Creditable Service** - Same as VRS Plan 1– Refer to Section 5.
- 6. Vesting** - Same as VRS Plan 1–Refer to Section 6.
- 7. Calculating the Benefit** - Same as VRS Plan 1–Refer to Section 7.
- 8. Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 15 – Pension Plan: (Continued)

A Plan Description (Continued)

VRS – PLAN 2 (CONTINUED)

9. **Service Retirement Multiplier** - Same as Plan 1 for service earned, purchased or granted prior to January 1, 2014. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.
10. **Normal Retirement Age** - Normal Social Security retirement age.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
13. **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.
14. **Eligibility** - Same as VRS Plan 1—Refer to Section 14.
15. **Exceptions to COLA Effective Dates** - Same as VRS Plan 1—Refer to Section 15.
16. **Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
17. **Purchase of Prior Service** - Same as VRS Plan 1—Refer to Section 17.

Note 15 – Pension Plan: (Continued)

A Plan Description (Continued)

HYBRID RETIREMENT PLAN

1. **Plan Overview** - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)
 - The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
 - The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
 - In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
2. **Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
 - State employees*
 - School division employees
 - Political subdivision employees*
 - Judges appointed or elected to an original term on or after January 1, 2014
 - Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014
3. ***Non-Eligible Members** - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
 - Members of the State Police Officers’ Retirement System (SPORS)
 - Members of the Virginia Law Officers’ Retirement System (VaLORS)
 - Political subdivision employees who are covered by enhanced benefits for hazardous duty employeesThose employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

Note 15 – Pension Plan: (Continued)

A Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

4. **Retirement Contributions** - A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

5. **Creditable Service**

Defined Benefit Component - Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

6. **Vesting**

Defined Benefit Component - Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contribution Component - Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

Note 15 – Pension Plan: (Continued)

A Plan Description (Continued)

HYBRID RETIREMENT PLAN (Continued)

7. Calculating the Benefit

Defined Benefit Component - Same as VRS Plan 1–Refer to Section 7.

Defined Contribution Component - The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

8. Average Final Compensation - Same as VRS Plan 2–Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

9. Service Retirement Multiplier - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

10. Normal Retirement Age

Defined Benefit Component - Same as VRS Plan 2–Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. Earliest Unreduced Retirement Eligibility

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

12. Earliest Reduced Retirement Eligibility

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 15 –Pension Plan: (Continued)

A Plan Description (Continued)

HYBRID RETIREMENT PLAN (Continued)

13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component - Same as VRS Plan 2–Refer to Section 13.

Defined Contribution Component - Not Applicable.

14. Eligibility - Same as VRS Plan 1 and VRS Plan 2–Refer to Section 14.

15. Exceptions to COLA Effective Dates - Same as VRS Plan 1 and VRS Plan 2–Refer to Section 15.

16. Disability Coverage - Eligible political subdivision and school division members (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2–Refer to Section 17.

Defined Contribution Component - Not Applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 15 – Pension Plan: (Continued)

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board’s contribution rate for the fiscal year ended 2014 were 12.31% and 7.87% of annual covered payroll, respectively.

The School Board’s professional employees contributed \$528,766, \$524,292, and \$289,741, to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013, and 2012, respectively. The School Board’s rate was 11.66%, 11.66% and 6.33% of annual covered payroll, respectively.

C. Annual Pension Cost

For the fiscal year 2014, the County’s annual pension cost of \$354,247 was equal to the County’s required and actual contributions.

Three Year Trend Information - County			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2014	\$ 354,247	100%	\$ -
June 30, 2013	355,235	100%	-
June 30, 2012	262,941	100%	-

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 15 – Pension Plan: (Continued)

C. Annual Pension Cost (Continued)

For the fiscal year 2014, School Board’s annual pension cost of \$19,079 was equal to the School Board’s required and actual contributions.

Three Year Trend Information - School Board Non-Professional					
Fiscal Year Ending		Annual Pension Cost (APC)	Percentage of APC Contributed		Net Pension Obligation
June 30, 2014	\$	19,079	100%	\$	-
June 30, 2013		20,881	100%		-
June 30, 2012		1,459	100%		-

The fiscal year 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County’s and School Board’s assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the County’s plan was 74.93% funded. The actuarial accrued liability for benefits was \$14,197,733, and the actuarial value of assets was \$10,637,906, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,559,827. The covered payroll (annual payroll of active employees covered by the plan) was \$2,928,812, and ratio of the UAAL to the covered payroll was 121.55%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board’s plan was 101.27% funded. The actuarial accrued liability for benefits was \$1,522,558 and the actuarial value of assets was \$1,541,897, resulting in an unfunded actuarial accrued liability (UAAL) of (\$19,339). The covered payroll (annual payroll of active employees covered by the plan) was \$266,210 and ratio of the UAAL to the covered payroll was (7.26)%.

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 16 – Surety Bonds:

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

Note 17–Other Postemployment Benefits - Health Insurance:

A. Plan Description

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

B. Funding Policy

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

C. Annual OPEB Cost and Net OPEB Obligation

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

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

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

	<u>COUNTY</u>
Annual required contribution	\$ 70,100
Interest on net OPEB obligation	5,700
Adjustment to annual required contribution	(5,100)
Annual OPEB cost (expense)	<u>\$ 70,700</u>
Contributions made	<u>(49,400)</u>
Increase in net OPEB obligation	21,300
Net OPEB obligation-beginning of year	142,200
Net OPEB obligation-end of year	<u><u>\$ 163,500</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County:			
6/30/2012	\$ 65,100	54.84%	\$ 119,500
6/30/2013	68,000	66.62%	142,200
6/30/2014	70,700	69.87%	163,500

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

D. Funded Status and Funding Progress

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

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

E. Actuarial Methods and Assumptions

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

The following simplifying assumptions were made:

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

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

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

Based on the historical and expected returns of the County's short-term investment portfolio, a discount of 4.0% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 was thirty years.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

A. Plan Description

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

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

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2014, 2013, and 2012 were \$50,120, \$54,302, and \$27,464, respectively and equaled the required contributions for each year.

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COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 19–Upcoming Pronouncements:

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27*. This Statement replaces the requirements of Statements No.27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The County believes the implementation of Statement No. 68 will significantly impact the County’s net position; however, no formal study or estimate of the impact of this standard has been performed.

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REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

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County of Charles City, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final Appropriated	Actual Amounts	
REVENUES				
General property taxes	\$ 7,872,942	\$ 7,872,942	\$ 7,865,938	\$ (7,004)
Other local taxes	670,183	670,183	1,178,872	508,689
Permits, privilege fees, and regulatory licenses	2,777,963	2,777,963	1,905,919	(872,044)
Fines and forfeitures	5,000	5,000	44,463	39,463
Revenue from the use of money and property	22,859	22,859	64,037	41,178
Charges for services	261,828	261,828	216,760	(45,068)
Miscellaneous	109,359	109,359	180,066	70,707
Recovered costs	3,000	3,000	81,618	78,618
Intergovernmental:				
Commonwealth	2,494,092	2,494,092	2,353,164	(140,928)
Federal	510,720	511,774	738,171	226,397
Total revenues	<u>\$ 14,727,946</u>	<u>\$ 14,729,000</u>	<u>\$ 14,629,008</u>	<u>\$ (99,992)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,779,157	\$ 1,788,684	\$ 1,859,467	\$ (70,783)
Judicial administration	638,746	647,960	679,325	(31,365)
Public safety	2,379,877	2,552,354	2,420,561	131,793
Public works	1,149,068	1,231,149	1,303,923	(72,774)
Health and welfare	1,876,524	1,776,524	1,263,042	513,482
Education	4,802,444	4,479,098	4,400,292	78,806
Parks, recreation, and cultural	566,880	554,926	545,073	9,853
Community development	339,087	302,077	415,686	(113,609)
Nondepartmental	135,465	7,127	-	7,127
Capital projects	380,598	453,991	430,296	23,695
Debt service:				
Principal retirement	331,044	318,268	436,020	(117,752)
Interest and other fiscal charges	121,242	115,985	87,228	28,757
Total expenditures	<u>\$ 14,500,132</u>	<u>\$ 14,228,143</u>	<u>\$ 13,840,913</u>	<u>\$ 387,230</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 227,814</u>	<u>\$ 500,857</u>	<u>\$ 788,095</u>	<u>\$ 287,238</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (266,013)	\$ (266,013)	\$ (546,033)	\$ (280,020)
Issuance of capital leases	-	183,873	183,873	-
Total other financing sources (uses)	<u>\$ (266,013)</u>	<u>\$ (82,140)</u>	<u>\$ (362,160)</u>	<u>\$ (280,020)</u>
Net change in fund balances	\$ (38,199)	\$ 418,717	\$ 425,935	\$ 7,218
Fund balances - beginning	56,907	(400,009)	3,363,412	3,763,421
Fund balances - ending	<u>\$ 18,708</u>	<u>\$ 18,708</u>	<u>\$ 3,789,347</u>	<u>\$ 3,770,639</u>

County of Charles City, Virginia
 Schedule of Pension Funding Progress-Virginia Retirement System
 For The Year Ended June 30, 2014

Actuarial Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded (Excess Funded) Actuarial Accrued Liability (3) - (2) (4)	Funded Ratio (2) / (3) (5)	Covered Payroll (6)	UAAL as % of Payroll (4) / (6) (7)
County:						
6/30/2013	\$ 10,637,906	\$ 14,197,733	\$ 3,559,827	74.93%	\$ 2,928,812	121.55%
6/30/2012	10,345,654	14,334,930	3,989,276	72.17%	2,791,270	142.92%
6/30/2011	10,477,029	13,832,908	3,355,879	75.74%	2,864,035	117.17%
6/30/2010	10,268,926	13,350,008	3,081,082	76.92%	2,782,684	110.72%
6/30/2009	10,293,054	12,310,574	2,017,520	83.61%	2,852,697	70.72%
6/30/2008	10,389,555	11,600,287	1,210,732	89.56%	2,903,321	41.70%
6/30/2007	9,543,656	10,785,200	1,241,544	88.49%	2,915,765	42.58%
6/30/2006	8,451,312	9,359,572	908,260	90.30%	2,773,547	32.75%
6/30/2005	7,912,044	9,125,817	1,213,773	86.70%	2,420,764	50.14%
6/30/2004	7,637,723	7,677,418	39,695	99.48%	2,471,727	1.61%
School Board Non-Professionals:						
6/30/2013	\$ 1,541,897	\$ 1,522,558	\$ (19,339)	101.27%	\$ 266,210	-7.26%
6/30/2012	1,568,413	1,629,544	61,131	96.25%	296,465	20.62%
6/30/2011	1,617,553	1,567,960	(49,593)	103.16%	301,579	-16.44%
6/30/2010	1,630,692	1,518,241	(112,451)	107.41%	306,491	-36.69%
6/30/2009	1,678,365	1,390,905	(287,460)	120.67%	306,815	-93.69%
6/30/2008	1,703,744	1,226,779	(476,965)	138.88%	338,537	-140.89%
6/30/2007	1,566,765	1,302,015	(264,750)	120.33%	286,776	-92.32%
6/30/2006	1,396,860	1,263,842	(133,018)	110.52%	275,773	-48.23%
6/30/2005	1,348,754	1,310,835	(37,919)	102.89%	258,882	-14.65%
6/30/2004	1,342,583	1,042,674	(299,909)	128.76%	255,206	-117.52%

County of Charles City, Virginia

Schedule of OPEB Funding Progress - Retiree Healthcare Plan

For the Year Ended June 30, 2014

Actuarial Valuation Date*	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Payroll ((b-a)/c)
County:						
6/30/2009	\$ -	\$ 613,000	\$ 613,000	0.00%	\$ 2,667,500	22.98%
6/30/2011	-	624,400	624,400	0.00%	2,340,800	26.67%

* Only two valuations available

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OTHER SUPPLEMENTARY INFORMATION

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INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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County of Charles City, Virginia

Statement of Changes in Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2014

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 35,285	\$ 7,375	\$ 8,244	\$ 34,416
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities:				
Amounts held for social services clients	\$ 35,285	\$ 7,375	\$ 8,244	\$ 34,416
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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County of Charles City, Virginia
 Balance Sheet - Governmental Funds
 Discretely Presented Component Unit - School Board
 June 30, 2014

	School Operating <u>Fund</u>	Textbook <u>Fund</u>	School Cafeteria <u>Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 508,830	\$ 18,685	\$ 6,211	\$ 533,726
Receivables (net of allowance for uncollectibles):				
Accounts receivable	71,965	-	-	71,965
Due from other governmental units	228,457	-	37,660	266,117
Total assets	<u>\$ 809,252</u>	<u>\$ 18,685</u>	<u>\$ 43,871</u>	<u>\$ 871,808</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 56,912	\$ -	\$ -	\$ 56,912
Accrued liabilities	749,975	-	12,843	762,818
Total liabilities	<u>\$ 806,887</u>	<u>\$ -</u>	<u>\$ 12,843</u>	<u>\$ 819,730</u>
Fund balances:				
Committed	\$ 2,365	\$ 18,685	\$ 31,028	\$ 52,078
Total liabilities and fund balances	<u>\$ 809,252</u>	<u>\$ 18,685</u>	<u>\$ 43,871</u>	<u>\$ 871,808</u>

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

Total fund balances per above	\$	52,078
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Capital assets, cost	\$ 21,555,650	
Accumulated depreciation	<u>(12,499,560)</u>	9,056,090

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

Compensated absences		(103,641)
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Net position of governmental activities	<u>\$</u>	<u>9,004,527</u>
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County of Charles City, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2014

	School Operating Fund	Textbook Fund	School Cafeteria Fund	Total
REVENUES				
Revenue from the use of money and property	\$ 1,657	\$ -	\$ -	\$ 1,657
Charges for services	-	-	149,247	149,247
Miscellaneous	30,378	154	-	30,532
Recovered costs	177,814	-	-	177,814
Intergovernmental:				
Local government	4,314,106	85,063	-	4,399,169
Commonwealth	4,192,350	34,568	7,777	4,234,695
Federal	512,782	-	236,116	748,898
Total revenues	<u>\$ 9,229,087</u>	<u>\$ 119,785</u>	<u>\$ 393,140</u>	<u>\$ 9,742,012</u>
EXPENDITURES				
Current:				
Education	\$ 9,184,946	\$ 119,785	\$ 385,180	\$ 9,689,911
Debt service:				
Principal retirement	17,898	-	-	17,898
Interest and other fiscal charges	810	-	-	810
Total expenditures	<u>\$ 9,203,654</u>	<u>\$ 119,785</u>	<u>\$ 385,180</u>	<u>\$ 9,708,619</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 25,433</u>	<u>\$ -</u>	<u>\$ 7,960</u>	<u>\$ 33,393</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 23,068	\$ 23,068
Transfers out	(23,068)	-	-	(23,068)
Total other financing sources and uses	<u>\$ (23,068)</u>	<u>\$ -</u>	<u>\$ 23,068</u>	<u>\$ -</u>
Net change in fund balances	\$ 2,365	\$ -	\$ 31,028	\$ 33,393
Fund balances - beginning	-	18,685	-	18,685
Fund balances - ending	<u>\$ 2,365</u>	<u>\$ 18,685</u>	<u>\$ 31,028</u>	<u>\$ 52,078</u>

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

Net change in fund balances - total governmental funds - per above	\$ 33,393
--	-----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. The following is a summary of items supporting this adjustment:

Depreciation expense	<u>\$ (558,901)</u>	(558,901)
----------------------	---------------------	-----------

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

Principal retirement of capital leases	<u>\$ 17,898</u>	17,898
--	------------------	--------

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

(Increase) decrease in compensated absences	\$ 22,866	
(Increase) decrease in accrued interest payable	<u>708</u>	23,574

Change in net position of governmental activities	<u>\$ (484,036)</u>
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*DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY*

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County of Charles City, Virginia
Statement of Net Position
Discretely Presented Component Unit - Economic Development Authority
June 30, 2014

ASSETS

Current assets:

Cash and cash equivalents	\$	1,012,275
Leases receivable		123,768
Total assets	\$	<u>1,136,043</u>

NET POSITION

Unrestricted	\$	1,136,043
Total net position	\$	<u><u>1,136,043</u></u>

County of Charles City, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2014

OPERATING REVENUES

Charges for services:

Bond fees	\$ 26,250
Total operating revenues	\$ 26,250

OPERATING EXPENSES

Other expenses	\$ 2,923
Total operating expenses	\$ 2,923

Operating income (loss)	\$ 23,327
-------------------------	-----------

NONOPERATING REVENUES (EXPENSES)

Interest income	\$ 81
Total nonoperating revenues (expenses)	\$ 81

Change in net position	\$ 23,408
------------------------	-----------

Total net position - beginning	1,112,635
Total net position - ending	\$ 1,136,043

County of Charles City, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$	26,250
Payments for operating activities		(2,923)
Net cash provided by (used for) operating activities	\$	23,327

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sales and maturities of investments	\$	858,250
Interest income		81
Net cash provided by (used for) investing activities	\$	858,331

Net increase (decrease) in cash and cash equivalents	\$	881,658
--	----	---------

Cash and cash equivalents - beginning		130,617
Cash and cash equivalents - ending	\$	1,012,275

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

Operating income (loss)	\$	23,327
Total adjustments	\$	-
Net cash provided by (used for) operating activities	\$	23,327

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SUPPORTING SCHEDULES

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County of Charles City, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 5,783,334	\$ 5,783,334	\$ 5,472,956	\$ (310,378)
Real and personal public service corporation taxes	422,266	422,266	647,072	224,806
Personal property taxes	1,404,310	1,404,310	1,461,712	57,402
Mobile home taxes	8,600	8,600	8,071	(529)
Machinery and tools taxes	81,900	81,900	84,358	2,458
Merchant's capital taxes	27,440	27,440	28,770	1,330
Penalties	90,475	90,475	93,809	3,334
Interest	54,617	54,617	69,190	14,573
Total general property taxes	<u>\$ 7,872,942</u>	<u>\$ 7,872,942</u>	<u>\$ 7,865,938</u>	<u>\$ (7,004)</u>
Other local taxes:				
Local sales and use taxes	\$ 440,000	\$ 440,000	\$ 929,502	\$ 489,502
Consumers' utility taxes	142,851	142,851	138,572	(4,279)
Consumption tax	40,715	40,715	48,517	7,802
Cable television franchise license tax	6,040	6,040	5,875	(165)
Motor vehicle licenses	150	150	87	(63)
Taxes on recordation and wills	40,427	40,427	56,319	15,892
Total other local taxes	<u>\$ 670,183</u>	<u>\$ 670,183</u>	<u>\$ 1,178,872</u>	<u>\$ 508,689</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,800	\$ 10,800	\$ 7,690	\$ (3,110)
Transfer fees	200	200	223	23
Landfill host fees	2,696,806	2,696,806	1,836,881	(859,925)
Permits and other licenses	70,157	70,157	61,125	(9,032)
Total permits, privilege fees, and regulatory licenses	<u>\$ 2,777,963</u>	<u>\$ 2,777,963</u>	<u>\$ 1,905,919</u>	<u>\$ (872,044)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 5,000	\$ 5,000	\$ 44,463	\$ 39,463
Revenue from use of money and property:				
Revenue from use of money	\$ 6,859	\$ 6,859	\$ 4,480	\$ (2,379)
Revenue from use of property	16,000	16,000	59,557	43,557
Total revenue from use of money and property	<u>\$ 22,859</u>	<u>\$ 22,859</u>	<u>\$ 64,037</u>	<u>\$ 41,178</u>
Charges for services:				
Clerk's interest fees	\$ 200	\$ 200	\$ 712	\$ 512
Sheriff's fees	350	350	191	(159)
Courthouse maintenance fees	2,850	2,850	2,247	(603)
Courthouse security fees	12,000	12,000	9,271	(2,729)
Court fees	42,400	42,400	1,490	(40,910)
Commonwealth's attorney fees	500	500	698	198
Charges for parks and recreation	41,787	41,787	41,449	(338)
Charges for other protection	2,500	2,500	1,765	(735)
Document reproduction fees	1,381	1,381	1,652	271

County of Charles City, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 1
Page 2 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for EMS transport	\$ 137,860	\$ 137,860	\$ 130,160	\$ (7,700)
Sale of gas byproducts	20,000	20,000	27,125	7,125
Total charges for services	\$ 261,828	\$ 261,828	\$ 216,760	\$ (45,068)
Miscellaneous revenue:				
Miscellaneous	\$ 106,859	\$ 106,859	\$ 103,349	\$ (3,510)
Donations	2,500	2,500	76,717	74,217
Total miscellaneous revenue	\$ 109,359	\$ 109,359	\$ 180,066	\$ 70,707
Recovered costs:				
Jurors	\$ 3,000	\$ 3,000	\$ 2,760	\$ (240)
Central gas receipts	-	-	2,388	2,388
IPR recipient payments	-	-	48,886	48,886
School resource officer	-	-	27,584	27,584
Total recovered costs	\$ 3,000	\$ 3,000	\$ 81,618	\$ 78,618
Total revenue from local sources	\$ 11,723,134	\$ 11,723,134	\$ 11,537,673	\$ (185,461)
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Auto rental tax	\$ -	\$ -	\$ 60	\$ 60
Mobile home titling tax	8,134	8,134	9,237	1,103
Rolling stock tax	7,000	7,000	7,742	742
Communications tax	149,040	149,040	155,574	6,534
State recordation tax	8,852	8,852	17,682	8,830
Personal property tax relief funds	690,963	690,963	690,963	-
Total noncategorical aid	\$ 863,989	\$ 863,989	\$ 881,258	\$ 17,269
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 150,155	\$ 150,155	\$ 151,693	\$ 1,538
Sheriff	470,594	470,594	459,645	(10,949)
Commissioner of revenue	59,256	59,256	60,873	1,617
Treasurer	64,350	64,350	58,521	(5,829)
Registrar/electoral board	26,364	26,364	27,836	1,472
Clerk of the Circuit Court	153,943	153,943	167,790	13,847
Total shared expenses	\$ 924,662	\$ 924,662	\$ 926,358	\$ 1,696
Other categorical aid:				
Public assistance and welfare administration	\$ 242,781	\$ 242,781	\$ 216,038	\$ (26,743)
Comprehensive services act program	341,980	341,980	103,317	(238,663)
Asset forfeiture	-	-	380	380
Litter control	-	-	6,366	6,366

County of Charles City, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (Continued)				
Wireless grant	\$ 40,000	\$ 40,000	\$ -	(40,000)
Emergency services	43,034	43,034	29,884	(13,150)
Art grant	5,000	5,000	5,000	-
PSAP grant	-	-	42,280	42,280
Fire programs fund	17,000	17,000	21,791	4,791
E911 equipment upgrade grant	-	-	115,000	115,000
Other state funds	15,646	15,646	5,492	(10,154)
Total other categorical aid	<u>\$ 705,441</u>	<u>\$ 705,441</u>	<u>\$ 545,548</u>	<u>\$ (159,893)</u>
 Total categorical aid	 <u>\$ 1,630,103</u>	 <u>\$ 1,630,103</u>	 <u>\$ 1,471,906</u>	 <u>\$ (158,197)</u>
 Total revenue from the Commonwealth	 <u>\$ 2,494,092</u>	 <u>\$ 2,494,092</u>	 <u>\$ 2,353,164</u>	 <u>\$ (140,928)</u>
 Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 1,500	\$ 1,500	\$ 934	\$ (566)
Categorical aid:				
Public assistance and welfare administration	\$ 509,220	\$ 509,220	\$ 495,795	\$ (13,425)
Home investment partnerships program	-	-	140,863	140,863
Disaster relief	-	-	83,356	83,356
Local law enforcement block grant	-	1,054	-	(1,054)
Asset forfeiture	-	-	2,706	2,706
Transportation safety	-	-	14,517	14,517
Total categorical aid	<u>\$ 509,220</u>	<u>\$ 510,274</u>	<u>\$ 737,237</u>	<u>\$ 226,963</u>
 Total revenue from the federal government	 <u>\$ 510,720</u>	 <u>\$ 511,774</u>	 <u>\$ 738,171</u>	 <u>\$ 226,397</u>
 Total General Fund	 <u>\$ 14,727,946</u>	 <u>\$ 14,729,000</u>	 <u>\$ 14,629,008</u>	 <u>\$ (99,992)</u>
 Total Primary Government	 <u>\$ 14,727,946</u>	 <u>\$ 14,729,000</u>	 <u>\$ 14,629,008</u>	 <u>\$ (99,992)</u>
 Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 2,100	\$ 2,100	\$ 1,657	\$ (443)
Total revenue from use of money and property	<u>\$ 2,100</u>	<u>\$ 2,100</u>	<u>\$ 1,657</u>	<u>\$ (443)</u>
 Charges for services:				
Tuition and payments from other divisions	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Total charges for services	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ (2,000)</u>

County of Charles City, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 106,275	\$ 108,659	\$ 30,378	\$ (78,281)
Recovered costs:				
Workforce investment act	\$ 309,036	\$ 309,036	\$ 176,204	\$ (132,832)
English language learners	1,680	1,680	904	(776)
Transportation - recreation department	2,100	2,100	706	(1,394)
Total recovered costs	<u>\$ 312,816</u>	<u>\$ 312,816</u>	<u>\$ 177,814</u>	<u>\$ (135,002)</u>
Total revenue from local sources	<u>\$ 423,191</u>	<u>\$ 425,575</u>	<u>\$ 209,849</u>	<u>\$ (215,726)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Charles City, Virginia	\$ 4,734,910	\$ 4,392,879	\$ 4,314,106	\$ (78,773)
Total revenues from local governments	<u>\$ 4,734,910</u>	<u>\$ 4,392,879</u>	<u>\$ 4,314,106</u>	<u>\$ (78,773)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 953,214	\$ 953,214	\$ 915,725	\$ (37,489)
Basic school aid	1,852,563	1,852,563	1,815,950	(36,613)
Regular foster care	3,713	3,713	-	(3,713)
Gifted and talented	18,120	18,120	17,721	(399)
Remedial education	77,207	77,207	75,508	(1,699)
Special education	370,673	370,673	362,517	(8,156)
GED funding	7,859	7,859	7,859	-
Vocational education	86,996	86,996	85,041	(1,955)
English as a second language	10,526	10,526	10,197	(329)
School fringes	437,506	437,506	428,705	(8,801)
Technology grant	207,000	233,000	154,000	(79,000)
Early reading intervention	5,167	5,167	5,167	-
Remedial Ed-Summer School	14,874	14,874	5,219	(9,655)
Project graduation	-	13,858	13,858	-
At risk payments	121,143	121,143	118,664	(2,479)
Primary class size	71,786	71,786	76,248	4,462
Standards of Learning algebra readiness	10,581	10,581	8,858	(1,723)
Mentor teacher	1,226	1,226	909	(317)
Other state	89,375	89,375	90,088	713
Homebound	248	248	116	(132)
Total categorical aid	<u>\$ 4,339,777</u>	<u>\$ 4,379,635</u>	<u>\$ 4,192,350</u>	<u>\$ (187,285)</u>
Total revenue from the Commonwealth	<u>\$ 4,339,777</u>	<u>\$ 4,379,635</u>	<u>\$ 4,192,350</u>	<u>\$ (187,285)</u>

County of Charles City, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 194,727	\$ 242,400	\$ 135,258	\$ (107,142)
Vocational education	14,690	15,588	10,567	(5,021)
Title VIB	223,710	312,696	209,653	(103,043)
Title II -- part d	1,481	1,481	-	(1,481)
1003 G school improvement	272,613	343,387	55,024	(288,363)
Preschool grant	7,401	15,249	9,198	(6,051)
Title II -- part a	70,414	70,414	21,516	(48,898)
JROTC grant	66,188	66,188	69,610	3,422
Emergency management grant	-	-	1,956	1,956
Total categorical aid	\$ 851,224	\$ 1,067,403	\$ 512,782	\$ (554,621)
Total revenue from the federal government	\$ 851,224	\$ 1,067,403	\$ 512,782	\$ (554,621)
Total School Operating Fund	\$ 10,349,102	\$ 10,265,492	\$ 9,229,087	\$ (1,036,405)
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 184,257	\$ 184,257	\$ 149,247	\$ (35,010)
Total revenue from local sources	\$ 184,257	\$ 184,257	\$ 149,247	\$ (35,010)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 9,608	\$ 9,608	\$ 7,777	\$ (1,831)
Total categorical aid	\$ 9,608	\$ 9,608	\$ 7,777	\$ (1,831)
Total revenue from the Commonwealth	\$ 9,608	\$ 9,608	\$ 7,777	\$ (1,831)

County of Charles City, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Cafeteria Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 169,045	\$ 169,045	\$ 219,740	\$ 50,695
Commodities	-	16,376	16,376	-
Total categorical aid	<u>\$ 169,045</u>	<u>\$ 185,421</u>	<u>\$ 236,116</u>	<u>\$ 50,695</u>
 Total revenue from the federal government	 <u>\$ 169,045</u>	 <u>\$ 185,421</u>	 <u>\$ 236,116</u>	 <u>\$ 50,695</u>
 Total School Cafeteria Fund	 <u>\$ 362,910</u>	 <u>\$ 379,286</u>	 <u>\$ 393,140</u>	 <u>\$ 13,854</u>
 Textbook Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 154	\$ 154
 Total revenue from local sources	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 154</u>	 <u>\$ 154</u>
 Intergovernmental:				
Revenues from local governments:				
Contribution from County of Charles City, Virginia	\$ 66,378	\$ 85,063	\$ 85,063	\$ -
 Total revenues from local governments	 <u>\$ 66,378</u>	 <u>\$ 85,063</u>	 <u>\$ 85,063</u>	 <u>\$ -</u>
 Revenue from the Commonwealth:				
Categorical aid:				
Textbook payment	\$ 35,346	\$ 35,346	\$ 34,568	\$ (778)
Total categorical aid	<u>\$ 35,346</u>	<u>\$ 35,346</u>	<u>\$ 34,568</u>	<u>\$ (778)</u>
 Total revenue from the Commonwealth	 <u>\$ 35,346</u>	 <u>\$ 35,346</u>	 <u>\$ 34,568</u>	 <u>\$ (778)</u>
 Total Textbook Fund	 <u>\$ 101,724</u>	 <u>\$ 120,409</u>	 <u>\$ 119,785</u>	 <u>\$ (624)</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 10,813,736</u>	 <u>\$ 10,765,187</u>	 <u>\$ 9,742,012</u>	 <u>\$ (1,023,175)</u>

County of Charles City, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 75,829	\$ 75,071	\$ 65,843	\$ 9,228
General and financial administration:				
County administrator	\$ 182,688	\$ 148,410	\$ 151,370	\$ (2,960)
Legal services	54,000	54,000	49,200	4,800
Commissioner of revenue	192,655	192,614	186,594	6,020
Independent Auditor	37,100	33,600	33,000	600
Treasurer	170,669	170,846	167,615	3,231
Reassessment	100,000	100,000	137,767	(37,767)
Motor pool	110,686	109,897	57,370	52,527
Central gas	4,785	4,737	5,999	(1,262)
Memberships	3,150	3,150	2,530	620
Information technology	298,931	295,942	259,289	36,653
Management services	268,366	240,151	240,023	128
Other general and financial administration	215,921	296,054	445,188	(149,134)
Total general and financial administration	<u>\$ 1,638,951</u>	<u>\$ 1,649,401</u>	<u>\$ 1,735,945</u>	<u>\$ (86,544)</u>
Board of elections:				
Electoral board and officials	\$ 16,514	\$ 16,349	\$ 11,907	\$ 4,442
Registrar	47,863	47,863	45,772	2,091
Total board of elections	<u>\$ 64,377</u>	<u>\$ 64,212</u>	<u>\$ 57,679</u>	<u>\$ 6,533</u>
Total general government administration	<u>\$ 1,779,157</u>	<u>\$ 1,788,684</u>	<u>\$ 1,859,467</u>	<u>\$ (70,783)</u>
Judicial administration:				
Courts:				
Circuit court	\$ 25,940	\$ 25,681	\$ 23,820	\$ 1,861
General district court	8,264	8,181	4,889	3,292
Courthouse security fund	21,340	21,340	20,189	1,151
Special Magistrates	1,100	1,100	510	590
Sheriff	147,544	150,262	180,122	(29,860)
9th district court services	20,000	20,000	24,917	(4,917)
Crater Criminal Justice	9,000	9,000	9,106	(106)
Clerk of the circuit court	198,582	200,777	215,213	(14,436)
Total courts	<u>\$ 431,770</u>	<u>\$ 436,341</u>	<u>\$ 478,766</u>	<u>\$ (42,425)</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 206,976	\$ 211,619	\$ 200,559	\$ 11,060
Total commonwealth's attorney	<u>\$ 206,976</u>	<u>\$ 211,619</u>	<u>\$ 200,559</u>	<u>\$ 11,060</u>
Total judicial administration	<u>\$ 638,746</u>	<u>\$ 647,960</u>	<u>\$ 679,325</u>	<u>\$ (31,365)</u>

County of Charles City, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 877,235	\$ 947,009	\$ 848,954	\$ 98,055
E-911	107,133	107,133	226,344	(119,211)
Total law enforcement and traffic control	<u>\$ 984,368</u>	<u>\$ 1,054,142</u>	<u>\$ 1,075,298</u>	<u>\$ (21,156)</u>
Fire and rescue services:				
Fire department	\$ 160,626	\$ 160,626	\$ 168,516	\$ (7,890)
Ambulance and rescue services	614,954	603,204	587,485	15,719
Total fire and rescue services	<u>\$ 775,580</u>	<u>\$ 763,830</u>	<u>\$ 756,001</u>	<u>\$ 7,829</u>
Correction and detention:				
Confinement and care of prisoners	\$ 317,600	\$ 317,600	\$ 313,990	\$ 3,610
Criminal justice planner	5,884	5,884	-	5,884
Total correction and detention	<u>\$ 323,484</u>	<u>\$ 323,484</u>	<u>\$ 313,990</u>	<u>\$ 9,494</u>
Other protection:				
Animal control	\$ 113,908	\$ 112,769	\$ 96,728	\$ 16,041
Codes enforcement	132,731	131,404	131,759	(355)
Emergency services	42,356	159,275	34,828	124,447
VJCCCA	7,150	7,150	11,917	(4,767)
Medical examiner	300	300	40	260
Total other protection	<u>\$ 296,445</u>	<u>\$ 410,898</u>	<u>\$ 275,272</u>	<u>\$ 135,626</u>
Total public safety	<u>\$ 2,379,877</u>	<u>\$ 2,552,354</u>	<u>\$ 2,420,561</u>	<u>\$ 131,793</u>
Public works:				
Sanitation and waste removal:				
Landfill monitoring	\$ 349,092	\$ 439,173	\$ 432,123	\$ 7,050
Maintenance of general buildings and grounds:				
General properties	\$ 799,976	\$ 791,976	\$ 871,800	\$ (79,824)
Total public works	<u>\$ 1,149,068</u>	<u>\$ 1,231,149</u>	<u>\$ 1,303,923</u>	<u>\$ (72,774)</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 97,761	\$ 97,761	\$ 96,031	\$ 1,730
Mental health and mental retardation:				
Henrico area community services	\$ 110,660	\$ 110,660	\$ 110,660	\$ -

County of Charles City, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 2
Page 3 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 1,086,064	\$ 1,086,064	\$ 835,539	\$ 250,525
Comprehensive services act	485,360	385,360	142,133	243,227
Contributions	96,679	96,679	78,679	18,000
Total welfare	<u>\$ 1,668,103</u>	<u>\$ 1,568,103</u>	<u>\$ 1,056,351</u>	<u>\$ 511,752</u>
 Total health and welfare	 <u>\$ 1,876,524</u>	 <u>\$ 1,776,524</u>	 <u>\$ 1,263,042</u>	 <u>\$ 513,482</u>
 Education:				
Other instructional costs:				
Contributions to Community College	\$ 1,156	\$ 1,156	\$ 1,123	\$ 33
Contribution to County School Board	4,801,288	4,477,942	4,399,169	78,773
Total education	<u>\$ 4,802,444</u>	<u>\$ 4,479,098</u>	<u>\$ 4,400,292</u>	<u>\$ 78,806</u>
 Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 475,165	\$ 463,391	\$ 459,477	\$ 3,914
Total parks and recreation	<u>\$ 475,165</u>	<u>\$ 463,391</u>	<u>\$ 459,477</u>	<u>\$ 3,914</u>
Cultural enrichment:				
Center for local history	\$ 18,000	\$ 17,820	\$ 6,881	\$ 10,939
Cultural alliance	5,000	5,000	10,000	(5,000)
Total cultural enrichment	<u>\$ 23,000</u>	<u>\$ 22,820</u>	<u>\$ 16,881</u>	<u>\$ 5,939</u>
 Library:				
Library	\$ 68,715	\$ 68,715	\$ 68,715	\$ -
Total library	<u>\$ 68,715</u>	<u>\$ 68,715</u>	<u>\$ 68,715</u>	<u>\$ -</u>
 Total parks, recreation, and cultural	 <u>\$ 566,880</u>	 <u>\$ 554,926</u>	 <u>\$ 545,073</u>	 <u>\$ 9,853</u>
 Community development:				
Planning and community development:				
Indoor plumbing rehab grant	\$ -	\$ -	\$ 111,916	\$ (111,916)
Planning commission	3,685	2,000	106	1,894
Department of development	240,306	205,381	203,714	1,667
Community development contribution	33,594	33,594	33,507	87
Total planning and community development	<u>\$ 277,585</u>	<u>\$ 240,975</u>	<u>\$ 349,243</u>	<u>\$ (108,268)</u>
 Environmental management:				
Litter control program	\$ 6,366	\$ 6,366	\$ 7,117	\$ (751)
Conservation grant	18,800	18,800	18,800	-
Water supply management grant	-	-	6,065	(6,065)
Total environmental management	<u>\$ 25,166</u>	<u>\$ 25,166</u>	<u>\$ 31,982</u>	<u>\$ (6,816)</u>

County of Charles City, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development: (Continued)				
Cooperative extension program:				
Extension office	\$ 36,336	\$ 35,936	\$ 34,461	\$ 1,475
Total cooperative extension program	<u>\$ 36,336</u>	<u>\$ 35,936</u>	<u>\$ 34,461</u>	<u>\$ 1,475</u>
Total community development	<u>\$ 339,087</u>	<u>\$ 302,077</u>	<u>\$ 415,686</u>	<u>\$ (113,609)</u>
Nondepartmental:				
Contingency	\$ 135,465	\$ 7,127	\$ -	\$ 7,127
Total nondepartmental	<u>\$ 135,465</u>	<u>\$ 7,127</u>	<u>\$ -</u>	<u>\$ 7,127</u>
Capital projects:				
County capital improvements	\$ 380,598	\$ 453,991	\$ 430,296	\$ 23,695
Total capital projects	<u>\$ 380,598</u>	<u>\$ 453,991</u>	<u>\$ 430,296</u>	<u>\$ 23,695</u>
Debt service:				
Principal retirement	\$ 331,044	\$ 318,268	\$ 436,020	\$ (117,752)
Interest and other fiscal charges	121,242	115,985	87,228	28,757
Total debt service	<u>\$ 452,286</u>	<u>\$ 434,253</u>	<u>\$ 523,248</u>	<u>\$ (88,995)</u>
Total General Fund	<u>\$ 14,500,132</u>	<u>\$ 14,228,143</u>	<u>\$ 13,840,913</u>	<u>\$ 387,230</u>
Total Primary Government	<u>\$ 14,500,132</u>	<u>\$ 14,228,143</u>	<u>\$ 13,840,913</u>	<u>\$ 387,230</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 710,398	\$ 711,588	\$ 706,839	\$ 4,749
Instruction costs	6,197,631	5,903,213	5,694,792	208,421
Pupil transportation	742,816	689,932	665,875	24,057
Grants	1,100,700	1,333,120	621,112	712,008
Operation and maintenance of school plant	1,122,311	1,101,580	1,032,517	69,063
Technology	475,246	498,873	463,811	35,062
Total education	<u>\$ 10,349,102</u>	<u>\$ 10,238,306</u>	<u>\$ 9,184,946</u>	<u>\$ 1,053,360</u>
Debt service:				
Principal retirement	\$ 18,708	\$ 17,898	\$ 17,898	\$ -
Interest and other fiscal charges	-	810	810	-
Total debt service	<u>\$ 18,708</u>	<u>\$ 18,708</u>	<u>\$ 18,708</u>	<u>\$ -</u>
Total School Operating Fund	<u>\$ 10,367,810</u>	<u>\$ 10,257,014</u>	<u>\$ 9,203,654</u>	<u>\$ 1,053,360</u>

County of Charles City, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 362,910	\$ 385,978	\$ 368,804	\$ 17,174
Commodities	-	16,376	16,376	-
	<hr/>			
Total School Cafeteria Fund	\$ 362,910	\$ 402,354	\$ 385,180	\$ 17,174
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Textbook Fund				
Education:				
Purchase of textbooks	\$ 101,724	\$ 120,409	\$ 119,785	\$ 624
	<hr/>			
Total Textbook Fund	\$ 101,724	\$ 120,409	\$ 119,785	\$ 624
	<hr/> <hr/>			
Total Discretely Presented Component Unit - School Board	\$ 10,832,444	\$ 10,779,777	\$ 9,708,619	\$ 1,071,158
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STATISTICAL INFORMATION

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Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Sanitary District	Total
2004-05	\$ 1,640,312	\$ 690,019	\$ 1,437,013	\$ 920,261	\$ 1,222,107	\$ 6,119,134	\$ 532,155	\$ 819,989	\$ 437,104	\$ 362,368	\$ 14,180,462
2005-06	1,982,532	469,581	1,578,343	953,873	1,730,460	6,589,265	487,665	674,304	386,302	436,259	15,288,584
2006-07	1,838,094	677,752	1,567,677	1,112,282	1,732,268	6,088,937	536,976	555,357	352,806	434,208	14,896,357
2007-08	1,862,735	643,074	1,691,980	1,002,415	1,993,208	6,453,624	500,508	460,901	302,479	452,988	15,363,912
2008-09	1,647,362	791,996	1,804,071	1,104,170	2,197,436	5,364,940	525,758	355,897	292,134	473,618	14,557,382
2009-10	1,739,638	738,957	2,055,534	1,084,483	1,877,355	5,490,863	414,432	612,185	199,819	448,855	14,662,121
2010-11	1,656,026	738,044	1,660,029	1,059,608	1,539,830	5,368,675	481,388	972,003	139,078	429,105	14,043,786
2011-12	1,767,309	774,788	2,056,551	1,061,341	1,359,051	5,033,080	535,238	635,421	117,319	393,013	13,733,111
2012-13	1,920,864	785,863	2,231,982	1,414,659	1,362,437	4,720,314	571,404	583,638	93,477	469,770	14,154,408
2013-14	1,897,055	814,653	2,321,388	1,602,108	1,270,786	4,400,292	605,196	388,732	88,355	512,061	13,900,626

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Gain on Disposal of Capital Assets		
2004-05	\$ 3,241,398	\$ 2,245,149	\$ -	\$ 5,107,477	\$ 1,008,952	\$ 223,172	\$ 155,966	\$ 768,807	\$ 29,930	\$ 12,780,851		
2005-06	3,365,879	2,432,800	-	5,486,231	1,053,249	327,691	224,878	744,316	(61,550)	13,573,494		
2006-07	3,261,270	2,241,386	-	5,776,256	846,451	298,119	204,708	747,470	18,124	13,393,784		
2007-08	3,222,283	2,572,482	-	6,373,816	851,971	204,194	197,301	749,543	-	14,171,590		
2008-09	3,114,550	2,950,534	-	6,450,632	755,316	185,085	206,711	724,303	-	14,387,131		
2009-10	2,893,295	2,756,479	343,256	6,651,861	625,777	26,038	222,205	702,501	55,500	14,276,912		
2010-11	3,091,665	2,698,173	-	6,943,710	692,967	14,926	161,279	882,985	55,327	14,541,032		
2011-12	3,082,016	2,247,585	-	7,305,508	721,386	23,341	227,354	884,612	17,474	14,509,276		
2012-13	3,000,008	2,279,861	-	7,456,501	889,625	24,459	188,867	883,286	-	14,722,607		
2013-14	2,240,451	2,209,143	-	7,897,223	1,178,872	64,037	180,066	882,192	-	14,651,984		

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

Fiscal Year	General Government Administration			Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Debt Service	Total (3)
	Administration	Judicial Administration	Government Administration									
2004-05	\$ 1,556,015	\$ 470,843	\$ 1,409,671	\$ 833,135	\$ 1,240,503	\$ 11,438,087	\$ 406,200	\$ 819,884	\$ 134,600	\$ 1,246,882	\$ 19,555,820	
2005-06	1,785,759	498,124	1,609,986	945,834	1,734,926	11,756,333	447,457	664,952	222,131	1,173,905	20,839,407	
2006-07	1,904,866	488,797	1,592,741	1,034,972	1,667,864	11,205,424	482,327	551,372	47,682	1,185,668	20,161,713	
2007-08	1,939,120	557,295	1,625,252	1,019,792	1,967,938	12,552,537	458,689	493,780	165,547	1,203,297	21,983,247	
2008-09	1,672,398	655,982	1,817,459	1,068,700	2,113,520	11,849,174	487,283	364,286	18,143	1,251,056	21,298,001	
2009-10	1,676,350	606,158	2,023,606	1,056,667	1,852,837	11,897,241	476,678	669,925	20,649	1,247,240	21,527,351	
2010-11	1,619,203	607,375	1,621,518	1,046,797	1,524,240	10,820,904	497,944	992,238	1,185	1,145,983	19,877,387	
2011-12	1,599,706	635,502	2,052,116	972,931	1,339,500	10,519,014	537,786	627,515	-	1,092,964	19,377,034	
2012-13	1,717,109	649,772	2,167,817	1,137,354	1,354,067	10,498,290	517,637	621,719	-	475,464	19,139,229	
2013-14	1,859,467	679,325	2,420,561	1,303,923	1,263,042	9,691,034	545,073	415,686	-	541,956	18,720,067	

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

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

(3) Excludes capital projects expenditures.

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
2004-05	\$ 5,167,309	\$ 1,008,952	\$ 3,036,178	\$ 40,005	\$ 294,807	\$ 249,275	\$ 176,554	\$ 173,993	\$ 8,579,156	\$ 18,726,229
2005-06	5,458,729	1,053,249	3,177,831	16,513	642,589	299,614	259,720	225,195	8,574,648	19,708,088
2006-07	5,752,817	846,451	3,060,535	36,323	320,690	292,542	223,653	258,008	8,965,592	19,756,611
2007-08	6,354,328	851,971	3,119,343	927	230,520	321,518	359,524	419,584	9,413,231	21,070,946
2008-09	6,498,076	755,316	2,811,953	8,137	185,085	350,930	272,665	126,053	10,218,831	21,227,046
2009-10	6,713,249	625,777	2,652,175	1,616	57,861	340,307	254,759	191,348	10,372,397	21,209,489
2010-11	6,947,917	692,967	2,837,442	6,818	29,486	334,967	179,577	114,394	9,439,113	20,582,681
2011-12	7,246,242	721,386	2,746,988	1,202	25,470	399,660	266,737	260,840	8,897,618	20,566,143
2012-13	7,494,925	889,625	2,656,407	54,685	24,684	330,019	227,016	298,924	8,572,939	20,549,224
2013-14	7,865,938	1,178,872	1,905,919	44,463	65,694	366,007	210,598	259,432	8,074,928	19,971,851

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections	to Tax Levy		
2004-05	\$ 5,838,182	\$ 5,571,395	95.43%	\$ 174,577	\$ 5,745,972	98.42%	\$ 531,295	9.10%	
2005-06	6,162,903	5,597,411	90.82%	445,308	6,042,719	98.05%	532,990	8.65%	
2006-07	6,575,203	6,303,617	95.87%	73,926	6,377,543	96.99%	598,669	9.10%	
2007-08	7,134,528	6,632,327	92.96%	272,984	6,905,311	96.79%	675,186	9.46%	
2008-09	7,332,724	6,955,920	94.86%	121,905	7,077,825	96.52%	553,342	7.55%	
2009-10	7,264,395	6,919,265	95.25%	236,066	7,155,331	98.50%	682,660	9.40%	
2010-11	7,705,043	7,223,716	93.75%	272,961	7,496,677	97.30%	729,005	9.46%	
2011-12	7,915,274	7,476,887	94.46%	300,303	7,777,190	98.26%	792,435	10.01%	
2012-13	8,159,392	7,720,167	94.62%	301,807	8,021,974	98.32%	750,599	9.20%	
2013-14	8,866,386	8,204,866	92.54%	269,702	8,474,568	95.58%	825,636	9.31%	

(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
2004-05	\$ 515,887,069	\$ 41,790,354	\$ 10,264,697	\$ 1,236,805	\$ 29,914,950	\$ 599,093,875
2005-06	584,292,131	46,119,510	8,682,662	798,598	37,001,751	676,894,652
2006-07	580,077,477	54,829,767	5,500,042	787,449	33,233,074	674,427,809
2007-08	589,551,974	58,210,197	3,659,829	805,521	28,920,474	681,147,995
2008-09	597,928,422	59,492,001	6,351,653	820,569	26,054,623	690,647,268
2009-10	765,790,469	55,409,143	3,052,807	809,342	27,769,101	852,830,862
2010-11	783,055,397	55,156,017	4,385,891	784,140	54,891,549	898,272,994
2011-12	760,354,950	58,619,679	6,189,565	799,942	60,307,748	886,271,884
2012-13	770,185,362	61,739,681	6,498,282	1,109,586	66,079,189	905,612,100
2013-14	800,468,341	70,476,897	4,302,865	1,038,516	82,706,970	958,993,589

(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
2004-05	\$ 0.70	\$ 0.82	\$ 3.40	\$ 2.80	\$ 2.50
2005-06	0.70	0.70	3.40	2.80	2.50
2006-07	0.75	0.75	3.40	2.80	2.50
2007-08	0.82	0.75	3.50	2.80	2.50
2008-09	0.82	0.82	3.50	2.80	2.50
2009-10	0.68	0.68	3.50	2.80	2.50
2010-11	0.68	0.68	3.50	2.80	2.50
2011-12	0.70	0.68	3.50	2.80	2.50
2012-13	0.70	0.70	3.50	2.80	2.50
2013-14	0.72	0.70	3.50	2.80	2.50

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of	
					Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2004-05	6,926	\$ 599,093,875	\$ 3,768,061	\$ 3,768,061	0.63%	\$ 544
2005-06	6,926	676,894,652	3,276,209	3,276,209	0.48%	473
2006-07	6,926	674,427,809	2,769,811	2,769,811	0.41%	400
2007-08	6,926	681,147,995	2,247,874	2,247,874	0.33%	325
2008-09	6,926	690,647,268	1,709,337	1,709,337	0.25%	247
2009-10	6,926	852,830,862	1,158,660	1,158,660	0.14%	167
2010-11	7,256	898,272,994	589,448	589,448	0.07%	81
2011-12	7,256	886,271,884	-	-	0.00%	-
2012-13	7,256	905,612,100	-	-	0.00%	-
2013-14	7,256	958,993,589	-	-	0.00%	-

(1) Weldon Cooper Center for Public Service.

(2) From Table 6.

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

COMPLIANCE

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Charles City Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County of Charles City, Virginia's basic financial statements, and have issued our report thereon dated December 22, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Richmond, Virginia
December 22, 2014

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

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

Report on Compliance for Each Major Federal Program

We have audited County of Charles City, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Charles City, Virginia's major federal programs for the year ended June 30, 2014. County of Charles City, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, County of Charles City, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

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

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

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

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



Richmond, Virginia
December 22, 2014

County of Charles City, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950113/0950114	\$ 4,778
Temporary Assistance for Needy Families	93.558	0400113/0400114	103,391
Refugee and Entrant Assistance - State Administered Programs	93.566	0500113/0500114	603
Low Income Home Energy Assistance	93.568	0600413/0600414	11,750
Child Care Mandatory and Matching Funds of the Child Care Development Fund	93.596	0760113/0760114	14,874
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900113/090114	780
Foster Care - Title IV-E	93.658	1100113/1100114	34,263
Adoption Assistance	93.659	1120113/1120114	6,989
Social Services Block Grant	93.667	1000113/1000114	86,744
Chafee Foster Care Independence Program	93.674	9150113/9150114	736
Children's Health Insurance Program	93.767	0540113/0540114	3,049
Medical Assistance Program	93.778	1200113/1200114	<u>102,906</u>
Total Department of Health and Human Services			<u>\$ 370,863</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Disaster relief	97.036	77602-155	\$ 1,956
Emergency management performance grants	97.042	77501-52749	14,034
Homeland Security Grant Program	97.067	77501-52702	<u>69,322</u>
Total U. S. Department of Homeland Security			<u>\$ 85,312</u>
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.555	17901-45707	\$ 16,376
Department of Education:			
National School Lunch Program	10.555	17901-40623	148,276
Total CFDA# 10.555			<u>\$ 164,652</u>
Department of Education:			
School Breakfast Program	10.553	17901-40591	71,464
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010113/0010114	<u>124,932</u>
Total Department of Agriculture			<u>\$ 361,048</u>

County of Charles City, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2014

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	60507-52230	<u>\$ 14,517</u>
Department of Treasury:			
Pass Through Payments:			
Commonwealth of Virginia Attorney General's Office:			
Asset forfeitures	21.000	N/A	<u>\$ 2,706</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Home Investment Partnerships Program	14.239	45805-45856	<u>\$ 140,863</u>
Department of Education:			
Pass Through Payments:			
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 135,258
Special Education Cluster:			
Special Education - Grants to States	84.027	17901-43071	209,653
Special Education - Preschool Grants	84.173	17901-62521	9,198
Career and Technical Education - Basic Grants to States	84.048	17901-61095	10,567
Improving Teacher Quality State Grants	84.367	17901-61480	21,516
School Improvement Grant	84.377	17901-43040	<u>55,024</u>
Total Department of Education			<u>\$ 441,216</u>
Department of Defense:			
Direct payments:			
Junior ROTC	12.xxx		<u>\$ 69,610</u>
Total Expenditures of Federal Awards			<u>\$ 1,486,135</u>

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

County of Charles City, Virginia

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Charles City, Virginia under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Charles City, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Charles City, Virginia.

Note B - Summary of Significant Accounting Policies

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

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

Note C - Food Donation

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

Note D - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	\$ 738,171
Total primary government	\$ <u>738,171</u>
Component Unit-School Board:	
School Operating Fund	\$ 512,782
School Cafeteria Fund	236,116
Total component unit public schools	\$ <u>748,898</u>
Total federal expenditures per basic financial statements	\$ <u>1,487,069</u>
Payment in lieu of taxes	\$ <u>(934)</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>1,486,135</u></u>

**County of Charles City, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

Section I—Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? _____ yes _____ no
 Significant deficiency(ies) identified? _____ yes _____ none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster
84.027/84.173	Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? _____ yes _____ no

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None

**County of Charles City, Virginia
Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2014**

There were no prior year findings.

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