

COUNTY OF CHARLES CITY, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2009

COUNTY OF CHARLES CITY, VIRGINIA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2009

COUNTY OF CHARLES CITY, VIRGINIA

Board of Supervisors

Sherri M. Bowman, Chairperson

Gilbert A. Smith

Timothy W. Cotman

Board of Social Services

Muriel P. Adkins, Chairperson

Clyde L. Miles
Sherri M. Bowman

Evelyn M. Giebel
Brenda J. Wade

COUNTY SCHOOL BOARD

Barbara C. Crawley, Chairperson

Roy L. Campbell, Vice Chairperson
E. Preston Adkins

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

Other Officials

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

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Charles City, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Charles City, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Charles City, Virginia, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 17, the County implemented GASB Statement No.45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits other than Pensions* effective June 30, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2010, on our consideration of the County of Charles City, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Charles City, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements, and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Charles City, Virginia. The other supplementary information including the combining and individual fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and other statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Richmond, Virginia
January 18, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Charles City, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2009. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

< The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$9,591,513 (net assets).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in deficit of expenditures and other uses of \$317,535 (Exhibit 5) after making contributions totaling \$4,825,253 to the School Board.

< As of the close of the current fiscal year; the County's funds reported ending fund balances of \$2,531,877, a decrease of \$317,535 in comparison with the prior year.

< At the end of the current fiscal year, the unreserved fund balance (designated for projects and the general fund) was \$2,531,877 or 17.4% of total general fund expenditures and other uses.

< The combined long-term obligations decreased \$817,433 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

Overview of the Financial Statements (Continued)

Government-wide financial statements (Continued)

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

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements (Continued)

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$9,591,513 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Assets:

County of Charles City, Virginia's Net Assets						
	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 3,769,656	\$ 3,734,117	\$ 10,918	\$ 26,852	\$ 3,780,574	\$ 3,760,969
Capital assets	<u>10,651,956</u>	<u>11,350,999</u>	<u>1,762,944</u>	<u>1,833,198</u>	<u>12,414,900</u>	<u>13,184,197</u>
Total assets	<u>\$ 14,421,612</u>	<u>\$ 15,085,116</u>	<u>\$ 1,773,862</u>	<u>\$ 1,860,050</u>	<u>\$ 16,195,474</u>	<u>\$ 16,945,166</u>
Current liabilities	\$ 666,978	\$ 400,734	\$ 1,444	\$ 1,466	\$ 668,422	\$ 402,200
Long-term liabilities outstanding	<u>5,807,008</u>	<u>6,621,461</u>	<u>128,531</u>	<u>131,511</u>	<u>5,935,539</u>	<u>6,752,972</u>
Total liabilities	<u>\$ 6,473,986</u>	<u>\$ 7,022,195</u>	<u>\$ 129,975</u>	<u>\$ 132,977</u>	<u>\$ 6,603,961</u>	<u>\$ 7,155,172</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 5,241,670	\$ 5,123,187	\$ 1,658,989	\$ 1,723,159	\$ 6,900,659	\$ 6,846,346
Restricted for:						
Unrestricted	<u>2,705,956</u>	<u>2,939,734</u>	<u>(15,102)</u>	<u>3,914</u>	<u>2,690,854</u>	<u>2,943,648</u>
Total net assets	<u>\$ 7,947,626</u>	<u>\$ 8,062,921</u>	<u>\$ 1,643,887</u>	<u>\$ 1,727,073</u>	<u>\$ 9,591,513</u>	<u>\$ 9,789,994</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis (Continued)

During the current fiscal year, the County's net assets decreased by \$198,481. The following table summarizes the County's Statement of Activities

County of Charles City, Virginia's Changes in Net Assets						
	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 2,968,817	\$ 3,222,283	\$ 145,733	\$ 103,053	\$ 3,114,550	\$ 3,325,336
Operating grants and contributions	2,950,534	2,572,482	-	-	2,950,534	2,572,482
General revenues:						
General property taxes	6,450,632	6,373,816	-	-	6,450,632	6,373,816
Other local taxes	755,316	851,971	-	-	755,316	851,971
Grants and other contributions not restricted	724,303	749,543	-	-	724,303	749,543
Other general revenues	363,566	401,495	-	-	363,566	401,495
Transfers	(244,699)	(230,000)	244,699	230,000	-	-
Total revenues	\$ 13,968,469	\$ 13,941,590	\$ 390,432	\$ 333,053	\$ 14,358,901	\$ 14,274,643
Expenses:						
General government						
administration	\$ 1,647,362	\$ 1,862,735	\$ -	\$ -	\$ 1,647,362	\$ 1,862,735
Judicial administration	791,996	643,074	-	-	791,996	643,074
Public safety	1,804,071	1,691,980	-	-	1,804,071	1,691,980
Public works	1,104,170	1,002,415	473,618	452,988	1,577,788	1,455,403
Health and welfare	2,197,436	1,993,208	-	-	2,197,436	1,993,208
Education	5,364,940	6,453,624	-	-	5,364,940	6,453,624
Parks, recreation, and cultural	525,758	500,508	-	-	525,758	500,508
Community development charges	355,897	460,901	-	-	355,897	460,901
	292,134	302,479	-	-	292,134	302,479
Total expenses	\$ 14,083,764	\$ 14,910,924	\$ 473,618	\$ 452,988	\$ 14,557,382	\$ 15,363,912
Change in net assets	\$ (115,295)	(969,334)	(83,186)	(119,935)	(198,481)	\$ (1,089,269)
Beginning of year	8,062,921	9,032,255	1,727,073	1,847,008	9,789,994	10,879,263
End of year	\$ 7,947,626	\$ 8,062,921	\$ 1,643,887	\$ 1,727,073	\$ 9,591,513	\$ 9,789,994

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$2,531,877, a decrease of \$317,535 in comparison with the prior year.

Proprietary Funds - The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets at the end of the year amounted to a deficit of \$15,102. Net assets decreased \$83,186. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Differences between the original expenditure budget and the final amended expenditure budget were increases of \$1,079,102, which were attributable to budget increases spread throughout departments and other budget amendments as implemented by the Board of Supervisors.

During the year, actual revenues and other financing sources were less than budgetary estimates by \$1,194,811. A significant portion of this amount (\$815,216) were budgeted Community Development Block Grant Funds that were not received by the County in FY09. Rather it is anticipated that the County will receive much of these funds in FY2010 and beyond. Expenditures and other uses were less than budgetary estimates by \$1,954,189. Approximately \$778,765 in budgeted CDBG and IPR grants were not spent in FY09. It is anticipated that much of these funds will be spent in FY2010 and beyond. Additionally, the actual general fund contribution to the School Board was \$605,654 less than what was budgeted. The final budget included a decrease to the fund balance of \$1,076,913. The actual fund balance decreased \$317,535.

Capital Asset and Debt Administration

< Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2009 amounts to \$10,651,956 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total bonded debt

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

outstanding of \$5,514,241. Of this amount, \$1,709,337 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease/revenue bonds, capital leases and revenue bonds).

During the current fiscal year, the County's total debt decreased by \$823,610. Additional information on the County of Charles City, Virginia's long-term debt can be found in Note 7 of this report.

Economic Factors

- < The unemployment rate for the County of Charles City was 9.7% at June 30, 2009. The Commonwealth of Virginia's unemployment rate was 7.3% as of the same date.
- < Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2010 fiscal year.

The fiscal year 2010 budget decreased by approximately 2.4% from the adopted fiscal year 2009 budget. There were no tax rate changes from fiscal year 2009 into fiscal year 2010.

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

County of Charles City, Virginia
Statement of Net Assets
June 30, 2009

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	IDA
ASSETS					
Cash and cash equivalents	\$ 2,516,337	\$ -	\$ 2,516,337	\$ 163,093	\$ 122,810
Investments	-	-	-	-	855,664
Receivables (net of allowance for uncollectibles):					
Taxes receivable	520,807	-	520,807	-	-
Accounts receivable	27,466	10,918	38,384	4,062	-
Leases receivable	43,520	-	43,520	-	123,768
Due from other governmental units	661,526	-	661,526	543,559	-
Capital assets (net of accumulated depreciation):					
Land and improvements	1,554,783	7,819	1,562,602	263,786	-
Buildings and improvements	8,425,453	1,739,450	10,164,903	9,349,518	-
Machinery and equipment	632,463	15,675	648,138	663,892	-
Construction in progress	39,257	-	39,257	-	-
Total assets	<u>\$ 14,421,612</u>	<u>\$ 1,773,862</u>	<u>\$ 16,195,474</u>	<u>\$ 10,987,910</u>	<u>\$ 1,102,242</u>
LIABILITIES					
Accounts payable	\$ 313,239	3	\$ 313,242	\$ -	\$ -
Accrued liabilities	28,918	-	28,918	710,714	-
Customers' deposits	-	1,020	1,020	-	-
Accrued interest payable	89,259	421	89,680	2,666	-
Due to other governmental units	-	-	-	-	-
Deferred revenue	107,580	-	107,580	-	-
Performance bonds payable	127,982	-	127,982	-	-
Long-term liabilities:					
Due within one year	951,694	8,853	960,547	48,648	-
Due in more than one year	4,855,314	119,678	4,974,992	214,132	-
Total liabilities	<u>\$ 6,473,986</u>	<u>\$ 129,975</u>	<u>\$ 6,603,961</u>	<u>\$ 976,160</u>	<u>\$ -</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 5,241,670	\$ 1,658,989	\$ 6,900,659	\$ 10,174,280	\$ -
Unrestricted (deficit)	2,705,956	(15,102)	2,690,854	(162,530)	1,102,242
Total net assets	<u>\$ 7,947,626</u>	<u>\$ 1,643,887</u>	<u>\$ 9,591,513</u>	<u>\$ 10,011,750</u>	<u>\$ 1,102,242</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, 2009

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total	Component Units	
				Governmental Activities	Business-type Activities		School Board	IDA
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,647,362	\$ -	\$ 193,813	\$ (1,453,549)	\$ -	\$ (1,453,549)	\$ -	\$ -
Judicial administration	791,996	66,499	330,740	(394,757)	-	(394,757)	-	-
Public safety	1,804,071	139,947	901,555	(762,569)	-	(762,569)	-	-
Public works	1,104,170	2,737,083	-	1,632,913	-	1,632,913	-	-
Health and welfare	2,197,436	-	1,472,325	(725,111)	-	(725,111)	-	-
Education	5,364,940	-	-	(5,364,940)	-	(5,364,940)	-	-
Parks, recreation, and cultural	525,758	25,288	5,000	(495,470)	-	(495,470)	-	-
Community development	355,897	-	47,101	(308,796)	-	(308,796)	-	-
Interest on long-term debt	292,134	-	-	(292,134)	-	(292,134)	-	-
Total governmental activities	\$ 14,083,764	\$ 2,968,817	\$ 2,950,534	\$ (8,164,413)	\$ -	\$ (8,164,413)	\$ -	\$ -
Business-type activities:								
Sanitary District	\$ 473,618	\$ 145,733	\$ -	\$ -	\$ (327,885)	\$ (327,885)	\$ -	\$ -
Total primary government	\$ 14,557,382	\$ 3,114,550	\$ 2,950,534	\$ (8,164,413)	\$ (327,885)	\$ (8,492,298)	\$ -	\$ -
COMPONENT UNITS:								
School Board	\$ 12,212,433	\$ 202,203	\$ 6,724,816	\$ -	\$ -	\$ (5,285,414)	\$ -	\$ -
Industrial Development Authority	37,615	76,979	-	-	-	-	-	39,364
Total component units	\$ 12,250,048	\$ 279,182	\$ 6,724,816	\$ -	\$ -	\$ (5,285,414)	\$ -	\$ 39,364
General revenues:								
General property taxes	\$ 6,450,632	\$ -	\$ -	\$ 6,450,632	\$ -	\$ 6,450,632	\$ -	\$ -
Local sales and use taxes	362,105	-	-	362,105	-	362,105	-	-
Consumer's utility taxes	145,814	-	-	145,814	-	145,814	-	-
Communications taxes	161,253	-	-	161,253	-	161,253	-	-
Other local taxes	86,144	-	-	86,144	-	86,144	-	-
Unrestricted revenues from use of money and property	156,855	-	-	156,855	-	156,855	-	14,347
Miscellaneous	206,711	-	-	206,711	-	206,711	65,954	-
Grants and contributions not restricted to specific programs	724,303	-	-	724,303	-	724,303	-	-
Payment from Charles City County	-	-	-	-	-	-	5,363,789	-
Transfers	(244,699)	-	244,699	-	-	-	-	-
Total general revenues	\$ 8,049,118	\$ 244,699	\$ 8,293,817	\$ 8,293,817	\$ 5,429,743	\$ 14,347	\$ 5,429,743	\$ 14,347
Change in net assets	(115,295)	-	(83,186)	(198,481)	-	(198,481)	144,329	53,711
Net assets - beginning	8,062,921	-	1,727,073	9,789,994	-	9,789,994	9,867,421	1,048,531
Net assets - ending	\$ 7,947,626	\$ 1,643,887	\$ 9,591,513	\$ 9,591,513	\$ 10,011,750	\$ 1,102,242	\$ 10,011,750	\$ 1,102,242

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

FUND FINANCIAL STATEMENTS

County of Charles City, Virginia
Balance Sheet
Governmental Funds
June 30, 2009

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 2,516,337
Receivables (net of allowance for uncollectibles):	
Taxes receivable	520,807
Accounts receivable	27,466
Leases receivable	43,520
Due from other governmental units	661,526
Total assets	<u>\$ 3,769,656</u>
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 313,239
Accrued liabilities	28,918
Deferred revenue	767,640
Performance bonds payable	127,982
Total liabilities	<u>\$ 1,237,779</u>
Fund balances:	
Unreserved, designated for:	
Other capital projects	\$ 284,316
Indoor plumbing rehabilitation	8,301
Employee health insurance	12,000
Landfill closure	253,178
E-911 system	152,129
Unreserved, reported in:	
General fund	1,821,953
Total fund balances	<u>\$ 2,531,877</u>
Total liabilities and fund balances	<u>\$ 3,769,656</u>

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

County of Charles City, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2009

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	2,531,877
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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	\$ 17,145,663	
Accumulated depreciation	<u>(6,493,707)</u>	10,651,956

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		688,290
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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 bonds	\$ (3,603,463)	
Literary fund loans	(407)	
General obligation bonds	(1,708,930)	
Compensated absences	(367,522)	
Capital lease obligations	(97,486)	
OPEB liability	(29,200)	
Accrued interest payable	<u>(89,259)</u>	(5,896,267)

Net assets of governmental activities	\$	<u><u>7,975,856</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, 2009

		<u>General</u>
REVENUES		
General property taxes	\$	6,498,076
Other local taxes		755,316
Permits, privilege fees, and regulatory licenses		2,811,953
Fines and forfeitures		8,137
Revenue from the use of money and property		185,085
Charges for services		148,727
Miscellaneous		206,711
Recovered costs		52,227
Intergovernmental revenues:		
Commonwealth		2,760,555
Federal		733,460
Total revenues	\$	<u>14,160,247</u>
EXPENDITURES		
Current:		
General government administration	\$	1,672,398
Judicial administration		655,982
Public safety		1,817,459
Public works		1,068,700
Health and welfare		2,113,520
Education		4,826,404
Parks, recreation, and cultural		487,283
Community development		364,286
Nondepartmental		18,143
Capital projects		117,565
Debt service:		
Principal retirement		879,343
Interest and other fiscal charges		273,817
Total expenditures	\$	<u>14,294,900</u>
Excess (deficiency) of revenues over (under) expenditures	\$	<u>(134,653)</u>
OTHER FINANCING SOURCES (USES)		
Transfers out	\$	(244,699)
Issuance of capital leases		61,817
Total other financing sources (uses)	\$	<u>(182,882)</u>
Net change in fund balances	\$	(317,535)
Fund balances - beginning		2,849,412
Fund balances - ending	\$	<u><u>2,531,877</u></u>

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

County of Charles City, Virginia
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2009

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

Net change in fund balances - total governmental funds \$ (317,535)

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

Capital outlay	\$ 268,706	
Transfer of jointly owned assets to Component Unit School Board	(538,536)	
Depreciation expense	<u>(429,213)</u>	(699,043)

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

Deferred tax revenue	\$ (47,444)	
State grants	<u>180,822</u>	133,378

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

Principal retirement on lease revenue bonds	\$ 295,718	
Principal retirement on capital leases	45,088	
Principal retirement on literary loans	6,000	
Principal retirement on general obligation bonds	532,537	
Issuance of capital leases	<u>(61,817)</u>	817,526

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	\$ 26,126	
(Increase) decrease in OPEB liability	(29,200)	
(Increase) decrease in accrued interest payable	<u>(18,317)</u>	(21,391)

Change in net assets of governmental activities \$ (87,065)

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

County of Charles City, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Enterprise Fund
	Sanitary District
ASSETS	
Current assets:	
Accounts receivable, net of allowance for uncollectibles	\$ 10,918
Total current assets	\$ 10,918
Noncurrent assets:	
Capital assets:	
Utility plant in service	\$ 3,437,144
Machinery and equipment	40,900
Less accumulated depreciation	(1,722,919)
Land and improvements	7,819
Total capital assets	\$ 1,762,944
Total noncurrent assets	\$ 1,762,944
Total assets	\$ 1,773,862
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 3
Customers' deposits	1,020
Accrued interest payable	421
Compensated absences	2,458
Bonds payable - current portion	6,395
Total current liabilities	\$ 10,297
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 97,560
Compensated absences	22,118
Total noncurrent liabilities	\$ 119,678
Total liabilities	\$ 129,975
NET ASSETS	
Invested in capital assets, net of related debt	\$ 1,658,989
Unrestricted	(15,102)
Total net assets	\$ 1,643,887

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

County of Charles City, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Enterprise Fund
	Sanitary District
OPERATING REVENUES	
Charges for services:	
Water and sewer revenues	\$ 62,907
Connection fees	46,432
Other revenues	36,394
Total operating revenues	\$ 145,733
OPERATING EXPENSES	
Water	\$ 63,099
Wastewater	96,173
Industrial center	105,933
Government utility	116,351
Depreciation	86,754
Total operating expenses	\$ 468,310
Operating income (loss)	\$ (322,577)
NONOPERATING REVENUES (EXPENSES)	
Interest expense	\$ (5,308)
Total nonoperating revenues (expenses)	\$ (5,308)
Income before contributions and transfers	(327,885)
Transfers in	\$ 244,699
Change in net assets	\$ (83,186)
Total net assets - beginning	1,727,073
Total net assets - ending	\$ 1,643,887

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, 2009

	Enterprise Fund Sanitary District
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 147,168
Payments for operating activities	(378,418)
Net cash provided (used) by operating activities	\$ (231,250)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 244,699
Net cash provided (used) by noncapital financing activities	\$ 244,699
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to capital assets	\$ (16,500)
Principal payments on bonds	(6,084)
Interest payments	(5,364)
Net cash provided (used) by capital and related financing activities	\$ (27,948)
Net increase (decrease) in cash and cash equivalents	\$ (14,499)
Cash and cash equivalents - beginning	14,499
Cash and cash equivalents - ending	\$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (322,577)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	\$ 86,754
(Increase) decrease in accounts receivable	1,435
Increase (decrease) in customer deposits	1,020
Increase (decrease) in accounts payable and accrued liabilities	2,118
Total adjustments	\$ 91,327
Net cash provided (used) by operating activities	\$ (231,250)

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

County of Charles City, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 42,039
LIABILITIES	
Amounts held for social services clients	\$ 42,039

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009

Note 1—Summary of Significant Accounting Policies:

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

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

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

Government-wide and Fund Financial Statements

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

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

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (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, 2009 (Continued)

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2009.

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, 2009.

The Industrial Development Authority of Charles City County is responsible for industrial and commercial development in the County. The Authority consists of seven members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2009. The Industrial Development Authority of Charles City County does not issue a separate financial report.

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

Excluded from the County's Annual Financial Report

Riverside Regional Jail Authority

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

Heritage Public Library

The Heritage Public Library is an intergovernmental (joint) venture, and therefore, its operations are not included in the County's financial statements. The participating jurisdictions of New Kent County and Charles City County provide the financial support for the Library and appoint its governing Board. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. During the fiscal year ended June 30, 2009, the County contributed \$76,456 to the operations of the Library.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

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

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

Middle Peninsula Detention Center

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

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

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

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

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

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

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

Governmental Funds

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

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

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

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

The County reports the following non-major governmental funds:

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

E. Cash and Cash Equivalents

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

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

F. Investments

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

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$134,345 at June 30, 2009 and is comprised of property taxes of \$128,169 and water and sewer charges of \$6,176.

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, 2009 (Continued)

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

H. Capital Assets

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

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

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

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

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

I. Compensated Absences

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

J. Retirement Plan

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

K. Use of Estimates

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

L. Fund Equity

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

M. Net Assets

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

N. Long-term Obligations

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

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

Note 2—Stewardship, Compliance, and Accounting:

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

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

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2009.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

NOTE 3 - Deposits and Investments:

Deposits

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

Investments

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

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2009 were rated by Standard and Poor's and the ratings are presented below using Standard and Poor's rating scale.

	<u>Fair Quality Ratings</u>	
	<u>County</u> AAAm	<u>IDA</u> AAAm
Local Government Investment Pool	\$ 683,766	\$ -
Money Market Mutual Fund	403,508	855,664
Total	<u>\$ 1,087,274</u>	<u>\$ 855,664</u>

Interest Rate Risk

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>			
	<u>County</u>		<u>IDA</u>	
	<u>Fair Value</u>	<u>Less Than</u> <u>1 Year</u>	<u>Fair Value</u>	<u>Less Than</u> <u>1 Year</u>
Money Market Mutual Funds	\$ 403,508	\$ 403,508	\$ 855,664	\$ 855,664
Total	<u>\$ 403,508</u>	<u>\$ 403,508</u>	<u>\$ 855,664</u>	<u>\$ 855,664</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.

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 4—Due to/from Other Governments:

At June 30, 2009, 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	\$ 55,984	\$ -
Shared expenses	117,710	-
Recordation tax	2,519	-
Rolling stock tax	5,660	-
VPA funds	31,014	-
Local law enforcement block grant	634	-
Jurors	1,110	-
Spay/neuter	81	-
PSAP grant	300,000	-
E-911 wireless	7,043	-
State Sales Tax	-	123,984
Mobile home titling tax	2,937	-
Comprehensive services act	60,209	-
Communications tax	23,404	-
Federal Government:		
School fund grants	-	419,575
Transportation safety	3,900	-
VPA funds	49,321	-
Total due from other governments	\$ <u>661,526</u>	\$ <u>543,559</u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2009:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Primary Government:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 1,554,783	\$ -	\$ -	\$ 1,554,783
Construction in Progress	<u>6,800</u>	<u>32,457</u>	<u>-</u>	<u>39,257</u>
Total capital assets not subject to depreciation	<u>\$ 1,561,583</u>	<u>\$ 32,457</u>	<u>\$ -</u>	<u>\$ 1,594,040</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 10,191,808	\$ -	\$ -	\$ 10,191,808
Equipment	2,237,381	236,249	24,471	2,449,159
Jointly owned assets	<u>3,649,964</u>	<u>-</u>	<u>739,308</u>	<u>2,910,656</u>
Total capital assets being depreciated	<u>\$ 16,079,153</u>	<u>\$ 236,249</u>	<u>\$ 763,779</u>	<u>\$ 15,551,623</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 3,238,710	\$ 236,982	\$ -	\$ 3,475,692
Equipment	1,648,936	192,231	24,471	1,816,696
Jointly owned assets	<u>1,402,091</u>	<u>(200,772)</u>	<u>-</u>	<u>1,201,319</u>
Total accumulated depreciation	<u>\$ 6,289,737</u>	<u>\$ 228,441</u>	<u>\$ 24,471</u>	<u>\$ 6,493,707</u>
Total capital assets subject to depreciation, net	<u>\$ 9,789,416</u>	<u>\$ 7,808</u>	<u>\$ 739,308</u>	<u>\$ 9,057,916</u>
Net capital assets primary government	<u>\$ 11,350,999</u>	<u>\$ 40,265</u>	<u>\$ 739,308</u>	<u>\$ 10,651,956</u>
Enterprise Fund:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 7,819	\$ -	\$ -	\$ 7,819
Total capital assets not subject to depreciation	<u>\$ 7,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,819</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 3,437,144	\$ -	\$ -	\$ 3,437,144
Equipment	<u>24,400</u>	<u>16,500</u>	<u>-</u>	<u>40,900</u>
Total capital assets being depreciated	<u>\$ 3,461,544</u>	<u>\$ 16,500</u>	<u>\$ -</u>	<u>\$ 3,478,044</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 1,611,765	\$ 85,929	\$ -	\$ 1,697,694
Equipment	<u>24,400</u>	<u>825</u>	<u>-</u>	<u>25,225</u>
Total accumulated depreciation	<u>\$ 1,636,165</u>	<u>\$ 86,754</u>	<u>\$ -</u>	<u>\$ 1,722,919</u>
Total capital assets subject to depreciation, net	<u>\$ 1,825,379</u>	<u>\$ (70,254)</u>	<u>\$ -</u>	<u>\$ 1,755,125</u>
Net capital assets enterprise fund	<u>\$ 1,833,198</u>	<u>\$ (70,254)</u>	<u>\$ -</u>	<u>\$ 1,762,944</u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2009:

Component Unit-School Board:	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Capital assets not subject to depreciation:				
Land and land improvements	\$ 263,786	\$ -	\$ -	\$ 263,786
Total capital assets not subject to depreciation	<u>\$ 263,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,786</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ -	\$ 91,500	\$ -	\$ 91,500
Equipment	2,406,392	262,559	-	2,668,951
Jointly owned assets	<u>15,033,018</u>	<u>739,308</u>	<u>-</u>	<u>15,772,326</u>
Total capital assets being depreciated	<u>\$ 17,439,410</u>	<u>\$ 1,093,367</u>	<u>\$ -</u>	<u>\$ 18,532,777</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ -	\$ 4,575	\$ -	\$ 4,575
Equipment	1,837,895	167,164	-	2,005,059
Jointly owned assets	<u>5,774,755</u>	<u>734,978</u>	<u>-</u>	<u>6,509,733</u>
Total accumulated depreciation	<u>\$ 7,612,650</u>	<u>\$ 906,717</u>	<u>\$ -</u>	<u>\$ 8,519,367</u>
Total capital assets subject to depreciation, net	<u>\$ 9,826,760</u>	<u>\$ 186,650</u>	<u>\$ -</u>	<u>\$ 10,013,410</u>
Net capital assets Component Unit-School Board	<u>\$ 10,090,546</u>	<u>\$ 186,650</u>	<u>\$ -</u>	<u>\$ 10,277,196</u>

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

Governmental activities:

General government	\$ 72,643
Judicial administration	141,053
Public safety	129,731
Public works	30,883
Health and welfare	18,866
Education	(200,772)
Parks, recreation and cultural	35,737
Community development	300
Total Governmental activities	<u>\$ 228,441</u>

Business-type activities \$ 86,754

Component Unit School Board \$ 906,717

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2009 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General fund	\$ -	\$ 244,699
Sanitary District	<u>244,699</u>	<u>-</u>
Total	<u>\$ 244,699</u>	<u>\$ 244,699</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 debt transactions of the County for the fiscal year ended June 30, 2009:

	<u>Amounts Payable at July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2009</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County:					
Claims, judgments and compensated absences payable	\$ 393,649	\$ 13,238	\$ 39,365	\$ 367,522	\$ 36,752
Lease revenue bond payable	3,899,181	-	295,718	3,603,463	306,785
Capital lease obligations (Note 8)	80,757	61,817	45,088	97,486	57,480
OPEB liability	<u>-</u>	<u>62,900</u>	<u>33,700</u>	<u>29,200</u>	<u>-</u>
Total incurred by County	<u>\$ 4,373,587</u>	<u>\$ 137,955</u>	<u>\$ 413,871</u>	<u>\$ 4,097,671</u>	<u>\$ 401,017</u>
Incurred by School Board:					
State Literary Fund Loans payable	\$ 6,407	\$ -	\$ 6,000	\$ 407	\$ 407
General obligation bonds payable	<u>2,241,467</u>	<u>-</u>	<u>532,537</u>	<u>1,708,930</u>	<u>550,270</u>
Total incurred by School Board	<u>\$ 2,247,874</u>	<u>\$ -</u>	<u>\$ 538,537</u>	<u>\$ 1,709,337</u>	<u>\$ 550,677</u>
Total Governmental Obligations	<u>\$ 6,621,461</u>	<u>\$ 137,955</u>	<u>\$ 952,408</u>	<u>\$ 5,807,008</u>	<u>\$ 951,694</u>
Enterprise Obligations:					
Claims, judgments and compensated absences payable	\$ 21,472	\$ 5,251	\$ 2,147	\$ 24,576	\$ 2,458
Revenue bonds payable	<u>110,039</u>	<u>-</u>	<u>6,084</u>	<u>103,955</u>	<u>6,395</u>
Total Enterprise Obligations	<u>\$ 131,511</u>	<u>\$ 5,251</u>	<u>\$ 8,231</u>	<u>\$ 128,531</u>	<u>\$ 8,853</u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

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

Year Ending June 30	County Obligations	
	Lease Revenue Bond Payable	
	Principal	Interest
2010	\$ 306,785	\$ 127,467
2011	318,268	115,985
2012	330,179	104,076
2013	342,537	91,715
2014	355,357	78,896
2015	368,657	65,595
2016	382,455	51,798
2017	396,769	37,484
2018	411,619	22,634
2019	390,837	7,228
Total	\$ <u>3,603,463</u>	\$ <u>702,878</u>

Year Ending June 30	School Obligations			
	Literary Fund Loans		Bonds Payable	
	Principal	Interest	Principal	Interest
2010	\$ 407	\$ 12	\$ 550,270	\$ 94,630
2011	-	-	569,212	57,688
2012	-	-	589,448	19,452
Total	\$ <u>407</u>	\$ <u>12</u>	\$ <u>1,708,930</u>	\$ <u>171,770</u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	Enterprise Fund	
	Revenue Bonds Payable	
	Principal	Interest
2010	\$ 6,395	\$ 5,052
2011	6,723	4,725
2012	7,067	4,381
2013	7,428	4,020
2014	7,808	3,640
2015	8,208	3,240
2016	8,628	2,820
2017	9,069	2,379
2018	9,533	1,915
2019	10,021	1,427
2020	10,533	915
2021	11,072	376
2022	1,470	6
Total	\$ 103,955	\$ 34,896

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness are as follows:

General Obligations:

Incurred by County:

Lease Revenue Bond Payable:

\$5,000,000 lease revenue bond payable issued through the Industrial Development Authority of Charles City County on May 15, 2003, payable in monthly installments of principal and interest totaling \$36,188 through May 1, 2019, interest payable annually at 3.68%. \$ 3,603,463

Capital Leases Payable:

\$129,950 Fire Truck lease issued on December 15, 2005, due in annual installments of \$29,763 on each September 1 through 2010. \$ 55,189

\$22,292 2009 Ford Crown Victoria lease issued on April 3, 2009, due in annual installments of \$6,488 on each July 1 through 2010. 12,418

\$22,262 2008 Ford Crown Victoria lease issued on December 1, 2008, due in annual installments of \$5,950 on each December 1 through 2010. 10,864

\$52,211 2009 Ford Crown Victoria lease issued on April 25, 2008, due in annual installments of \$20,052 on each July 25 through 2010. 19,015

Total capital leases payable \$ 97,486

OPEB liability \$ 29,200

Compensated absences \$ 367,522

Total Incurred by County \$ 4,097,671

Incurred by School Board:

State Literary Fund Loans:

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

General Obligation Bonds Payable:

\$9,103,808 School Bonds issued March 1992, due in various annual principal installments each July 15 through 2011; interest payable semi-annually at an average rate of 6.60%. \$ 1,708,930

Total Incurred by School Board \$ 1,709,337

Total Governmental Obligations \$ 5,807,008

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

Enterprise Fund:

Revenue Bond Payable:

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

\$ 103,955

Compensated absences

\$ 24,576

Total Enterprise obligations

\$ 128,531

Component Unit-School Board:

The following is a summary of changes in long-term debt transactions for the fiscal year ended June 30, 2009:

	Amounts Payable at July 1, 2008	Increases	Decreases	Amounts Payable at June 30, 2009	Amounts Due Within One Year
Claims, judgments and compensated absences payable	\$ 153,915	\$ 21,341	\$ 15,392	\$ 159,864	\$ 15,986
Capital lease obligations (Note 8)	<u>143,036</u>	<u>53,867</u>	<u>93,987</u>	<u>102,916</u>	<u>32,662</u>
Total Component Unit-School Board	<u>\$ 296,951</u>	<u>\$ 75,208</u>	<u>\$ 109,379</u>	<u>\$ 262,780</u>	<u>\$ 48,648</u>

Details of long-term obligations:

Capital Leases Payable:

\$81,876 School Bus lease issued on January 15, 2008, due in annual installments of \$17,994 on each July 15 through 2011; interest rate 4.95%.

\$ 49,049

\$89,867 School Bus lease issued on June 25, 2009, due in annual installments of \$19,762 on each June 25 through 2012; interest rate 4.95%.

53,867

Total Capital Leases Payable

\$ 102,916

Compensated absences

\$ 159,864

Total Component Unit-School Board

\$ 262,780

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 8—Capital Leases:

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

The assets acquired through capital leases are as follows:

	Primary Government	Component Unit- School Board
Asset:		
Equipment	\$ 254,455	\$ 171,743
Less: accumulated depreciation	(43,006)	(25,362)
 Total	 <u>\$ 211,449</u>	 <u>\$ 146,381</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, are as follows:

Year Ended June 30	Primary Government	Component Unit School Board
2010	\$ 62,253	\$ 37,756
2011	42,201	37,756
2012	-	37,756
 Total minimum lease payments	 \$ 104,454	 \$ 113,268
Less: amount representing interest	(6,968)	(10,352)
 Present value of minimum lease payments	 <u>\$ 97,486</u>	 <u>\$ 102,916</u>

Note 9—Landfill Closure and Post-closure Costs:

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 10—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$795,870 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$435,718 at June 30, 2009.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2009 but paid in advance by the taxpayers totaled \$107,580 at June 30, 2009.

Other Deferred Revenue - Deferred revenue representing uncollected lease/purchase payments and grant funds not available for funding of current expenditures totaled \$43,520 and \$180,822, respectively.

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.

The County has a commitment due back to the Commonwealth of Virginia in the amount of \$197,822 for overpayment of CSA funds. This amount will not be reflected in the expenditures of the County in FY2010.

Note 12—Litigation:

At June 30, 2009, 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.

The County has a commitment due back to the Commonwealth of Virginia in the amount of \$197,822 for overpayment of CSA funds. This amount will not be reflected in the expenditures of the County in FY2010.

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, 2009 (Continued)

Note 13 –Risk Management: (Continued)

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

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

Note 14 –Lease-Purchase Receivable:

On November 1, 1995, the County entered into a lease-purchase agreement with Timothy A. Carroll to sell a lot and building at the Roxbury Industrial Center. The agreement included a \$15,000 down payment and monthly installments of principal and interest of \$2,697 for 15 years to be received by the County. The interest rate is 7%, and the total amount financed was \$300,000. At June 30, 2009, the balance of the lease purchase receivable was \$43,520.

On October 1, 1996, the Industrial Development Authority (IDA) entered into a lease-purchase with Chesapeake Engineering to purchase property in the amount of \$100,000. The principal and interest payments of \$822 per month were due to the IDA for 20 years. On October 20, 2004, the IDA loaned Chesapeake Engineering an additional \$50,000 due in monthly installments of \$792 for seven years and a balloon payment in three years. At June 30, 2009, the balance of these lease purchase receivables was \$123,768.

Note 15 –Defined Benefit Pension Plan:

A. Plan Description

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

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 15 – Defined Benefit Pension Plan (Continued):

A. Plan Description (Continued)

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2008annurept.pdf> or obtained by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board non-professional employees’ contribution rates for the fiscal year ended 2009 were 8.66% and 0% of annual covered payroll, respectively.

The School Board’s professional employees contributed \$423,054, \$532,697, and \$456,986, to the teacher cost-sharing pool for the fiscal years ended June 30, 2009, 2008, and 2007 respectively. The County’s rate was 8.81%, 10.30%, and 9.20% of annual covered payroll, respectively.

C. Annual Pension Cost

For the fiscal year 2009, the County’s annual pension cost of \$241,985 (which does not include the employee’s portion of \$139,714) was equal to the County’s required and actual contributions.

For the fiscal year 2009, the County School Board’s annual pension cost for the Board’s non-professional employees was \$0 (which does not include the employees portion assumed by the School Board of \$15,377) which was equal to the Board’s required and actual contributions.

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
County:			
June 30, 2009	\$ 241,985	100%	\$ -
June 30, 2008	208,879	100%	-
June 30, 2007	208,336	100%	-
School Board:			
Non-Professional:			
June 30, 2009	\$ -	100%	\$ -
June 30, 2008	7,952	100%	-
June 30, 2007	7,528	100%	-

(1) Employer portion only

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 15 – Defined Benefit Pension Plan (Continued):

C. Annual Pension Cost (Continued)

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the Primary Government plan was 89.56% funded. The actuarial accrued liability for benefits was \$11,600,287, and the actuarial value of assets was \$10,389,555, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,210,732. The covered payroll (annual payroll of active employees covered by the plan) was \$2,903,321, and ratio of the UAAL to the covered payroll was 41.70%.

As of June 30, 2008, the most recent actuarial valuation date, the School Board's Non-Professional plan was 138.88% funded. The actuarial accrued liability for benefits was \$1,226,779, and the actuarial value of assets was \$1,703,744, resulting in an unfunded actuarial accrued liability (UAAL) of (\$476,965). The covered payroll (annual payroll of active employees covered by the plan) was \$338,537, and ratio of the UAAL to the covered payroll was (140.89%).

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

Note 16 – Surety Bonds:

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 17—Postemployment Benefits Other Than Pensions:

Plan Description

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

Funding Policy

The County has 5 retirees and 1 spouse on its plan.

Annual OPEB Cost and Net OPEB Obligation

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

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

	<u>COUNTY</u>
Annual required contribution	\$ 62,900
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>\$ 62,900</u>
Contributions made	<u>(33,700)</u>
Increase in net OPEB obligation	29,200
Net OPEB obligation-beginning of year	-
Net OPEB obligation-end of year	<u><u>\$ 29,200</u></u>

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County : 6/30/2009	\$ 62,900	53.58%	\$ 29,200

Funded Status and Funding Progress

As of June 30, 2009, the County's actuarial accrued liability for benefits was \$613,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,667,500, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 22.98 percent.

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

Actuarial Methods and Assumptions

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

The following simplifying assumptions were made:

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

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

COUNTY OF CHARLES CITY, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION:

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

County of Charles City, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final Appropriated		
REVENUES				
General property taxes	\$ 6,436,600	\$ 6,436,600	\$ 6,498,076	\$ 61,476
Other local taxes	848,000	848,000	755,316	(92,684)
Permits, privilege fees, and regulatory licenses	3,167,643	3,167,643	2,811,953	(355,690)
Fines and forfeitures	10,000	10,000	8,137	(1,863)
Revenue from the use of money and property	319,850	319,850	185,085	(134,765)
Charges for services	56,875	56,875	148,727	91,852
Miscellaneous	187,000	187,000	206,711	19,711
Recovered costs	39,500	39,500	52,227	12,727
Intergovernmental revenues:				
Commonwealth	2,642,910	2,877,163	2,760,555	(116,608)
Federal	635,072	1,474,244	733,460	(740,784)
Total revenues	<u>\$ 14,343,450</u>	<u>\$ 15,416,875</u>	<u>\$ 14,160,247</u>	<u>\$ (1,256,628)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,683,423	\$ 1,681,782	\$ 1,672,398	\$ 9,384
Judicial administration	655,969	734,837	655,982	78,855
Public safety	1,682,819	2,004,896	1,817,459	187,437
Public works	1,070,851	1,054,775	1,068,700	(13,925)
Health and welfare	2,357,930	2,326,240	2,113,520	212,720
Education	5,432,058	5,432,058	4,826,404	605,654
Parks, recreation, and cultural	474,829	468,476	487,283	(18,807)
Community development	353,835	1,167,225	364,286	802,939
Nondepartmental	225,351	109,703	18,143	91,560
Capital projects	104,825	141,000	117,565	23,435
Debt service:				
Principal retirement	864,255	864,255	879,343	(15,088)
Interest and other fiscal charges	269,091	269,091	273,817	(4,726)
Total expenditures	<u>\$ 15,175,236</u>	<u>\$ 16,254,338</u>	<u>\$ 14,294,900</u>	<u>\$ 1,959,438</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (831,786)</u>	<u>\$ (837,463)</u>	<u>\$ (134,653)</u>	<u>\$ 702,810</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (233,214)	\$ (239,450)	\$ (244,699)	\$ (5,249)
Issuance of capital leases	-	-	61,817	61,817
Total other financing sources (uses)	<u>\$ (233,214)</u>	<u>\$ (239,450)</u>	<u>\$ (182,882)</u>	<u>\$ 56,568</u>
Net change in fund balances	\$ (1,065,000)	\$ (1,076,913)	\$ (317,535)	\$ 759,378
Fund balances - beginning	1,065,000	1,076,913	2,849,412	1,772,499
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,531,877</u>	<u>\$ 2,531,877</u>

County of Charles City, Virginia
 Schedule of Funding Progress-Virginia Retirement System
 For The Year Ended June 30, 2009

Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded (Excess Funded) Actuarial Accrued Liability (3) - (2) (4)	Funded Ratio (2) / (3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4) / (6) (7)
County:						
6/30/2008	\$ 10,389,555	\$ 11,600,287	\$ 1,210,732	89.56%	\$ 2,903,321	41.70%
6/30/2007	9,543,656	10,785,200	1,241,544	88.49%	2,915,765	42.58%
6/30/2006	8,451,312	9,359,572	908,260	90.30%	2,773,547	32.75%
6/30/2005	7,912,044	9,125,817	1,213,773	86.70%	2,420,764	50.14%
6/30/2004	7,637,723	7,677,418	39,695	99.48%	2,471,727	1.61%
6/30/2003	7,447,850	7,195,264	(252,586)	103.51%	2,306,694	-10.95%
6/30/2002	7,277,551	6,431,341	(846,210)	113.16%	2,455,937	-34.46%
6/30/2001	6,957,701	5,865,105	(1,092,596)	118.63%	2,377,182	-45.96%
6/30/2000	6,213,465	5,095,119	(1,118,346)	121.95%	2,154,499	-51.91%
6/30/1999	5,303,635	5,102,638	(200,997)	103.94%	2,099,632	-9.57%
6/30/1998	4,533,403	4,212,813	(320,590)	107.61%	1,846,223	-17.36%
School Board Non-Professionals:						
6/30/2008	\$ 1,703,744	\$ 1,226,779	\$ (476,965)	138.88%	\$ 338,537	-140.89%
6/30/2007	1,566,765	1,302,015	(264,750)	120.33%	286,776	-92.32%
6/30/2006	1,396,860	1,263,842	(133,018)	110.52%	275,773	-48.23%
6/30/2005	1,348,754	1,310,835	(37,919)	102.89%	258,882	-14.65%
6/30/2004	1,342,583	1,042,674	(299,909)	128.76%	255,206	-117.52%
6/30/2003	1,342,739	968,902	(373,837)	138.58%	265,077	-141.03%
6/30/2002	1,354,254	975,214	(379,040)	138.87%	270,971	-139.88%
6/30/2001	1,333,683	905,710	(427,973)	147.25%	247,851	-172.67%
6/30/2000	1,232,733	846,040	(386,693)	145.71%	256,108	-150.99%
6/30/1999	1,082,042	947,045	(134,997)	114.25%	244,027	-55.32%
6/30/1998	959,497	891,724	(67,773)	107.60%	237,577	-28.53%

County of Charles City, Virginia

Schedule of Funding Progress - Retiree Healthcare Plan
For the Year Ended June 30, 2009

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

OTHER SUPPLEMENTARY INFORMATION

*COMBINING AND INDIVIDUAL FUNDS STATEMENTS
AND SCHEDULES*

County of Charles City, Virginia

Fiduciary Funds
 Statement of Changes in Fiduciary Net Assets - Agency Funds
 For the Year Ended June 30, 2009

	<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	\$ 43,319	\$ 19,523	\$ 20,803	\$ 42,039
Liabilities:				
Amounts held for social services clients	\$ 43,319	\$ 19,523	\$ 20,803	\$ 42,039

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

County of Charles City, Virginia
 Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2009

	<u>School Operating Fund</u>
ASSETS	
Cash and cash equivalents	\$ 163,093
Receivables (net of allowance for uncollectibles):	
Accounts receivable	4,062
Due from other governmental units	543,559
Total assets	\$ 710,714

LIABILITIES AND FUND BALANCES

Liabilities:	
Accrued liabilities	\$ 710,714
Total liabilities	\$ 710,714
Fund balances:	
Unreserved:	
Undesignated	\$ -
Total fund balances	\$ -
Total liabilities and fund balances	\$ -

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

Total fund balances per above	\$ -
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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	\$ 18,796,563	
Accumulated depreciation	(8,519,367)	10,277,196

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

Capital leases	\$ (102,916)	
Compensated absences	(159,864)	
Accrued interest payable	(2,666)	(265,446)

Net assets of governmental activities	\$ 10,011,750
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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, 2009

		<u>School Operating Fund</u>
REVENUES		
Charges for services	\$	202,203
Miscellaneous		65,954
Recovered costs		73,826
Intergovernmental revenues:		
Local government		4,825,253
Commonwealth		5,515,556
Federal		1,209,260
Total revenues	<u>\$</u>	<u>11,892,052</u>
EXPENDITURES		
Current:		
Education	\$	11,848,023
Debt service:		
Principal retirement		93,987
Interest and other fiscal charges		3,909
Total expenditures	<u>\$</u>	<u>11,945,919</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$</u>	<u>(53,867)</u>
OTHER FINANCING SOURCES (USES)		
Capital lease issuance	<u>\$</u>	<u>53,867</u>
Total other financing sources and uses	<u>\$</u>	<u>53,867</u>
Net change in fund balances	\$	-
Fund balances - beginning		-
Fund balances - ending	<u>\$</u>	<u>-</u>
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:		
Net change in fund balances - total governmental funds - per above	\$	-
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:		
Capital outlay	\$	354,059
Transfer of jointly owned assets from Primary Government		538,536
Depreciation expense	<u>(705,945)</u>	186,650
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred recovered costs	<u>\$</u>	<u>(73,826)</u> (73,826)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal retirement of capital leases	\$	93,987
Issuance of capital leases	<u>(53,867)</u>	40,120
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	\$	(5,949)
(Increase) decrease in accrued interest payable	<u>(2,666)</u>	(8,615)
Change in net assets of governmental activities	<u>\$</u>	<u>144,329</u>

County of Charles City, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2009

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Appropriated	Actual	
REVENUES				
Charges for services	\$ 336,310	\$ 336,310	\$ 202,203	\$ (134,107)
Miscellaneous	12,630	86,456	65,954	(20,502)
Recovered costs	4,100	4,100	73,826	69,726
Intergovernmental revenues:				
Local government	5,430,907	5,430,907	4,825,253	(605,654)
Commonwealth	5,726,467	5,750,228	5,515,556	(234,672)
Federal	811,008	1,383,567	1,209,260	(174,307)
Total revenues	<u>\$ 12,321,422</u>	<u>\$ 12,991,568</u>	<u>\$ 11,892,052</u>	<u>\$ (1,099,516)</u>
EXPENDITURES				
Current:				
Education	\$ 12,321,422	\$ 12,991,568	\$ 11,848,023	\$ 1,143,545
Debt service:				
Principal retirement	-	-	93,987	(93,987)
Interest and other fiscal charges	-	-	3,909	(3,909)
Total expenditures	<u>\$ 12,321,422</u>	<u>\$ 12,991,568</u>	<u>\$ 11,945,919</u>	<u>\$ 1,045,649</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (53,867)	\$ (53,867)
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	\$ -	\$ -	\$ 53,867	\$ 53,867
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,867</u>	<u>\$ 53,867</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*DISCRETELY PRESENTED COMPONENT UNIT
INDUSTRIAL DEVELOPMENT AUTHORITY*

County of Charles City, Virginia
Statement of Net Assets
Discretely Presented Component Unit - Industrial Development Authority
June 30, 2009

ASSETS

Current assets:

Cash and cash equivalents	\$	122,810
Investments		855,664
Leases receivable		123,768
Total current assets	\$	1,102,242
Total assets	\$	1,102,242

NET ASSETS

Unrestricted	\$	1,102,242
Total net assets	\$	1,102,242

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

County of Charles City, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2009

OPERATING REVENUES

Charges for services:

Bond fees	\$ 76,979
Total operating revenues	\$ 76,979

OPERATING EXPENSES

Other expenses

Total operating expenses	\$ 37,615
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Operating income (loss)	\$ 39,364
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NONOPERATING REVENUES (EXPENSES)

Investment earnings

Total nonoperating revenues (expenses)	\$ 14,347
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Change in net assets	\$ 53,711
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Total net assets - beginning	1,048,531
Total net assets - ending	\$ 1,102,242

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

County of Charles City, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 76,979
Payments for operating activities	<u>(79,926)</u>
Net cash provided (used) by operating activities	<u>\$ (2,947)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	\$ 331
Net cash provided (used) by investing activities	<u>\$ 331</u>
Net increase (decrease) in cash and cash equivalents	\$ (2,616)
Cash and cash equivalents - beginning	125,426
Cash and cash equivalents - ending	<u><u>\$ 122,810</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$ 39,364</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase (decrease) in accounts payable and accrued liabilities	<u>(42,311)</u>
Total adjustments	<u>\$ (42,311)</u>
Net cash provided (used) by operating activities	<u><u>\$ (2,947)</u></u>

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

SUPPORTING SCHEDULES

County of Charles City, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 1
 Page 1 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,889,600	\$ 4,889,600	\$ 4,807,363	\$ (82,237)
Real and personal public service corporation taxes	180,000	180,000	194,894	14,894
Personal property taxes	1,076,000	1,076,000	1,215,772	139,772
Mobile home taxes	9,000	9,000	9,700	700
Machinery and tools taxes	143,000	143,000	137,025	(5,975)
Merchant's capital taxes	21,000	21,000	22,108	1,108
Penalties	70,000	70,000	73,468	3,468
Interest	48,000	48,000	37,746	(10,254)
Total general property taxes	<u>\$ 6,436,600</u>	<u>\$ 6,436,600</u>	<u>\$ 6,498,076</u>	<u>\$ 61,476</u>
Other local taxes:				
Local sales and use taxes	\$ 385,000	\$ 385,000	\$ 362,105	\$ (22,895)
Consumers' utility taxes	153,000	153,000	145,814	(7,186)
Consumption tax	25,000	25,000	33,870	8,870
Communications tax	205,000	205,000	161,253	(43,747)
Cable television franchise license tax	15,000	15,000	3,432	(11,568)
Motor vehicle licenses	-	-	90	90
Taxes on recordation and wills	65,000	65,000	48,752	(16,248)
Total other local taxes	<u>\$ 848,000</u>	<u>\$ 848,000</u>	<u>\$ 755,316</u>	<u>\$ (92,684)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,500	\$ 10,500	\$ 11,886	\$ 1,386
Transfer fees	200	200	244	44
Landfill host fees	3,065,443	3,065,443	2,737,083	(328,360)
Permits and other licenses	91,500	91,500	62,740	(28,760)
Total permits, privilege fees, and regulatory licenses	<u>\$ 3,167,643</u>	<u>\$ 3,167,643</u>	<u>\$ 2,811,953</u>	<u>\$ (355,690)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 10,000	\$ 10,000	\$ 8,137	\$ (1,863)
Revenue from use of money and property:				
Revenue from use of money	\$ 179,000	\$ 179,000	\$ 48,840	\$ (130,160)
Revenue from use of property	140,850	140,850	136,245	(4,605)
Total revenue from use of money and property	<u>\$ 319,850</u>	<u>\$ 319,850</u>	<u>\$ 185,085</u>	<u>\$ (134,765)</u>
Charges for services:				
Clerk's interest fees	\$ 300	\$ 300	\$ 208	\$ (92)
Sheriff's fees	500	500	7	(493)
Courthouse maintenance fees	3,000	3,000	3,308	308
Courthouse security fees	12,000	12,000	14,627	2,627
Court fees	19,100	19,100	37,165	18,065
Commonwealth's attorney fees	300	300	287	(13)
Charges for parks and recreation	18,050	18,050	25,288	7,238
Charges for other protection	2,125	2,125	2,405	280
Document reproduction fees	500	500	1,652	1,152
Jail admission fees	1,000	1,000	1,115	115
Charges for EMS transport	-	-	62,665	62,665
Total charges for services	<u>\$ 56,875</u>	<u>\$ 56,875</u>	<u>\$ 148,727</u>	<u>\$ 91,852</u>
Miscellaneous revenue:				
Miscellaneous	\$ 187,000	\$ 187,000	\$ 206,711	\$ 19,711

County of Charles City, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
Central gas	\$ -	\$ -	\$ 10,402	\$ 10,402
Jurors	2,500	2,500	4,209	1,709
Sheriff support -- IDA	37,000	37,000	26,846	(10,154)
Economic development -- IDA	-	-	10,770	10,770
Total recovered costs	<u>\$ 39,500</u>	<u>\$ 39,500</u>	<u>\$ 52,227</u>	<u>\$ 12,727</u>
Total revenue from local sources	<u>\$ 11,065,468</u>	<u>\$ 11,065,468</u>	<u>\$ 10,666,232</u>	<u>\$ (399,236)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 9,304	\$ 9,304	\$ 6,179	\$ (3,125)
Rolling stock tax	5,200	5,200	5,660	460
State recordation tax	21,500	21,500	20,100	(1,400)
Personal property tax relief funds	690,000	690,000	690,963	963
Total noncategorical aid	<u>\$ 726,004</u>	<u>\$ 726,004</u>	<u>\$ 722,902</u>	<u>\$ (3,102)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 130,104	\$ 145,461	\$ 162,594	\$ 17,133
Sheriff	449,350	449,350	473,560	24,210
Commissioner of revenue	63,382	63,382	73,034	9,652
Treasurer	70,000	70,000	84,630	14,630
Registrar/electoral board	33,000	33,000	35,899	2,899
Clerk of the Circuit Court	137,000	137,000	168,146	31,146
Total shared expenses	<u>\$ 882,836</u>	<u>\$ 898,193</u>	<u>\$ 997,863</u>	<u>\$ 99,670</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 364,044	\$ 364,044	\$ 406,845	\$ 42,801
Comprehensive services act program	543,766	543,766	392,623	(151,143)
Emergency medical services	5,000	5,000	9,014	4,014
PSAP grant	-	300,000	119,178	(180,822)
Asset forfeiture	-	-	4,761	4,761
Law enforcement grants	-	1,059	1,693	634
Litter control	4,760	6,337	6,337	-
Wireless grant	91,500	-	61,960	61,960
Cultural alliance	5,000	5,000	5,000	-
Fire programs fund	20,000	20,000	18,848	(1,152)
Indoor plumbing grant	-	-	13,281	13,281
Other state funds	-	7,760	250	(7,510)
Total other categorical aid	<u>\$ 1,034,070</u>	<u>\$ 1,252,966</u>	<u>\$ 1,039,790</u>	<u>\$ (213,176)</u>
Total categorical aid	<u>\$ 1,916,906</u>	<u>\$ 2,151,159</u>	<u>\$ 2,037,653</u>	<u>\$ (113,506)</u>
Total revenue from the Commonwealth	<u>\$ 2,642,910</u>	<u>\$ 2,877,163</u>	<u>\$ 2,760,555</u>	<u>\$ (116,608)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 3,000	\$ 3,000	\$ 1,401	\$ (1,599)
Categorical aid:				
Public assistance and welfare administration	\$ 602,072	\$ 602,072	\$ 672,857	\$ 70,785
Emergency preparedness	30,000	30,000	14,034	(15,966)
Indoor plumbing grant	-	-	6,331	6,331
Transportation safety	-	2,804	17,685	14,881

County of Charles City, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Community development block grant	\$ -	\$ 836,368	\$ 21,152	\$ (815,216)
Total categorical aid	<u>\$ 632,072</u>	<u>\$ 1,471,244</u>	<u>\$ 732,059</u>	<u>\$ (739,185)</u>
Total revenue from the federal government	<u>\$ 635,072</u>	<u>\$ 1,474,244</u>	<u>\$ 733,460</u>	<u>\$ (740,784)</u>
Total General Fund	<u>\$ 14,343,450</u>	<u>\$ 15,416,875</u>	<u>\$ 14,160,247</u>	<u>\$ (1,256,628)</u>
Total Primary Government	<u>\$ 14,343,450</u>	<u>\$ 15,416,875</u>	<u>\$ 14,160,247</u>	<u>\$ (1,256,628)</u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Charges for services:				
School food service	\$ 330,057	\$ 330,057	\$ 199,363	\$ (130,694)
Tuition and payments from other divisions	6,253	6,253	2,840	(3,413)
Total charges for services	<u>\$ 336,310</u>	<u>\$ 336,310</u>	<u>\$ 202,203</u>	<u>\$ (134,107)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 12,630	\$ 86,456	\$ 65,954	\$ (20,502)
Recovered costs:				
Williamsburg community health grant	\$ 4,100	\$ 4,100	\$ 73,826	\$ 69,726
Total recovered costs	<u>\$ 4,100</u>	<u>\$ 4,100</u>	<u>\$ 73,826</u>	<u>\$ 69,726</u>
Total revenue from local sources	<u>\$ 353,040</u>	<u>\$ 426,866</u>	<u>\$ 341,983</u>	<u>\$ (84,883)</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Charles City, Virginia	\$ 5,430,907	\$ 5,430,907	\$ 4,825,253	\$ (605,654)
Total revenues from local governments	<u>\$ 5,430,907</u>	<u>\$ 5,430,907</u>	<u>\$ 4,825,253</u>	<u>\$ (605,654)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 821,439	\$ 821,439	\$ 748,940	\$ (72,499)
Basic school aid	3,057,095	3,057,095	3,048,786	(8,309)
Regular foster care	36,557	36,557	49,032	12,475
Gifted and talented	23,368	23,368	23,083	(285)
Remedial education	74,167	74,167	73,264	(903)
Enrollment loss	-	-	3,862	3,862
Special education	522,725	522,725	533,144	10,419
Textbook payment	60,207	60,207	59,475	(732)
GED funding	7,859	7,859	7,859	-
Vocational education	83,348	83,348	82,210	(1,138)
English as a second language	5,128	5,128	7,522	2,394
School fringes	376,423	376,423	371,842	(4,581)
Technology grant	128,000	128,000	-	(128,000)
Early reading intervention	12,538	12,538	14,329	1,791
Remedial Ed-Summer School	37,653	37,653	12,732	(24,921)
School food program	10,513	10,513	11,136	623
School construction	110,378	110,378	110,363	(15)

County of Charles City, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Lottery proceeds	\$ 121,035	\$ 121,035	\$ 99,675	\$ (21,360)
At risk payments	147,279	147,279	146,199	(1,080)
Primary class size	76,969	76,969	79,421	2,452
Standards of Learning algebra readiness	10,977	10,977	7,318	(3,659)
Mentor teacher	1,558	7,189	5,900	(1,289)
Other state	-	18,130	15,645	(2,485)
Homebound	1,251	1,251	3,819	2,568
Total categorical aid	<u>\$ 5,726,467</u>	<u>\$ 5,750,228</u>	<u>\$ 5,515,556</u>	<u>\$ (234,672)</u>
Total revenue from the Commonwealth	<u>\$ 5,726,467</u>	<u>\$ 5,750,228</u>	<u>\$ 5,515,556</u>	<u>\$ (234,672)</u>
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 173,000	\$ 173,000	\$ 228,585	\$ 55,585
Summer food	15,632	15,632	25,103	9,471
Title I	141,627	445,929	184,004	(261,925)
Commodities	-	-	17,260	17,260
Vocational education	18,622	18,622	-	(18,622)
Drug free schools	3,509	3,509	3,935	426
Title V	-	4,531	4,531	-
Title VIB	301,386	301,386	454,677	153,291
Title II -- part d	-	-	1,896	1,896
School improvement grant	-	-	14,255	14,255
Preschool grant	8,000	23,940	11,669	(12,271)
Title II -- part a	88,100	91,633	14,107	(77,526)
21st Century learning	-	244,253	183,379	(60,874)
JROTC grant	61,132	61,132	65,859	4,727
Total categorical aid	<u>\$ 811,008</u>	<u>\$ 1,383,567</u>	<u>\$ 1,209,260</u>	<u>\$ (174,307)</u>
Total revenue from the federal government	<u>\$ 811,008</u>	<u>\$ 1,383,567</u>	<u>\$ 1,209,260</u>	<u>\$ (174,307)</u>
Total School Operating Fund	<u>\$ 12,321,422</u>	<u>\$ 12,991,568</u>	<u>\$ 11,892,052</u>	<u>\$ (1,099,516)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 12,321,422</u>	<u>\$ 12,991,568</u>	<u>\$ 11,892,052</u>	<u>\$ (1,099,516)</u>

County of Charles City, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<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	\$ 58,280	\$ 56,320	\$ 62,211	\$ (5,891)
General and financial administration:				
County administrator	\$ 215,325	\$ 207,287	\$ 189,299	\$ 17,988
Legal services	57,939	57,939	56,833	1,106
Commissioner of revenue	170,884	170,457	166,811	3,646
Independent Auditor	30,500	30,500	32,500	(2,000)
Treasurer	184,821	173,542	170,038	3,504
Motor pool	128,471	129,073	113,883	15,190
Central gas	7,573	7,788	6,141	1,647
Memberships	2,750	2,750	2,456	294
Information technology	293,376	311,768	235,968	75,800
Management services	246,861	249,406	247,243	2,163
Other general and financial administration	219,022	219,022	328,596	(109,574)
Total general and financial administration	<u>\$ 1,557,522</u>	<u>\$ 1,559,532</u>	<u>\$ 1,549,768</u>	<u>\$ 9,764</u>
Board of elections:				
Electoral board and officials	\$ 19,167	\$ 17,997	\$ 15,601	\$ 2,396
Registrar	48,454	47,933	44,818	3,115
Total board of elections	<u>\$ 67,621</u>	<u>\$ 65,930</u>	<u>\$ 60,419</u>	<u>\$ 5,511</u>
Total general government administration	<u>\$ 1,683,423</u>	<u>\$ 1,681,782</u>	<u>\$ 1,672,398</u>	<u>\$ 9,384</u>
Judicial administration:				
Courts:				
Circuit court	\$ 34,425	\$ 30,489	\$ 21,600	\$ 8,889
General district court	8,850	8,850	3,463	5,387
Courthouse security fund	11,500	20,139	18,341	1,798
Special Magistrates	1,800	1,800	1,127	673
Sheriff	160,111	166,822	149,564	17,258
9th district court services	27,500	27,500	21,445	6,055
Crater Criminal Justice	5,702	5,702	5,702	-
Clerk of the circuit court	212,421	257,168	236,683	20,485
Total courts	<u>\$ 462,309</u>	<u>\$ 518,470</u>	<u>\$ 457,925</u>	<u>\$ 60,545</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 193,660	\$ 216,367	\$ 198,057	\$ 18,310
Total commonwealth's attorney	<u>\$ 193,660</u>	<u>\$ 216,367</u>	<u>\$ 198,057</u>	<u>\$ 18,310</u>
Total judicial administration	<u>\$ 655,969</u>	<u>\$ 734,837</u>	<u>\$ 655,982</u>	<u>\$ 78,855</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 755,257	\$ 770,292	\$ 745,067	\$ 25,225
Grants	4,760	340,997	149,856	191,141
E-911	91,500	91,500	75,010	16,490
Total law enforcement and traffic control	<u>\$ 851,517</u>	<u>\$ 1,202,789</u>	<u>\$ 969,933</u>	<u>\$ 232,856</u>
Fire and rescue services:				
Fire department	\$ 141,940	\$ 141,940	\$ 128,306	\$ 13,634
Ambulance and rescue services	63,550	63,550	69,691	(6,141)
Total fire and rescue services	<u>\$ 205,490</u>	<u>\$ 205,490</u>	<u>\$ 197,997</u>	<u>\$ 7,493</u>

County of Charles City, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Confinement and care of prisoners	\$ 336,600	\$ 336,600	\$ 399,485	\$ (62,885)
Criminal justice planner	5,386	5,386	5,386	-
Total correction and detention	<u>\$ 341,986</u>	<u>\$ 341,986</u>	<u>\$ 404,871</u>	<u>\$ (62,885)</u>
Other protection:				
Animal control	\$ 93,144	\$ 93,144	\$ 92,184	\$ 960
Codes enforcement	128,010	128,010	125,785	2,225
Emergency services	59,370	30,175	23,627	6,548
VJCCCA	3,002	3,002	3,002	-
Medical examiner	300	300	60	240
Total other protection	<u>\$ 283,826</u>	<u>\$ 254,631</u>	<u>\$ 244,658</u>	<u>\$ 9,973</u>
Total public safety	<u>\$ 1,682,819</u>	<u>\$ 2,004,896</u>	<u>\$ 1,817,459</u>	<u>\$ 187,437</u>
Public works:				
Sanitation and waste removal:				
Landfill monitoring	\$ 315,443	\$ 316,728	\$ 356,873	\$ (40,145)
Maintenance of general buildings and grounds:				
General properties	\$ 755,408	\$ 738,047	\$ 711,827	\$ 26,220
Total public works	<u>\$ 1,070,851</u>	<u>\$ 1,054,775</u>	<u>\$ 1,068,700</u>	<u>\$ (13,925)</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 91,291	\$ 91,291	\$ 87,800	\$ 3,491
Mental health and mental retardation:				
Henrico area community services	\$ 110,160	\$ 110,160	\$ 110,160	\$ -
Welfare:				
Public assistance and welfare administration	\$ 1,342,622	\$ 1,330,121	\$ 1,261,967	\$ 68,154
Comprehensive services act	772,400	749,899	608,824	141,075
Contributions	41,457	44,769	44,769	-
Total welfare	<u>\$ 2,156,479</u>	<u>\$ 2,124,789</u>	<u>\$ 1,915,560</u>	<u>\$ 209,229</u>
Total health and welfare	<u>\$ 2,357,930</u>	<u>\$ 2,326,240</u>	<u>\$ 2,113,520</u>	<u>\$ 212,720</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 1,151	\$ 1,151	\$ 1,151	\$ -
Contribution to County School Board	5,430,907	5,430,907	4,825,253	605,654
Total education	<u>\$ 5,432,058</u>	<u>\$ 5,432,058</u>	<u>\$ 4,826,404</u>	<u>\$ 605,654</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 388,173	\$ 371,169	\$ 388,168	\$ (16,999)
Total parks and recreation	<u>\$ 388,173</u>	<u>\$ 371,169</u>	<u>\$ 388,168</u>	<u>\$ (16,999)</u>
Cultural enrichment:				
Center for local history	\$ 15,200	\$ 18,000	\$ 15,119	\$ 2,881
2007 Planning committee	-	7,851	7,540	311
Total cultural enrichment	<u>\$ 15,200</u>	<u>\$ 25,851</u>	<u>\$ 22,659</u>	<u>\$ 3,192</u>

County of Charles City, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural: (Continued)				
Library:				
Library	\$ 71,456	\$ 71,456	\$ 76,456	\$ (5,000)
Total library	<u>\$ 71,456</u>	<u>\$ 71,456</u>	<u>\$ 76,456</u>	<u>\$ (5,000)</u>
Total parks, recreation, and cultural	<u>\$ 474,829</u>	<u>\$ 468,476</u>	<u>\$ 487,283</u>	<u>\$ (18,807)</u>
Community development:				
Planning and community development:				
Indoor plumbing rehab grant	\$ -	\$ 849,780	\$ 71,015	\$ 778,765
Planning commission	3,800	1,300	113	1,187
Department of development	265,938	210,255	204,588	5,667
Community development contribution	38,947	53,303	53,303	-
Chesapeake bay implementation	-	5,000	-	5,000
Total planning and community development	<u>\$ 308,685</u>	<u>\$ 1,119,638</u>	<u>\$ 329,019</u>	<u>\$ 790,619</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 6,325	\$ 6,325	\$ 6,325	\$ -
Litter control program		6,337	5,493	844
Total environmental management	<u>\$ 6,325</u>	<u>\$ 12,662</u>	<u>\$ 11,818</u>	<u>\$ 844</u>
Cooperative extension program:				
Extension office	\$ 38,825	\$ 34,925	\$ 23,449	\$ 11,476
Total cooperative extension program	<u>\$ 38,825</u>	<u>\$ 34,925</u>	<u>\$ 23,449</u>	<u>\$ 11,476</u>
Total community development	<u>\$ 353,835</u>	<u>\$ 1,167,225</u>	<u>\$ 364,286</u>	<u>\$ 802,939</u>
Nondepartmental:				
Recreation revolving accounts	\$ 2,000	\$ 8,453	\$ 18,143	\$ (9,690)
Contingency	223,351	101,250	-	101,250
Total nondepartmental	<u>\$ 225,351</u>	<u>\$ 109,703</u>	<u>\$ 18,143</u>	<u>\$ 91,560</u>
Capital projects:				
County capital improvements	\$ 104,825	\$ 141,000	\$ 117,565	\$ 23,435
Total capital projects	<u>\$ 104,825</u>	<u>\$ 141,000</u>	<u>\$ 117,565</u>	<u>\$ 23,435</u>
Debt service:				
Principal retirement	\$ 864,255	\$ 864,255	\$ 879,343	\$ (15,088)
Interest and other fiscal charges	269,091	269,091	273,817	(4,726)
Total debt service	<u>\$ 1,133,346</u>	<u>\$ 1,133,346</u>	<u>\$ 1,153,160</u>	<u>\$ (19,814)</u>
Total General Fund	<u>\$ 15,175,236</u>	<u>\$ 16,254,338</u>	<u>\$ 14,294,900</u>	<u>\$ 1,959,438</u>
Total Primary Government	<u>\$ 15,175,236</u>	<u>\$ 16,254,338</u>	<u>\$ 14,294,900</u>	<u>\$ 1,959,438</u>

County of Charles City, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 876,769	\$ 876,769	\$ 771,887	\$ 104,882
Instruction costs	8,341,164	8,926,397	8,245,848	680,549
Pupil transportation	950,722	950,722	794,945	155,777
Operation and maintenance of school plant	1,682,084	1,682,084	1,501,138	180,946
Commodities	-	-	17,260	(17,260)
School food	470,683	555,596	516,945	38,651
Total education	<u>\$ 12,321,422</u>	<u>\$ 12,991,568</u>	<u>\$ 11,848,023</u>	<u>\$ 1,143,545</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 93,987	\$ (93,987)
Interest and other fiscal charges	-	-	3,909	(3,909)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,896</u>	<u>\$ (97,896)</u>
Total School Fund	<u>\$ 12,321,422</u>	<u>\$ 12,991,568</u>	<u>\$ 11,945,919</u>	<u>\$ 1,045,649</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 12,321,422</u>	<u>\$ 12,991,568</u>	<u>\$ 11,945,919</u>	<u>\$ 1,045,649</u>

OTHER STATISTICAL INFORMATION

Table 1

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

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

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

Table 2

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

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

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

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Debt Service	Total (3)
1999-00	\$ 1,014,076	\$ 420,913	\$ 989,422	\$ 668,239	\$ 1,412,468	\$ 9,346,605	\$ 321,566	\$ 330,399	\$ 15,693	\$ 1,191,817	\$ 15,711,198
2000-01	1,202,117	457,381	1,100,160	719,160	1,293,372	8,918,510	334,519	343,138	9,078	1,122,382	15,499,817
2001-02	1,124,642	438,414	1,162,355	717,850	1,407,783	8,829,191	348,555	485,553	78,828	1,074,506	15,667,677
2002-03	1,203,309	455,102	1,360,216	744,647	1,466,635	9,339,730	386,709	589,958	107,365	1,014,218	16,667,889
2003-04	1,255,577	482,952	1,410,583	825,381	1,517,094	10,133,017	374,170	872,143	124,424	1,083,992	18,079,333
2004-05	1,556,015	470,843	1,409,671	833,135	1,240,503	11,438,087	406,200	819,884	134,600	1,246,882	19,555,820
2005-06	1,785,759	498,124	1,609,986	945,834	1,734,926	11,756,333	447,457	664,952	222,131	1,173,905	20,839,407
2006-07	1,904,866	488,797	1,592,741	1,034,972	1,667,864	11,205,424	482,327	551,372	47,682	1,185,668	20,161,713
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

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

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

(3) Excludes capital projects expenditures.

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
1999-00	\$ 3,918,650	\$ 625,202	\$ 3,826,270	\$ 31,562	\$ 539,893	\$ 183,362	\$ 112,590	\$ 250,908	\$ 7,061,257	\$ 16,549,694
2000-01	4,184,818	652,425	4,245,117	31,360	581,768	184,520	183,766	407,595	7,282,653	17,754,022
2001-02	4,495,302	709,944	2,808,673	21,721	392,496	182,471	156,507	299,489	7,779,010	16,845,613
2002-03	4,706,990	950,453	3,378,183	28,067	316,768	175,864	163,409	233,251	6,810,536	16,763,521
2003-04	4,923,306	821,513	3,233,298	36,221	248,699	211,921	191,245	209,087	7,429,072	17,304,362
2004-05	5,167,309	1,008,952	3,036,178	40,005	294,807	249,275	176,554	173,993	8,579,156	18,726,229
2005-06	5,458,729	1,053,249	3,177,831	16,513	642,589	299,614	259,720	225,195	8,574,648	19,708,088
2006-07	5,752,817	846,451	3,060,535	36,323	320,690	292,542	223,653	258,008	8,965,592	19,756,611
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

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1,3)		Current Tax Collections (1,3)		Percent of Levy Collected		Delinquent Tax Collections (1)		Total Tax Collections		Percent of Total Tax Collections to Tax Levy		Outstanding Delinquent Taxes (1,2)		Percent of Delinquent Taxes to Tax Levy	
	\$		\$		%		\$		\$		%		\$		%	
1999-00	\$ 4,236,172		\$ 3,861,853		91.16%		\$ 165,450		\$ 4,027,303		95.07%		\$ 337,896		7.98%	
2000-01	4,699,889		4,266,185		90.77%		189,139		4,455,324		94.80%		421,100		8.96%	
2001-02	5,210,316		4,917,850		94.39%		72,839		4,990,689		95.78%		490,446		9.41%	
2002-03	5,276,832		5,017,588		95.09%		174,178		5,191,766		98.39%		535,289		10.14%	
2003-04	5,560,796		5,311,106		95.51%		99,071		5,410,177		97.29%		505,133		9.08%	
2004-05	5,838,182		5,571,395		95.43%		174,577		5,745,972		98.42%		531,295		9.10%	
2005-06	6,162,903		5,597,411		90.82%		445,308		6,042,719		98.05%		532,990		8.65%	
2006-07	6,575,203		6,303,617		95.87%		73,926		6,377,543		96.99%		598,669		9.10%	
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%	

(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
		Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital			
1999-00	\$ 323,784,498	\$ 38,796,916	\$ 3,490,444	\$ 318,300	\$ 30,373,484	\$ 396,763,642		
2000-01	411,757,195	40,345,197	2,818,874	285,600	28,647,668	483,854,534		
2001-02	417,849,376	41,913,629	2,590,708	748,200	33,928,613	497,030,526		
2002-03	424,989,997	41,275,581	3,738,552	885,190	34,180,396	505,069,716		
2003-04	436,941,423	41,324,933	8,881,002	1,243,293	32,713,140	521,103,791		
2004-05	515,887,069	41,790,354	10,264,697	1,236,805	29,914,950	599,093,875		
2005-06	584,292,131	46,119,510	8,682,662	798,598	37,001,751	676,894,652		
2006-07	580,077,477	54,829,767	5,500,042	787,449	33,233,074	674,427,809		
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		

(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
1999-00	\$ 0.78	\$ 0.78	\$ 3.40	\$ 2.80	\$ 2.50
2000-01	0.82	0.82	3.40	2.80	2.50
2001-02	0.76	0.76	3.40	2.80	2.50
2002-03	0.82	0.82	3.40	2.80	2.50
2003-04	0.82	0.82	3.40	2.80	2.50
2004-05	0.70	0.82	3.40	2.80	2.50
2005-06	0.70	0.70	3.40	2.80	2.50
2006-07	0.75	0.75	3.40	2.80	2.50
2007-08	0.82	0.75	3.50	2.80	2.50
2008-09	0.82	0.82	3.50	2.80	2.50

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1999-00	6,300	\$ 396,763,642	\$ 6,177,549	\$ 6,177,549	1.56%	\$ 981
2000-01	6,926	483,854,534	5,678,786	5,678,786	1.17%	820
2001-02	6,926	497,030,526	5,165,557	5,165,557	1.04%	746
2002-03	6,926	505,069,716	4,711,784	4,711,784	0.93%	680
2003-04	6,926	521,103,791	4,246,296	4,246,296	0.81%	613
2004-05	6,926	599,093,875	3,768,061	3,768,061	0.63%	544
2005-06	6,926	676,894,652	3,276,209	3,276,209	0.48%	473
2006-07	6,926	674,427,809	2,769,811	2,769,811	0.41%	400
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

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

(2) From Table 6.

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

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Charles City, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County of Charles City, Virginia's basic financial statements and have issued our report thereon dated January 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County of Charles City, Virginia's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

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

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

Compliance and Other Matters

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

We noted other matters that we have reported to management of the County of Charles City, Virginia, in a separate letter dated January 18, 2010.

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

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

Richmond, Virginia
January 18, 2010

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

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

Compliance

We have audited the compliance of the County of Charles City, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The County of Charles City, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Charles City, Virginia's management. Our responsibility is to express an opinion on the County of Charles City, Virginia's compliance based on our audit.

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

In our opinion, the County of Charles City, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the County of Charles City, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Charles City, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Charles City, Virginia's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County of Charles City, Virginia's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County of Charles City, Virginia's internal control.

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

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

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

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

Richmond, Virginia
January 18, 2010

County of Charles City, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Promoting safe and stable families	93.556	\$ 14,570
Temporary assistance for needy families	93.558	76,605
Refugee and entrant assistance - state administered programs	93.566	198
Low income home energy assistance	93.568	6,245
Child care and development block grant	93.575	56,550
Child care mandatory and matching funds of the child care development fund	93.596	71,579
Child welfare services - state grants	93.645	483
Foster care - Title IV-E	93.658	155,441
Foster care - Title IV-E - ARRA	93.658	13,747
Adoption assistance	93.659	3,666
Adoption assistance - ARRA	93.659	177
Social services block grant	93.667	51,511
Chafee foster care independence program	93.674	745
Child care and development block grant - ARRA	93.713	927
Children's health insurance program	93.767	7,866
Medical assistance program	93.778	86,986
		<u>\$ 547,296</u>
Total Department of Health and Human Services		
U. S. Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Management:		
Emergency management performance grants	97.042	\$ 14,034
		<u>\$ 14,034</u>
Total U. S. Department of Homeland Security		
Department of Agriculture:		
Direct Payments:		
Summer food program	10.559	\$ 25,103
Pass Through Payments:		
Department of Agriculture:		
Food Distribution	10.555	\$ 17,260
Department of Education:		
School breakfast program	10.553	78,514
National school lunch program	10.555	150,071
Department of Social Services:		
State administrative matching grants for the supplemental nutrition assistance program	10.561	125,561
		<u>\$ 371,406</u>
Total Department of Agriculture - pass-through payments		
		<u>\$ 396,509</u>
Total Department of Agriculture		

County of Charles City, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2009

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
State and community highway safety	20.600	\$ 17,685
Department of Housing and Urban Development:		
Pass Through Payments:		
Department of Housing and Community Development:		
Community development block grant	14.228	\$ 21,152
Home investment partnerships program	14.239	6,331
Total Department of Housing and Urban Development		\$ 27,483
Department of Education:		
Pass Through Payments:		
Department of Education:		
Title I grants to local educational agencies	84.010	\$ 184,004
Special education - grants to states	84.027	454,677
Special education - preschool grants	84.173	11,669
Safe and drug free schools and communities - state grants	84.186	3,935
Improving teacher quality state grants	84.367	14,107
Twenty-first century community learning centers	84.287	183,379
Title VI: Improving school programs state block grant	84.298	4,531
Education technology state grants	84.369	1,896
School improvement grant	84.377	14,255
Total Department of Education		\$ 872,453
Department of Defense:		
Direct payments:		
Junior ROTC	12.xxx	\$ 65,859
Department of the Interior:		
Direct Payments:		
Fish and Wildlife Service:		
Payments in lieu of taxes	15.226	\$ 1,401
Total Expenditures of Federal Awards		\$ 1,942,720

County of Charles City, Virginia

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2009

Note 1 - General

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

Note 2 - Basis of Accounting

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

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	\$ <u>733,460</u>
Total primary government	\$ <u>733,460</u>
Component Unit-School Board:	
School Operating Fund	\$ <u>1,209,260</u>
Total component unit public schools	\$ <u>1,209,260</u>
Total federal expenditures per basic financial statements	\$ <u>1,942,720</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>1,942,720</u></u>

**County of Charles City, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009**

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unqualified

Internal control over financial reporting:

 a. Material weaknesses identified? yes no

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

A. Material weaknesses identified? yes no

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

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

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

Identification of major programs:

CFDA Numbers

84.027/84.173
10.553/10.555/10.559
84.010
93.658

Name of Federal Program or Cluster

Special Education Cluster
Child Nutrition Cluster
Title I
Foster Care – Title VI-E/ARRA

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

Auditee qualified as low-risk auditee? yes no

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None

County of Charles City, Virginia

**Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2009**

There were no prior year findings and questioned costs.