

**County of Gloucester
Virginia**

**Comprehensive
Annual Financial Report**

**For the Fiscal Year
Ending
June 30, 2009**

COUNTY OF GLOUCESTER, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2009

Prepared By:

Nickie C. Champion
Director of Financial Services

Andy Scales
Accounting Manager

COUNTY OF GLOUCESTER, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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COUNTY OF GLOUCESTER, VIRGINIA

Board of Supervisors

Michelle R Ressler, Chairperson
Gregory Woodard, Vice-Chairperson

Charles R. Allen, Jr.
Teresa L. Altemus

Robert A. Crewe

Christian D. Rilee
Louise D. Theberge

County School Board

Ann F. Burruss, Chairperson
Anita F. Parker, Vice-Chairperson

Starr F. Belvin
George R. Burak

Alvin J. McGlohn, Jr.

Jean E. Pugh
Kevin M. Smith

Board of Social Services

Carlton N. Hogge, Chairperson
George T. Webster, III, Vice-Chairperson

Mary Ann Boon
Fredericka S. Branch
William B. Hudgins

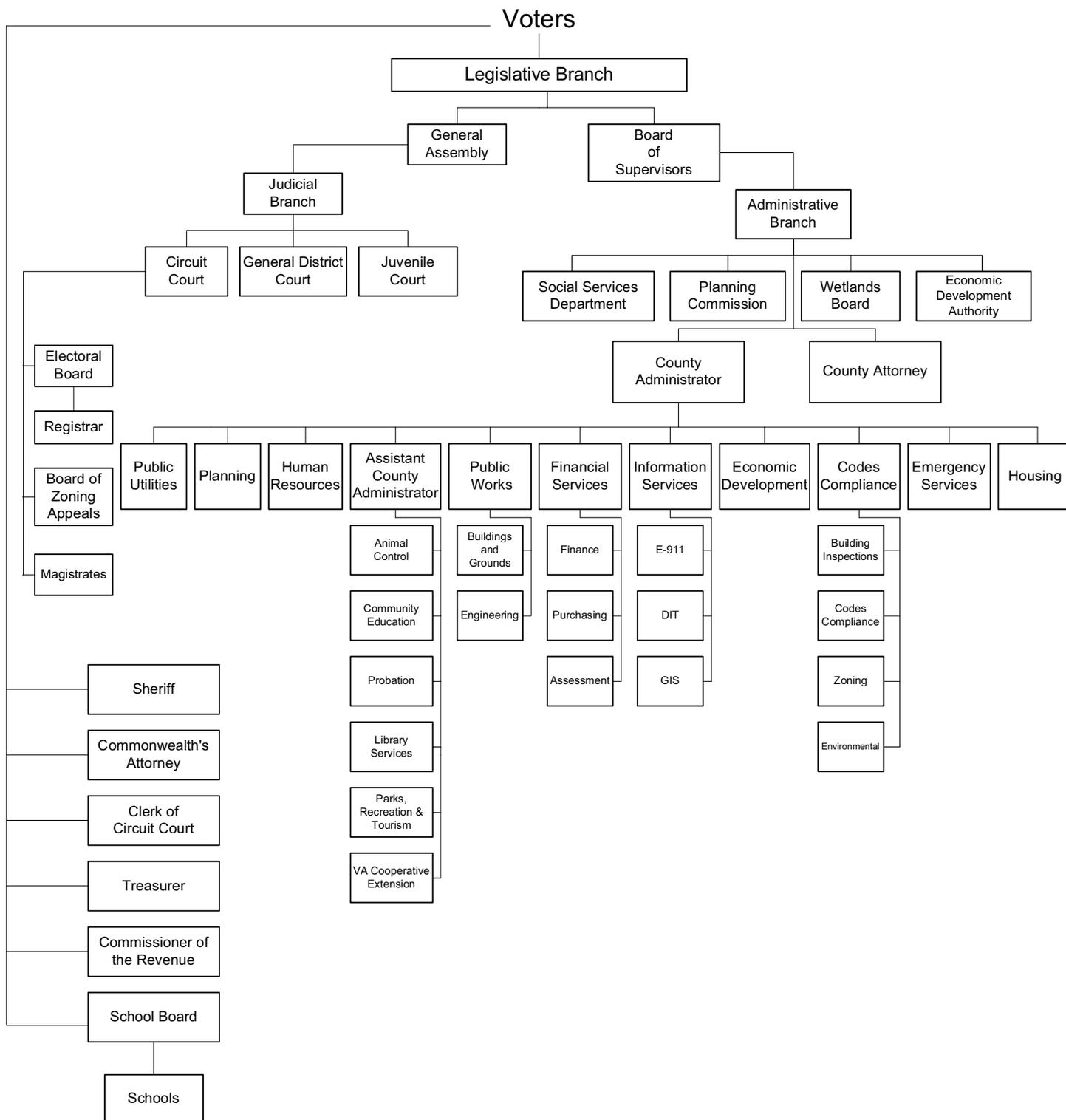
Roger D. Loring
Nancy E. Warner
Gregory Woodard

Other Officials

County Administrator.....Brenda G. Garton
Judge of the Circuit CourtHonorable R. Bruce Long
Clerk of the Circuit Court.....Margaret Walker
Commonwealth's Attorney Robert D. Hicks
Commissioner of the Revenue Kevin A. Wilson
Treasurer..... Tara L. Thomas
Judge of the Juvenile and Domestic Relations Court Honorable Isabel H. Atlee
Judge of the General District Court..... Honorable Jeffrey W. Shaw
Sheriff..... E. Steven Gentry
Superintendent of Schools Howard B. Kiser, Ed.D.
Director of Department of Social Services Zane S. Barry
County AttorneyEdwin N. Wilmot



Gloucester County Organizational Chart



Revised:09/20/2007

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Gloucester
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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



President

Executive Director



County of Gloucester

County Administrator

6467 Main Street

P. O. Box 329

Gloucester, Virginia 23061

(804) 693-4042

November 24, 2009

To Members of the Board of Supervisors and Citizens of Gloucester County:

The Commonwealth of Virginia requires that local government publish within five months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the County of Gloucester (the County) for the fiscal year ended June 30, 2009.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Robinson, Farmer, Cox Associates, Certified Public Accountants have issued an unqualified opinion on the County's financial statements for the year ended June 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

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

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

Profile of Gloucester County

The County was created in 1651 and covers 225 square miles of land area and 32 square miles of water area. The population per the 2000 census was 34,780. The County is empowered to levy a property tax on both real estate and personal property located within its boundaries.

Gloucester County is located in the Middle Peninsula of Virginia and is the fourth largest land area in the Virginia Beach-Norfolk-Newport News Metropolitan Statistical Area (MSA), which is the nation's 31st largest MSA. Gloucester County shares a distinction with Chesterfield County in that they are the only two counties located within two planning districts. Gloucester County is part of the Hampton Roads Planning District and the Middle Peninsula Planning District.

The County of Gloucester has a County Administrator form of government with an elected Board of Supervisors, which establishes policies for the administration of the County. The Board of Supervisors consists of seven members representing the five magisterial districts in the County and two members elected at-large. The Chairman of the Board of Supervisors is elected from within the Board and generally serves for a term of one year in addition to being a District Supervisor. The Board of Supervisors appoints a County Administrator to serve as the administrative manager of the County. The County Administrator serves at the pleasure of the Board of Supervisors, carries out the policies established by the Board of Supervisors, and oversees the daily administration of the County.

The County provides a full range of services including police protection, social services, planning and inspections, public works, parks, libraries, and general government administration. In addition, the County operates and maintains a water and sewer utility system, which services geographically dispersed areas of the County. The Commonwealth of Virginia provides the construction and maintenance of highways, streets, and infrastructure located within the County. Local volunteer fire and rescue companies provide fire and rescue protection for the citizens, and the County provides support through cash contributions for operations and capital expenditures.

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

The annual budget serves as the foundation for the County's financial planning and control. All departments and agencies of the County are required to submit requests for appropriation to the County Administrator. The County Administrator uses these requests as a starting point for developing a proposed budget for presentation to the Board of Supervisors in March. The Board of Supervisors is required to hold public hearings on the proposed budget and to adopt a final budget no later than May 1.

The County maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions of the annual appropriated budget. Activities of the general fund, special revenue funds, capital projects, debt service, school funds, and proprietary funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is at the function level within each fund except the school fund, which is at the fund level.

The County also maintains an encumbrance accounting system as one method of maintaining budgetary control. Encumbered amounts lapse at year-end. However, outstanding encumbrances generally are re-appropriated as part of the following year's budget.

Local Economy

During the year ended June 30, 2009, Gloucester County began to feel the impact of the national and state economic downturns. While the housing market in Gloucester County has not experienced the significant downturn that other parts of the country have seen, the number of real estate sales within the County is down. The decline in the number of home sales has caused a reduction in the number of building permits being issued, the amount of sales tax being collected on building materials, the revenue collected for recordation taxes, etc. Fewer new car purchases, coupled with the decline in values of used cars, have resulted in a significant decline in the amount of personal property tax revenue collected.

The impacts of the capital markets on new development and the recession that began in 2008 continue to restrict new development efforts. Gloucester's civilian labor force has grown over the past twelve months, yet unemployment due to the downturn in the economy as of August 2009 was 5.3%, up from 3.5% in 2008, remaining well under the national average of 9.7% due in large part to the defense related buffering and continuing synergy of the Gloucester business and commercial sectors fulfilling a need within the Middle Peninsula region.

Private investment helped expand the commercial and industrial tax base during 2008, yet the 2009 growth has been flat with only moderate new business and construction activity; the reopening of River's Inn, Eastern Eye Associates' new facility and smaller retailers in the Fox Mill Centre; however, the bulk of new activity will not be realized until first quarter 2010 when Tractor Supply, Hardee's/Walgreen, Haywood Flooring either open or complete construction.

The main commercial business districts of Gloucester County - Gloucester Point, Gloucester Courthouse and the Gloucester Business Park - have had and will continue to foster growth through development district assets including water/sewer, improved transportation corridors, and high speed, broadband capacity. The Main Street Center is close to full occupancy, which will foster Main Street growth through private foundation support; the Virginia Institute of Marine Science (VIMS) continues to advance its technological competencies and its work with private industry; the business park is nearing full absorption and the Economic Development Authority is exploring new opportunities for new job and capital growth.

Gloucester's core commercial and business segments, retail, medical service delivery and science based activities at VIMS, Marine Science Technologies, and Werner Anderson; advanced manufacturing innovations at Industrial Resource Technologies and growth in Gloucester companies such as Whitley's Peanuts, Rappahannock Concrete and Courthouse Construction will continue to build for the future.

A year in transition defines 2009 by providing an opportunity to ensure current projects, such as the T.C. Walker nomination on the National Registry of Historic Places moved forward, the expansion of the Industrial Resource Technologies facility was completed and the work with marketing and other organizations continued to foster opportunities for Gloucester's future growth and workforce development.

Long term financial planning

The County's five-year capital improvement plan (CIP) indicates that a major emphasis will continue to be placed on school facilities, public safety projects, office space needs, and expanding and maintaining the water and sewer utility system. This CIP serves as a planning tool for the efficient, effective, and equitable distribution of public improvements throughout the County. The CIP

represents a balance between finite resources and an ever-increasing number of competing County priorities. This balance was achieved using the priorities and objectives established by the Board of Supervisors consistent with the County's Strategic Plan.

The major capital project under construction currently is the Emergency Communications System, which will bring Gloucester County into the existing York-James City Regional Communications System. This project is expected to be completed in FY 2011.

In response to the fiscal challenges inherent to our economic environment, the County adopts a conservative approach toward debt management. The portion of the County's operating budget dedicated for repayment of debt is set by policy at 10% of governmental fund expenditures.

Relevant financial policies

The County believes that sound financial management principles require that sufficient funds be retained by the County to provide a stable financial base at all times. To retain this stable financial base, the County maintains a General Fund Balance sufficient to fund all cash flows of the County, to provide financial reserves for unanticipated expenditures and revenue shortfalls and to provide funds for all existing encumbrances. Policy guidelines have established this amount at a minimum of 10% of governmental fund expenditures less any capital projects funded with bond proceeds.

Major Initiatives

Gloucester County is reviewing and revising its Comprehensive Plan, which is an official public document adopted by the Gloucester County Planning Commission and the Gloucester County Board of Supervisors. The Plan is a general, long-range, policy and implementation guide for decisions concerning the overall growth and development of the County. The Plan serves as a catalyst and guide to the establishment of, or revisions to, other ordinances or planning tools for the County.

One of the most important services that the County provides to its citizens is public education. One hundred percent of all Gloucester schools are fully accredited. The County funded additions and improvements to Abingdon Elementary School, which will provide improved services for the growing student population of this school. This project was completed in fiscal year 2009.

The Federal Emergency Management Agency has awarded a series of grants totaling \$5.9 million to Gloucester County to acquire or elevate properties that have sustained damage or can expect to sustain damage as a result of coastal storms. The Mitigation Grant Program seeks to protect and reduce the damages associated with natural disasters by returning acquired properties to green space and raising homes to a desired flood protection elevation.

The Commonwealth of Virginia announced the establishment of a new state park in Gloucester County. The non-profit Trust for Public Land, working on behalf of the Commonwealth, has acquired 438 acres of property on the York River in Gloucester County for a future state park. The property located in southern Gloucester County features three-quarters of a mile of frontage on the York River. The property is a mix of open fields and hardwood forests.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Gloucester for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. This was the thirteenth consecutive year that the

County government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program requirements and will be submitted to GFOA.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Treasurer's office, School Board, Social Services Board, and Finance Department. Credit also must be given to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of County finances.

Respectfully submitted,



Brenda G. Garton
County Administrator



Nickie C. Champion
Director of Financial Services

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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 Gloucester
Gloucester, Virginia**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Gloucester, 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 Gloucester, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Gloucester, 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 for Employers for Post-Employment Benefits other than Pensions* effective July 1, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2009, on our consideration of the County of Gloucester, 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 important for assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, and the schedules of pension funding progress and funding progress for the retiree health insurance 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 Gloucester, Virginia's, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Gloucester, Virginia. The other supplementary information including the combining and individual nonmajor 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 statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson, Fann, Cox Associates

Richmond, Virginia
November 5, 2009

County of Gloucester, Virginia Management's Discussion and Analysis

This section of the County of Gloucester (the "County") comprehensive annual financial report presents management's discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2009. Please read it in conjunction with the transmittal letter at the front of this report and with the County's basic financial statements, which follow this section.

Financial Highlights

- The assets of the County, on a government-wide basis excluding component units, exceeded its liabilities at the close of the most recent fiscal year by \$37.1 million (*net assets*). Of this amount, \$18.4 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets, excluding component units, decreased by \$.2 million, of which the governmental activities decreased by \$1.8 million and business-type activities increased by \$1.6 million.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$16.6 million, a decrease of \$4.9 million in comparison with the prior year. Approximately 98.5% of this total amount, \$16.3 million, is *available for spending* at the County's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, undesignated fund balance for the General Fund was \$12.2 million, or 13.1% of governmental fund expenditures less any capital outlay projects funded with bond proceeds. The Board of Supervisors has adopted a policy to keep undesignated general fund balance at a minimum of 10% of governmental fund expenditures less any capital outlay projects funded with bond proceeds.
- The County's total debt increased by \$6.9 million during the current fiscal year. The primary factor in this increase was entering into a lease purchase agreement with Motorola for radio equipment for public safety.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide the readers with a broad overview of the County's finances, in a manner similar to a private-sector business. 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 how the financial position of the County may be changing. Increases in net assets may indicate an improved financial position; however, even decreases in net assets may reflect a changing manner in which the County may have used previously accumulated funds.

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 this 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 administration, judicial administration, public safety, public works, health and welfare, parks, recreation and cultural, community development, and education. The business-type activities are for public utilities.

Overview of the Financial Statements (Continued)

Government-wide financial statements: (Continued)

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate school board and a legally separate economic development authority for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 17-19 of this report.

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, like other state and 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 are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

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

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 23-26 of this report.

The County maintains one type of **Proprietary Fund**. The County uses *enterprise funds*, which are used to report the same functions presented as *business-type activities* in the government-wide financial statements, to account for its public utilities. The basic proprietary fund financial statements can be found on pages 27-29 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund statement can be found on page 30 of this report.

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. The notes to the financial statements can be found on pages 31-68 of this report.

Overview of the Financial Statements (Continued)

Other information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary comparisons for the general fund and progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 71-73 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found starting on page 77 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$37.1 million at the close of the most recent fiscal year. A large portion of the County's net assets (\$16.6 million, 44.4% of total) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

An additional amount of \$2.0 million is restricted for business-type activities by bond covenants and cannot be used to meet ongoing obligations to citizens and creditors. Unrestricted net assets of \$18.4 million or 50.0% may be used to meet the County's ongoing obligations to citizens and creditors.

The following table reflects the condensed Summary of Net Assets as presented in the government-wide financial statement:

Summary of Net Assets As of June 30, 2009 and 2008								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2009	2008	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 25,034,614	\$ 29,630,040	\$ 5,276,257	\$ 5,954,889	\$ 30,310,871	\$ 35,584,929	\$ 10,228,203	\$ 9,708,925
Capital assets	55,114,506	43,231,305	30,187,242	29,537,954	85,301,748	72,769,259	40,629,387	27,520,834
Total assets	<u>80,149,120</u>	<u>72,861,345</u>	<u>35,463,499</u>	<u>35,492,843</u>	<u>115,612,619</u>	<u>108,354,188</u>	<u>50,857,590</u>	<u>37,229,759</u>
Long-term debt outstanding	\$ 43,424,117	\$ 36,091,749	\$ 22,129,656	\$ 23,636,690	\$ 65,553,773	\$ 59,728,439	\$ 20,931,911	\$ 5,713,239
Other liabilities	10,913,365	9,189,248	2,089,329	2,162,477	13,002,694	11,351,725	8,304,931	9,389,435
Deferred outflow of resources	-	-	-	-	-	-	(1,590,397)	-
Total liabilities	<u>54,337,482</u>	<u>45,280,997</u>	<u>24,218,985</u>	<u>25,799,167</u>	<u>78,556,467</u>	<u>71,080,164</u>	<u>27,646,445</u>	<u>15,102,674</u>
Net assets								
Invested in capital asset, net of related debt	\$ 9,990,778	\$ 6,263,692	\$ 6,653,014	\$ 6,500,868	\$ 16,643,792	\$ 12,764,560	\$ 24,045,656	\$ 23,417,048
Restricted	-	-	2,015,652	-	2,015,652	-	-	-
Unrestricted	15,820,860	21,316,656	2,575,848	3,192,808	18,396,708	24,509,464	(834,511)	(1,289,963)
Total net assets	<u>25,811,638</u>	<u>27,580,348</u>	<u>11,244,514</u>	<u>9,693,676</u>	<u>37,056,152</u>	<u>37,274,024</u>	<u>23,211,145</u>	<u>22,127,085</u>

The County's combined net assets, which is the County's bottom line, decreased by \$.2 million or 0.1% from the prior year. The change in the County's combined net assets is a combination of a decrease of \$1.8 million from the efforts of governmental activities and an increase of \$1.6 million from the efforts of business-type activities. The decrease from the efforts of governmental activities can be attributed to using excess cash for pay-as-you-go capital projects. The 16.0% increase in the net assets from business-type activities was the result of increases in capital contributions and modest decreases in the amount of outstanding debt.

Government-Wide Financial Analysis (Continued)

In the case of the component units, Gloucester County Public Schools and Gloucester Economic Development Authority, assets exceed liabilities by \$23.2 million at the close of fiscal year 2009. The capital assets of the Gloucester Economic Development Authority (net of depreciation) increased by \$11.5 million due to construction at the Gloucester Business Park. The capital assets of the Public Schools (net of depreciation) increased by \$1.6 million due to the renovation and expansion of Abingdon Elementary School. The Commonwealth of Virginia requires that counties, as well as their financially dependent component units, be financed under a single taxing structure. This results in counties issuing debt to finance capital assets, such as public schools, for their component units. The capital assets of the Gloucester County Public Schools are jointly owned with the County. The County maintains ownership of the capital asset until any debt owed on the asset is paid. The County reports depreciation expense on these assets until such time as the debt is paid, and the asset is transferred to the component unit. One major factor affecting the increase in net assets for the component units are the result of the transfer of jointly owned assets from the County to Gloucester Public Schools (component unit).

At the end of the current fiscal year, the total primary government was able to report a positive balance in all categories of net assets, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

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

Summary of Changes in Net Assets Years Ended June 30, 2009 and 2008									
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units		
	2009	2008	2009	2008	2009	2008	2009	2008	
Revenues:									
Program revenue:									
Charges for services	\$ 1,494,685	\$ 1,662,147	\$ 3,155,016	\$ 3,332,589	\$ 4,649,701	\$ 4,994,736	\$ 2,070,239	\$ 2,213,923	
Operating grants and contributions	8,963,448	7,595,236	407,040	1,058,499	9,370,488	8,653,735	36,805,558	35,568,306	
Capital grants and contributions	978,111	1,948,761	1,548,183	-	2,526,294	1,948,761	-	-	
General revenues:									
Property taxes	31,934,077	30,064,891	36,179	36,222	31,970,256	30,101,113	-	-	
Other taxes	9,868,013	10,637,789	-	-	9,868,013	10,637,789	-	-	
Unrestricted revenues	273,362	951,284	183,614	221,205	456,976	1,172,489	42,583	54,770	
Miscellaneous	543,271	583,074	-	-	543,271	583,074	105,369	131,926	
Grants and contributions	3,019,751	3,014,716	-	-	3,019,751	3,014,716	-	-	
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	
Payment from County	-	-	-	-	-	-	23,590,089	22,985,952	
Total revenue	\$ 57,074,718	\$ 56,457,898	\$ 5,330,032	\$ 4,648,515	\$ 62,404,750	\$ 61,106,413	\$ 62,613,838	\$ 60,954,877	
Expenses:									
General government	\$ 4,868,825	\$ 5,059,027	\$ -	\$ -	\$ 4,868,825	\$ 5,059,027	\$ -	\$ -	
Judicial administration	1,784,423	1,789,176	-	-	1,784,423	1,789,176	-	-	
Public safety	10,900,401	11,897,730	-	-	10,900,401	11,897,730	-	-	
Public works	1,955,625	1,991,262	-	-	1,955,625	1,991,262	-	-	
Health and welfare	4,429,077	4,065,857	-	-	4,429,077	4,065,857	-	-	
Parks, recreation, and cultural	2,170,357	2,015,572	-	-	2,170,357	2,015,572	-	-	
Community development	2,255,957	2,780,816	-	-	2,255,957	2,780,816	914,518	687,830	
Interest on long-term debt	2,726,734	1,754,490	-	-	2,726,734	1,754,490	-	-	
Education	27,072,029	24,969,859	-	-	27,072,029	24,969,859	60,615,260	58,978,863	
Public Utilities	-	-	4,459,194	4,223,756	4,459,194	4,223,756	-	-	
Total expenses	\$ 58,163,428	\$ 56,323,789	\$ 4,459,194	\$ 4,223,756	\$ 62,622,622	\$ 60,547,545	\$ 61,529,778	\$ 59,666,693	
Change in net assets,									
before transfers	\$ (1,088,710)	\$ 134,109	\$ 870,838	\$ 424,759	\$ (217,872)	\$ 558,868	\$ 1,084,060	\$ 1,288,184	
Transfers	(680,000)	(800,000)	680,000	800,000	-	-	-	-	
Increase in net assets	(1,768,710)	(665,891)	1,550,838	1,224,759	(217,872)	558,868	1,084,060	1,288,184	
Net assets, beginning	27,580,348	28,246,239	9,693,676	8,468,917	37,274,024	36,715,156	22,127,085	20,838,901	
Net assets, ending	\$ 25,811,638	\$ 27,580,348	\$ 11,244,514	\$ 9,693,676	\$ 37,056,152	\$ 37,274,024	\$ 23,211,145	\$ 22,127,085	

Government-Wide Financial Analysis (Continued)

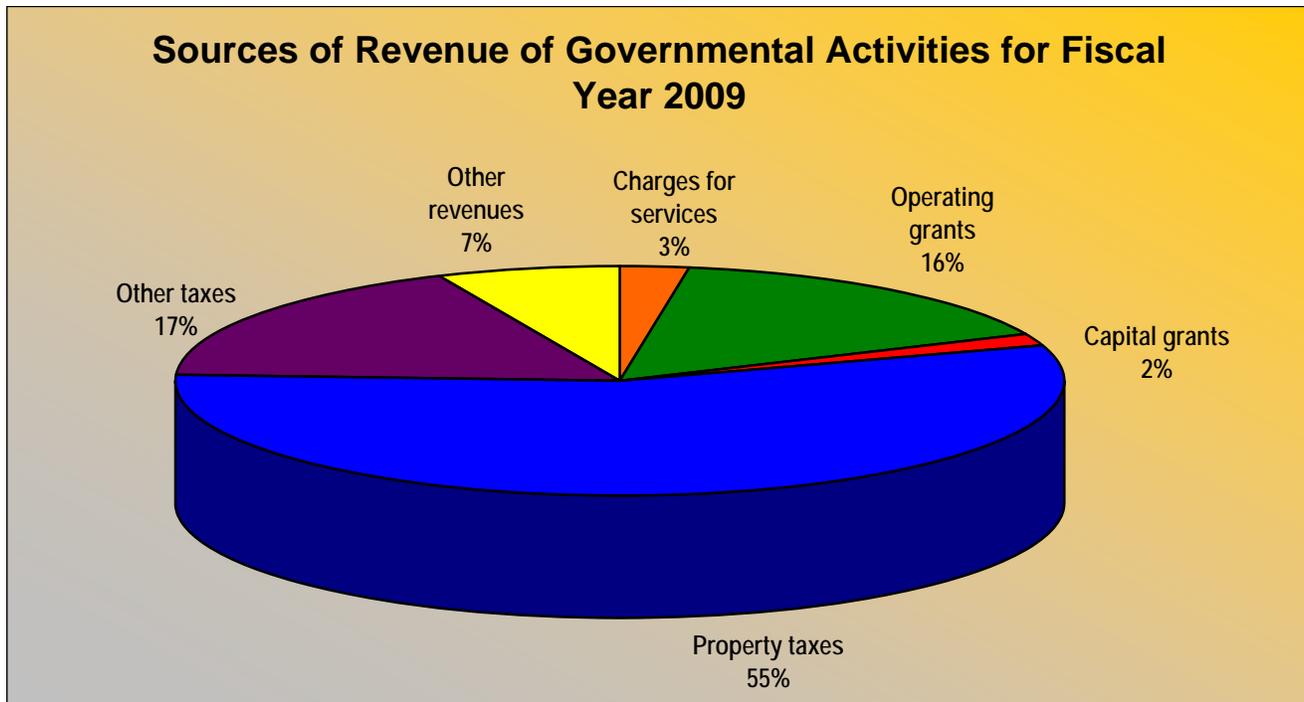
Governmental activities – For the fiscal year ended June 30, 2009, revenues from governmental activities totaled \$57.1 million. Real estate tax revenues, the County's largest revenue source, reflecting the accrual of the last half of calendar year 2008 and the first half of calendar year 2009 real property tax billing, were \$23.9 million. The County's assessed real property tax base for calendar year 2009 saw a modest increase of \$195.8 million largely due to new construction. This new construction, as well as the full results of tax rate increases in 2008, was the driving factor for the 6.2% increase in property tax revenue.

In the General Fund, the County reported current year collections of \$9.9 million in personal property taxes, the County's second largest revenue source. Of that amount, \$2.8 million was received as reimbursement from the Commonwealth of Virginia. Under the provisions of the Personal Property Tax Relief Act (PPTRA), the state's share of local personal property tax was approximately 38.1% of most taxpayer's payments. The majority of the 9.9% increase in personal property tax revenue can be attributed to the full results of tax rate increases in 2008.

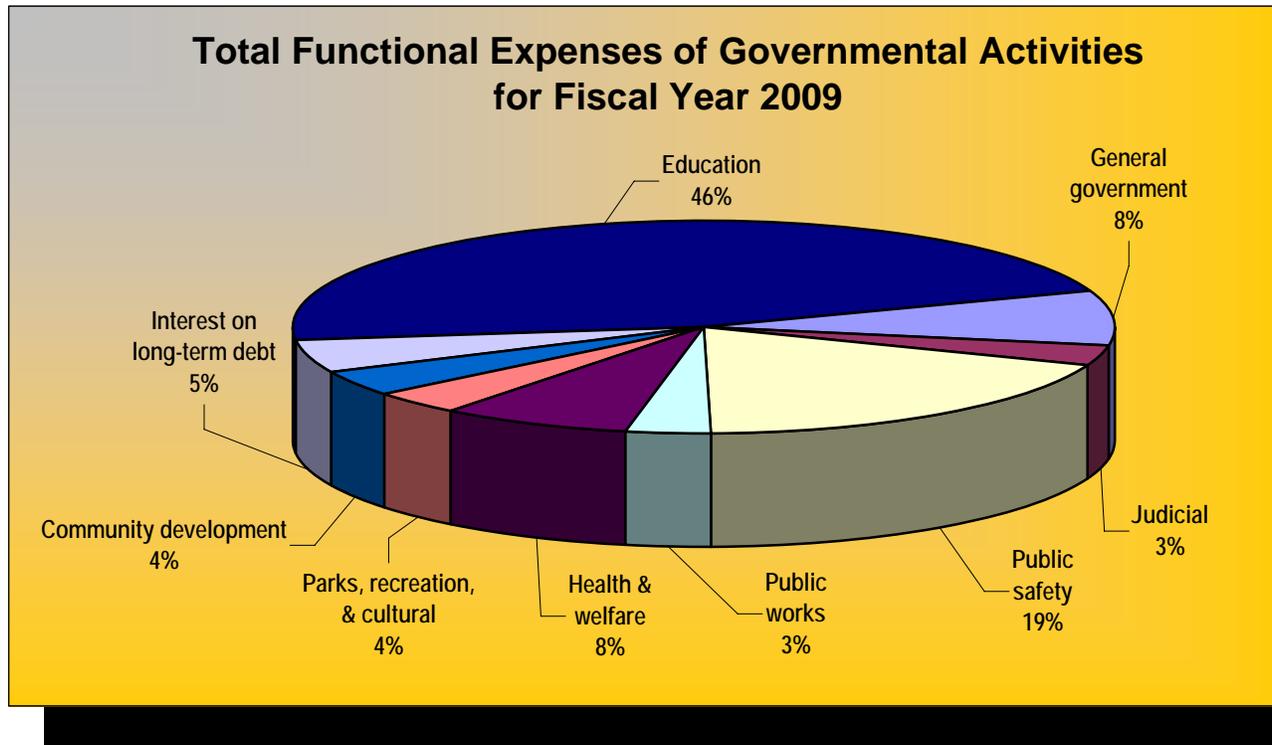
For the fiscal year ended June 30, 2009, expenses relating to governmental activities were \$7.2 million less than planned. Early in the fiscal year, when it became apparent that state and national economic conditions would negatively impact the local budgets, various strategies were enacted in order to reduce expenses. These strategies included position freezes, delaying capital, and examining program efficiencies.

Public education continues to be one of the County's highest priorities and commitments. The County contributed \$21.1 million to public school operations, \$3.5 million toward debt payments relating to school projects, and \$1.4 million for general school capital needs for a total contribution of \$26.0 million.

The following graphs illustrate revenues by source for governmental activities, as well as illustrating expenses for each of the functional areas of governmental activities:



Government-Wide Financial Analysis (Continued)



Business-type activities increased the County's net assets by \$1.6 million for fiscal year 2009. Similar to the changes in net assets attributable to governmental activities, changes in business-type activity net assets also result from the difference between revenues and expenses. Unlike governmental activities, which primarily rely on general tax revenue to finance operations, business-type activities are financed to a significant extent by fees charged for goods and services provided.

The County has one enterprise fund, which provides water and wastewater services to approximately 4,470 customers in the County. Like all business-type activities, the Utility Fund attempts to recover much of the operating expenses it incurs to meet service demands through user fees. Nevertheless, operating revenues were less than operating expenses for fiscal year 2009, resulting in a net loss of \$77,979. This operating loss is primarily due to the reduction in connections fees, which historically had been used to offset operating costs. The net asset increase of \$1.6 million was primarily due to an increase in donated capital assets.

Financial Analysis of the County's Funds

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

Governmental funds: The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government'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 combined ending fund balances of \$16.6 million, a decrease of \$4.9 million in comparison with the prior year. This decrease can be attributed to the use of accumulated cash and debt proceeds for capital projects. Of this total amount, \$16.3 million or 98.5% constitutes *unreserved fund balance*, which is available for spending at the County's discretion.

Financial Analysis of the County's Funds

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$12.6 million, while total fund balance reached \$12.7 million. The Board of Supervisors adopted a fund balance policy in April 2000 to keep an undesignated general fund balance at a minimum of 10% of governmental fund expenditures less any capital outlay projects funded with bond proceeds. The undesignated fund balance in the General Fund was 13.1% using this policy criterion.

The County Capital Improvements Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those reported for by the Proprietary Fund or School Construction Fund. The County Capital Improvements Fund has an unreserved fund balance of \$3.7 million, which has been designated for future capital projects.

The School Construction Fund accounts for financial resources to be used for major Public School construction projects. Bond proceeds of \$6.4 million were issued in the previous fiscal year to fund a portion of the renovation and expansion of Abingdon Elementary School. The project was completed in fiscal year 2009.

Proprietary funds: The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Utility Fund at the end of the year amounted to \$2.6 million. The majority of the \$1.5 million increase in total net assets can be attributed to an increase of \$.6 million in the fund's investment in capital assets, net of depreciation, and reductions in outstanding debt of \$1.5 million. 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

In fiscal year 2009, Gloucester County began to feel the impact of the national and state economic downturns. Corrective actions such as delaying capital needs, freezing positions, and enacting program efficiencies were begun as early as September 2008, and total General Fund expenditures came in \$2.2 million below the final amended budget. Education expenditures were under budget by \$.6 million.

There was an increase of \$.7 million between the original General Fund budget and the final amended General Fund budget, and these differences can be summarized as follows:

- An increase of \$.5 million can be associated with the appropriation of fund balances for designated carryovers for projects that were continued from the prior year into the current fiscal year.
- An increase of \$.2 million can be attributed to the additional appropriation for various school capital needs from the prior year unexpended transfers for education.

Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounts to \$85.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment. Major capital asset events during the current fiscal year included the following:

- A construction project with a budget of \$14.7 million to expand and renovate Abingdon Elementary School was started by the Gloucester County School Board (a Component Unit) in fiscal year 2007 and was completed in fiscal year 2009.
- The County received several Federal Emergency Management Agency Grants, which were used to acquire properties that sustained damage or can expect to sustain damage as a result of coastal storms and returned these properties to green space.
- The County received donated capital assets in the business-type activities.
- The County continues work on an emergency communications system project with a projected budget of \$15.3 million.
- The component unit, the Economic Development Authority, expanded building capacity in the Gloucester Business Park.

Capital Asset and Debt Administration

Capital assets, net of accumulated depreciation, are illustrated in the following table:

Capital Assets As of June 30, 2009 and 2008								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2009	2008	2009	2008	2009	2008	2009	2008
Land	\$ 4,965,493	\$ 4,921,068	\$ 3,599,046	\$ 3,574,046	\$ 8,564,539	\$ 8,495,114	\$ 2,080,926	\$ 1,949,796
Construction in progress	12,596,485	12,020,451	-	-	12,596,485	12,020,451	15,818	2,245,841
Infrastructure	-	-	-	-	-	-	-	-
Buildings	11,080,317	10,342,988	25,363,135	25,777,607	36,443,452	36,120,595	16,150,315	2,541,185
Improvements other than buildings	123,122	80,398	-	-	123,122	80,398	-	-
Equipment	1,558,368	1,792,325	1,225,061	186,301	2,783,429	1,978,626	3,320,968	3,226,349
Jointly owned assets	24,790,721	14,074,075	-	-	24,790,721	14,074,075	19,061,360	17,557,663
Total	\$ 55,114,506	\$ 43,231,305	\$ 30,187,242	\$ 29,537,954	\$ 85,301,748	\$ 72,769,259	\$ 40,629,387	\$ 27,520,834

Additional information on the County's capital assets can be found in Note 6 on pages 43-46 of this report.

Long-term debt: At the end of the current fiscal year, the County had total outstanding debt of \$63.8 million and details are summarized in the following table:

Long-Term Debt As of June 30, 2009 and 2008								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2009	2008	2009	2008	2009	2008	2009	2008
Bonds Payable:								
General obligation bonds	\$ 21,742,912	\$ 23,125,057	\$ 53,636	\$ 91,502	\$ 21,796,548	\$ 23,216,559	-	-
Revenue bonds	-	-	23,480,592	24,950,999	23,480,592	24,950,999	17,796,100	-
Loans and Notes	-	-	-	-	-	-	-	5,464,699
Literary loans	3,603,520	4,143,520	-	-	3,603,520	4,143,520	-	-
Capital leases	19,777,296	9,699,036	-	-	19,777,296	9,699,036	-	-
Derivative instrument liability	-	-	-	-	-	-	1,590,397	-
OPEB liability	187,219	-	16,055	-	-	-	342,828	-
Compensated absences	1,665,289	1,659,034	143,061	128,804	1,808,350	1,787,838	1,895,323	1,808,259
Total	\$ 46,976,236	\$ 38,626,647	\$ 23,693,344	\$ 25,171,305	\$ 70,669,580	\$ 63,797,952	\$ 21,624,648	\$ 7,272,958

Debt associated with governmental activities increased by \$8.3 million while debt associated with business-type activities decreased by \$1.5 million. The primary factor in the increase in the governmental activities was issuance of debt for the construction of the public safety emergency communications system. The primary factor in the decrease in the business-type activities was the pay down of principal during the year.

The County is not subject to a statutory debt limitation, but the County's Debt Obligation Policy, which was adopted on April 4, 2000, limits net debt as a percentage of assessed value that will not exceed 3.0%. In addition, the County's Debt Obligation Policy limits the net County debt per capita at \$1,700 per capita, and general obligation debt service and capital lease payments will not exceed 10.0% of general governmental expenditures. As of June 30, 2009, the County's net debt as a percentage of assessed value was 1.1%, the net debt per capita ratio was \$1,250, and the debt payments percentage was 6.1%.

The component unit, the Economic Development Authority, issued variable rate taxable lease revenue and refunding bonds in the amount of \$18.5 million, which are being used to expand building capacity in the Gloucester Business Park.

Additional information on the County's long-term debt can be found in Note 8 on pages 47-59.

Economic Factors and Next Year's Budgets and Rates

The Board of Supervisors considered many factors when developing the fiscal year 2010 General Fund budget - particularly the impacts of state and national economic conditions. The Board of Supervisors requested that departments and agencies curtail all discretionary spending and that a review of each job vacancy be made before a decision was made to fill the position. In addition, departments and agencies submitted proposed strategies to reduce fiscal year 2010 budgets by focusing on program efficiencies and examining all operations to identify activities that may not be necessary to the County's core mission.

The fiscal year 2010 General Fund approved budget is \$50.3 million, which is an 8.0% decrease over the fiscal year 2009 budget. The budget met the County's basic needs in critical service areas, but it did not provide funding for vacant positions, employee salary increases, or most capital needs. There were no tax rate increases for calendar year 2009.

The fiscal year 2010 School Operating Budget was approved at \$57.5 million, which is a 2.9% decrease over the fiscal year 2009 budget.

Economic conditions, trends, and revenue collections continue to be closely monitored. Key factors that are expected to impact future budgets include declining revenue sources, projected increases in health insurance premiums, citizen demands for maintaining service levels, funding for capital improvements, and replacing state educational funding.

The current economic climate is expected to continue into fiscal year 2012.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Financial Services, County of Gloucester, 6467 Main Street, Gloucester, VA 23061.

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BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Assets
June 30, 2009

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 15,390,874	\$ 2,649,227	\$ 18,040,101	\$ 658,098	\$ 1,323,316
Receivables (net of allowance for uncollectibles):					
Taxes receivable	4,645,705	3,216	4,648,921	-	-
Accounts receivable	476,061	391,311	867,372	921,353	74
Due from other governmental units	2,769,782	-	2,769,782	5,885,682	-
Inventories	-	29,907	29,907	14,013	1,212,369
Prepaid expenses	1,509,237	5,237	1,514,474	140,168	-
Deferred charges	-	1,023	1,023	-	-
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents (in custody of others)	-	2,015,652	2,015,652	-	-
Other assets:					
Unamortized bond issue costs	242,955	180,684	423,639	-	73,130
Capital assets (net of accumulated depreciation):					
Land	4,965,493	3,599,046	8,564,539	1,476,061	604,865
Buildings and system	35,871,038	25,363,135	61,234,173	19,061,360	16,150,315
Improvements other than buildings	123,122	-	123,122	-	-
Machinery and equipment	1,558,368	1,225,061	2,783,429	3,320,968	-
Construction in progress	12,596,485	-	12,596,485	-	15,818
Total assets	<u>\$ 80,149,120</u>	<u>\$ 35,463,499</u>	<u>\$ 115,612,619</u>	<u>\$ 31,477,703</u>	<u>\$ 19,379,887</u>
LIABILITIES					
Accounts payable	\$ 1,025,205	\$ 96,154	\$ 1,121,359	\$ 1,452,685	\$ 80,829
Accrued liabilities	492,047	-	492,047	5,469,771	-
Accrued interest payable	937,181	278,724	1,215,905	-	-
Due to other governmental units	4,744,677	-	4,744,677	150,000	458,909
Unearned revenue	162,136	-	162,136	-	-
Deposits held in escrow	-	150,763	150,763	-	-
Long-term liabilities:					
Due within one year	3,552,119	1,563,688	5,115,807	189,532	503,205
Due in more than one year	43,424,117	22,129,656	65,553,773	2,048,619	18,883,292
Total liabilities	<u>\$ 54,337,482</u>	<u>\$ 24,218,985</u>	<u>\$ 78,556,467</u>	<u>\$ 9,310,607</u>	<u>\$ 19,926,235</u>
DEFERRED OUTFLOW OF RESOURCES					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,590,397)</u>
Total liabilities net of deferred outflow of resources	<u>\$ 54,337,482</u>	<u>\$ 24,218,985</u>	<u>\$ 78,556,467</u>	<u>\$ 9,310,607</u>	<u>\$ 18,335,838</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 9,990,778	\$ 6,653,014	\$ 16,643,792	\$ 23,858,389	\$ 187,267
Restricted for:					
Debt service and bond covenants	-	2,015,652	2,015,652	-	-
Unrestricted (deficit)	15,820,860	2,575,848	18,396,708	(1,691,293)	856,782
Total net assets	<u>\$ 25,811,638</u>	<u>\$ 11,244,514</u>	<u>\$ 37,056,152</u>	<u>\$ 22,167,096</u>	<u>\$ 1,044,049</u>

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

COUNTY OF GLOUCESTER, VIRGINIA

Statement of Activities
 For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,868,825	\$ -	\$ 353,511	\$ -
Judicial administration	1,784,423	246,684	698,472	-
Public safety	10,900,401	476,364	3,656,561	-
Public works	1,955,625	387,726	-	-
Health and welfare	4,429,077	-	2,741,668	-
Education	27,072,029	152	-	978,111
Parks, recreation, and cultural	2,170,357	355,746	222,270	-
Community development	2,255,957	28,013	1,290,966	-
Interest on long-term debt	2,726,734	-	-	-
Total governmental activities	<u>\$ 58,163,428</u>	<u>\$ 1,494,685</u>	<u>\$ 8,963,448</u>	<u>\$ 978,111</u>
Business-type activities:				
Public utilities	\$ 4,459,194	\$ 3,155,016	\$ 407,040	\$ 1,548,183
Total business-type activities	<u>\$ 4,459,194</u>	<u>\$ 3,155,016</u>	<u>\$ 407,040</u>	<u>\$ 1,548,183</u>
Total primary government	<u>\$ 62,622,622</u>	<u>\$ 4,649,701</u>	<u>\$ 9,370,488</u>	<u>\$ 2,526,294</u>
COMPONENT UNITS:				
School Board	\$ 60,615,260	\$ 1,414,242	\$ 36,805,558	\$ -
Economic Development Authority	914,518	655,997	-	-
Total component units	<u>\$ 61,529,778</u>	<u>\$ 2,070,239</u>	<u>\$ 36,805,558</u>	<u>\$ -</u>

General revenues:
 General property taxes
 Local sales and use tax
 Communication sales tax
 Consumer utility tax
 Business license taxes
 Restaurant food taxes
 Other local taxes
 Unrestricted revenues from use of money and property
 Miscellaneous
 Grants and contributions not restricted to specific programs
 Payment from Gloucester County
 Transfers
 Total general revenues
 Change in net assets
 Net assets - beginning
 Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	School Board	EDA	
\$ (4,515,314)	\$ -	\$ (4,515,314)	\$ -	\$ -	
(839,267)	-	(839,267)	-	-	
(6,767,476)	-	(6,767,476)	-	-	
(1,567,899)	-	(1,567,899)	-	-	
(1,687,409)	-	(1,687,409)	-	-	
(26,093,766)	-	(26,093,766)	-	-	
(1,592,341)	-	(1,592,341)	-	-	
(936,978)	-	(936,978)	-	-	
(2,726,734)	-	(2,726,734)	-	-	
<u>\$ (46,727,184)</u>	<u>\$ -</u>	<u>\$ (46,727,184)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ 651,045	\$ 651,045	\$ -	\$ -	
\$ -	\$ 651,045	\$ 651,045	\$ -	\$ -	
<u>\$ (46,727,184)</u>	<u>\$ 651,045</u>	<u>\$ (46,076,139)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	(22,395,460)	\$ -	
-	-	-	-	(258,521)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (22,395,460)</u>	<u>\$ (258,521)</u>	
\$ 31,934,077	\$ 36,179	\$ 31,970,256	\$ -	\$ -	
3,622,137	-	3,622,137	-	-	
1,267,909	-	1,267,909	-	-	
695,930	-	695,930	-	-	
1,436,852	-	1,436,852	-	-	
1,616,050	-	1,616,050	-	-	
1,229,135	-	1,229,135	-	-	
273,362	183,614	456,976	11,869	30,714	
543,271	-	543,271	105,369	-	
3,019,751	-	3,019,751	-	-	
-	-	-	23,590,089	-	
(680,000)	680,000	-	-	-	
<u>\$ 44,958,474</u>	<u>\$ 899,793</u>	<u>\$ 45,858,267</u>	<u>\$ 23,707,327</u>	<u>\$ 30,714</u>	
\$ (1,768,710)	\$ 1,550,838	\$ (217,872)	\$ 1,311,867	\$ (227,807)	
27,580,348	9,693,676	37,274,024	20,855,229	1,271,856	
<u>\$ 25,811,638</u>	<u>\$ 11,244,514</u>	<u>\$ 37,056,152</u>	<u>\$ 22,167,096</u>	<u>\$ 1,044,049</u>	

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Fund Financial Statements

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Balance Sheet
 Governmental Funds
 June 30, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>School Construction</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ 14,934,504	\$ 205,298	\$ 120,487	\$ 130,585	\$ -	\$ 15,390,874
Receivables (net of allowance for uncollectibles):						
Taxes receivable	4,645,705	-	-	-	-	4,645,705
Accounts receivable	473,296	-	-	-	2,765	476,061
Due from other funds	1,894,646	-	3,042,516	-	-	4,937,162
Due from other governmental units	1,493,340	-	980,351	24,878	271,213	2,769,782
Prepaid items	57,180	1,452,057	-	-	-	1,509,237
Total assets	<u>\$ 23,498,671</u>	<u>\$ 1,657,355</u>	<u>\$ 4,143,354</u>	<u>\$ 155,463</u>	<u>\$ 273,978</u>	<u>\$ 29,728,821</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 466,571	\$ 18,348	\$ 445,646	\$ -	\$ 94,640	\$ 1,025,205
Accrued liabilities	492,047	-	-	-	-	492,047
Due to other governmental units	4,666,323	-	-	78,354	-	4,744,677
Due to other funds	3,042,516	1,638,199	-	77,109	179,338	4,937,162
Deferred revenue	1,970,025	-	-	-	-	1,970,025
Total liabilities	<u>\$ 10,637,482</u>	<u>\$ 1,656,547</u>	<u>\$ 445,646</u>	<u>\$ 155,463</u>	<u>\$ 273,978</u>	<u>\$ 13,169,116</u>
Fund balances:						
Reserved for:						
Prepaid items	\$ 57,180	\$ -	\$ -	\$ -	\$ -	\$ 57,180
Rezoning proffers	-	-	19,000	-	-	19,000
Asset forfeiture	181,105	-	-	-	-	181,105
Unreserved, reported in:						
General fund	12,622,904	-	-	-	-	12,622,904
Debt service funds	-	808	-	-	-	808
Capital projects funds	-	-	3,678,708	-	-	3,678,708
Total fund balances	<u>\$ 12,861,189</u>	<u>\$ 808</u>	<u>\$ 3,697,708</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,559,705</u>
Total liabilities and fund balances	<u>\$ 23,498,671</u>	<u>\$ 1,657,355</u>	<u>\$ 4,143,354</u>	<u>\$ 155,463</u>	<u>\$ 273,978</u>	<u>\$ 29,728,821</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Assets
 June 30, 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	\$	16,559,705
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$	77,969,383	
Less: accumulated depreciation		<u>(22,854,877)</u>	55,114,506

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

Deferred revenue	\$	1,807,889	
Unamortized bond issue costs		<u>242,955</u>	2,050,844

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

Bonds and loans payable	\$	(25,065,784)	
Interest payable		(937,181)	
Other post employment benefits obligation		(187,219)	
Capital lease obligations		(20,057,944)	
Compensated absences		<u>(1,665,289)</u>	<u>(47,913,417)</u>

Net assets of governmental activities	\$	<u><u>25,811,638</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2009

	General	Debt Service	Capital Projects	School Construction	Other Governmental Funds	Total
REVENUES						
General property taxes	\$ 32,090,454	\$ -	\$ -	\$ -	\$ -	\$ 32,090,454
Other local taxes	9,858,900	-	-	9,113	-	9,868,013
Permits, privilege fees, and regulatory licenses	421,907	-	-	-	-	421,907
Fines and forfeitures	94,148	-	-	-	-	94,148
Revenue from the use of money and property	247,917	160	2,036	23,249	-	273,362
Charges for services	978,630	-	-	-	-	978,630
Miscellaneous	272,145	-	243,644	-	27,482	543,271
Recovered costs	320,383	-	-	-	-	320,383
Intergovernmental revenues:						
Commonwealth	6,894,167	-	709,961	798,438	1,438,223	9,840,789
Federal	862,107	-	954,969	-	1,303,445	3,120,521
Total revenues	\$ 52,040,758	\$ 160	\$ 1,910,610	\$ 830,800	\$ 2,769,150	\$ 57,551,478
EXPENDITURES						
Current:						
General government administration	\$ 4,766,294	\$ -	\$ -	\$ -	\$ -	\$ 4,766,294
Judicial administration	1,619,429	-	-	-	-	1,619,429
Public safety	10,622,469	-	-	-	-	10,622,469
Public works	1,873,556	-	-	-	-	1,873,556
Health and welfare	638,849	-	-	-	3,709,359	4,348,208
Education	21,703,289	-	-	-	-	21,703,289
Parks, recreation, and cultural	1,970,594	-	-	-	-	1,970,594
Community development	776,991	-	-	-	-	776,991
Nondepartmental	272,035	-	-	-	-	272,035
Capital projects	-	-	16,292,242	3,201,698	-	19,493,940
Debt service:						
Principal retirement	-	3,055,260	-	-	-	3,055,260
Interest and other fiscal charges	-	2,547,784	-	-	-	2,547,784
Total expenditures	\$ 44,243,506	\$ 5,603,044	\$ 16,292,242	\$ 3,201,698	\$ 3,709,359	\$ 73,049,849
Excess (deficiency) of revenues over (under) expenditures	\$ 7,797,252	\$ (5,602,884)	\$ (14,381,632)	\$ (2,370,898)	\$ (940,209)	\$ (15,498,371)
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ 5,603,042	\$ 1,348,622	\$ -	\$ 940,209	\$ 7,891,873
Transfers out	(8,571,873)	-	-	-	-	(8,571,873)
Issuance of capital lease	-	-	11,245,000	-	-	11,245,000
Total other financing sources (uses)	\$ (8,571,873)	\$ 5,603,042	\$ 12,593,622	\$ -	\$ 940,209	\$ 10,565,000
Net change in fund balances	\$ (774,621)	\$ 158	\$ (1,788,010)	\$ (2,370,898)	\$ -	\$ (4,933,371)
Fund balances - beginning	13,635,810	650	5,485,718	2,370,898	-	21,493,076
Fund balances - ending	\$ 12,861,189	\$ 808	\$ 3,697,708	\$ -	\$ -	\$ 16,559,705

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

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

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

Net change in fund balances - total governmental funds \$ (4,933,371)

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

Capital asset additions	\$ 16,334,883	
Depreciation expense	<u>(4,451,682)</u>	11,883,201

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (156,377)

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.

Issuance of long-term debt	\$ 11,245,000	
Principal payments	(3,055,260)	
Premium amortization	<u>(47,410)</u>	(8,142,330)

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 accrued leave	\$ (6,255)	
(Increase) decrease in other post employment benefit payable	(187,219)	
(increase) decrease in interest payable	<u>(226,359)</u>	<u>(419,833)</u>

Change in net assets of governmental activities \$ (1,768,710)

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

Statement of Net Assets
 Proprietary Fund
 June 30, 2009

	Enterprise Fund Utilities Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,649,227
Taxes receivable, net of allowance for uncollectibles	3,216
Accounts receivable, net of allowance for uncollectibles	391,311
Inventories	29,907
Prepaid expenses	5,237
Deferred charges	1,023
Total current assets	<u>\$ 3,079,921</u>
Noncurrent assets:	
Restricted current assets:	
Cash and cash equivalents-bond requirements	<u>\$ 2,015,652</u>
Other assets:	
Unamortized bond issue costs	<u>\$ 180,684</u>
Capital assets:	
Utility plant in service	\$ 33,429,090
Land	3,599,046
Machinery and equipment	1,611,206
Buildings	5,489,705
Less accumulated depreciation	<u>(13,941,805)</u>
Total capital assets	<u>\$ 30,187,242</u>
Total noncurrent assets	<u>\$ 32,383,578</u>
Total assets	<u>\$ 35,463,499</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 96,154
Accrued interest payable	278,724
Compensated absences	14,306
Deposits held in escrow	150,763
Bonds payable - current portion	<u>1,549,382</u>
Total current liabilities	<u>\$ 2,089,329</u>
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 21,984,846
Other post employment benefits	16,055
Compensated absences	<u>128,755</u>
Total noncurrent liabilities	<u>\$ 22,129,656</u>
Total liabilities	<u>\$ 24,218,985</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 6,653,014
Restricted for debt service and bond covenants	2,015,652
Unrestricted	<u>2,575,848</u>
Total net assets	<u>\$ 11,244,514</u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Proprietary Fund
 For the Year Ended June 30, 2009

	<u>Enterprise Fund Utilities Fund</u>
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 2,562,008
Sewer revenues	533,001
Other revenues	60,007
Total operating revenues	<u>\$ 3,155,016</u>
OPERATING EXPENSES	
Personal services	\$ 903,878
Fringe benefits	328,475
Contractual services	310,321
Other charges	791,342
Depreciation	898,979
Total operating expenses	<u>\$ 3,232,995</u>
Operating income (loss)	<u>\$ (77,979)</u>
NONOPERATING REVENUES (EXPENSES)	
Connection fees	\$ 407,040
Investment earnings	183,614
Amortization of loan costs	(26,639)
Taxes	36,179
Interest expense	(1,199,560)
Total nonoperating revenues (expenses)	<u>\$ (599,366)</u>
Income before contributions and transfers	<u>\$ (677,345)</u>
Capital contributions and construction grants	1,548,183
Transfers in	680,000
Change in net assets	<u>\$ 1,550,838</u>
Total net assets - beginning	<u>9,693,676</u>
Total net assets - ending	<u><u>\$ 11,244,514</u></u>

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

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended June 30, 2009

	<u>Enterprise Fund Utilities Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 3,067,447
Receipts for miscellaneous items	60,007
Payments to suppliers	(1,218,932)
Payments to employees	(1,202,016)
Net cash provided (used) by operating activities	<u>\$ 706,506</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 680,000
Connection fees	407,040
Tax revenue	36,736
Net cash provided (used) by noncapital financing activities	<u>\$ 1,123,776</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to capital assets	\$ (86)
Principal payments on bonds	(1,508,273)
Interest payments	(1,215,980)
Net cash provided (used) by capital and related financing activities	<u>\$ (2,724,339)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	\$ 183,614
Net cash provided (used) by investing activities	<u>\$ 183,614</u>
Net increase (decrease) in cash and cash equivalents	\$ (710,443)
Cash and cash equivalents - beginning - including restricted	<u>5,375,322</u>
Cash and cash equivalents - ending - including restricted	<u>\$ 4,664,879</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (77,979)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	\$ 898,979
(Increase) decrease in accounts receivable	(59,366)
(Increase) decrease in inventories	(718)
(Increase) decrease in prepaid expenses	1,167
Increase (decrease) in customer deposits	31,803
Increase (decrease) in accounts payable and accrued liabilities	(87,380)
Total adjustments	<u>\$ 784,485</u>
Net cash provided (used) by operating activities	<u>\$ 706,506</u>

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2009

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 133,483
Due from other governmental funds	15,141
Total assets	\$ <u>148,624</u>
LIABILITIES	
Accounts payable	\$ 21,472
Amounts held for social services clients	20,245
Amounts held for others	92,732
Amounts held for regional program	14,175
Total liabilities	\$ <u>148,624</u>

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

Financial Statement Presentation

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

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

Government-wide and Fund Financial Statements

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

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

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

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 (CONTINUED)

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

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

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports including the original budget, final budget and actual results.

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units to be included for the fiscal year ended June 30, 2009.

Discretely Presented Component Units:

Component Unit School Board - The School Board members are elected by the citizens of Gloucester County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2009.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

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

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units: (Continued)

Component Unit Economic Development Authority - The Gloucester County Economic Development Authority is responsible for industrial prospective bond issues 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 as the County is involved in the day-to-day operations of the EDA, including the approval of private activity prospective bond issues and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2009. The Authority does not issue a separate financial report. The financial statements of the Authority are presented as a discrete presentation in the County financial statements for the year ended June 30, 2009.

C. Other Related Organizations

The Middle Peninsula Juvenile Detention Commission (the Commission) was created to enhance the region for protection of the citizens by the construction, equipping, maintenance and operation of a new juvenile detention facility serving the eighteen member jurisdictions of which the Assistant County Administrator serves as the County's representative on the board. The Commission is fiscally independent of the County because substantially all of its income will be generated from per diem payments from the member jurisdictions and reimbursements from the Commonwealth of Virginia for a portion of the capital costs. Separate audited financial statements are available from the Commission, c/o the County of James City at P.O. Box 8784, Williamsburg, VA 23187-8784.

The Middle Peninsula Regional Airport Authority (Airport) was created in 1997 by the Virginia General Assembly for the purpose of owning and operating the airport. The Airport consists of five member jurisdictions. The Airport is fiscally independent of the County, because substantially all of its income comes from State and Federal funds. Separate audited financial statements are available from the Airport.

Other Agencies: Certain agencies and commissions service both the County of Gloucester and surrounding localities. Board membership is allocated among the localities and their governing bodies appointments. These agencies include: Hampton Roads Planning District Commission, Middle Peninsula Planning District Commission, Hampton Roads Economic Development Alliance, Peninsula Council Workforce Development and Hampton Roads Partnership.

Included in the County's Financial Report

None

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

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

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

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

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

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

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

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

Debt Service Fund – accounts for debt service expenditures for the County including the school system. Payment of principal and interest on the County and school system's general long-term debt financing is provided by appropriations from the General Fund.

Capital Projects Funds – account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by Proprietary Funds. The County also reports the School Construction Fund as a major Capital Projects Fund.

The County reports the following non-major governmental funds:

Special Revenue Funds – account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Special Revenue Funds consist of the following funds: Virginia Public Assistance and Comprehensive Services Act.

Internal Service Funds – account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Internal Service Fund consists of the Self-Insurance Fund reported in the Component Unit School Board.

Fiduciary Funds – (Trust and Agency Funds) – account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Private Purpose Trust and Agency Funds. Private Purpose Trust and Agency Funds utilize the accrual basis of accounting. Fiduciary funds are not included in the government-wide financial statements. The County's Agency Funds include amounts held for others in a fiduciary capacity, which includes social services clients, inmates, regional special education program and the employee flexible benefits program.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

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

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

2. 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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The County’s Enterprise Funds consist of the Utility Fund, which accounts for the operations of sewage pumping stations and collection systems, and the water distribution system.

E. Cash and Cash Equivalents:

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

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

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

F. Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit 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 \$366,436 at June 30, 2009 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	June 30/December 5 (50% each date)	June 30/December 5 (50% each date)
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
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 for both the County and the Component Unit School Board. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair market value at the date of donation.

The Component Unit Economic Development Authority, a proprietary fund type, is required to capitalize its capital assets including the infrastructure constructed at the business park.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capitalized interest in the amount of \$582,282 was recorded as part of the cost of the building that was constructed at the business park for the year ended June 30, 2009.

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

<u>Assets</u>	<u>Years</u>
Plant, equipment and system	35-45
Motor vehicles	5-10
Equipment	2-15
Infrastructure	25

I. Compensated Absences

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

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

J. Retirement Plan

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

K. Use of Estimates

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

L. 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.

Designated portions of fund balance are established to indicate tentative plans for financial resource utilization in a future period. Designation of fund balance by specific purpose is as follows:

	<u>General</u>	<u>Debt Service</u>	<u>County Capital Improvements</u>	<u>Total</u>
Designated for:				
Mosquito Control	\$ 171,333	\$ -	\$ -	\$ 171,333
Tourism Projects	84,460	-	-	84,460
Daffodil Festival	62,629	-	-	62,629
Program Donations	55,524	-	-	55,524
Trustee Cash	-	808	-	808
Subsequent Expenditures	-	-	3,508,221	3,508,221
Norman Land Sale	-	-	50,000	50,000
Probation & Pretrial	33,698	-	-	33,698
Cable	53,188	-	-	53,188
Older Adult Projects	-	-	120,487	120,487
Total designated for specific purposes	<u>\$ 460,832</u>	<u>\$ 808</u>	<u>\$ 3,678,708</u>	<u>\$ 4,140,348</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 (CONTINUED)

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

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, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximate the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

O. Prepaid Items

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

P. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Public Utilities Fund consists of expendable supplies held for consumption. Inventory in the Component Unit-School Board Cafeteria Fund consists of the purchased food and supplies held for consumption. The cost is recorded as an expense at the time individual inventory items are consumed. Inventory in the Component Unit-Economic Development Authority consists of land held for resale.

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. During the month of March, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are required to be conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 (CONTINUED)

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING: (CONTINUED)

4. The Appropriations Resolution places legal restrictions on expenditures at the function level. The County Administrator is authorized to transfer budgeted amounts within the primary government's governmental funds; however, the Component Unit School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds of the Primary Government and Component Unit – School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. Several Supplemental Appropriations were necessary during the fiscal year.

Expenditures and Appropriations

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

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).

Custodial Credit Risk (Investments)

The County's investment policy requires that all securities purchased for the County be held by the County or by the County's designated custodian. The County's investments at June 30, 2009 were held by the County or in the County's name by the County's custodial banks.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

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 the Standard and Poor's rating scale. The County's investment policy has an emphasis on high credit quality and known marketability. Obligations of the Commonwealth of Virginia and its local governments and public bodies are allowable under the County's investment policy provided they have a debt rating of at least AA by Standard and Poor's.

Locality's Rated Debt Investments' Values

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 2,654,173
Virginia State Non-Arbitrage Pool	130,586
Money Market Funds	<u>863,745</u>
Total	<u>\$ 3,648,504</u>

Interest Rate Risk

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

Investment Maturities (in years)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
U.S. Treasury Notes	\$ <u>2,015,652</u>	\$ <u>2,015,652</u>
Total	\$ <u>2,015,652</u>	\$ <u>2,015,652</u>

External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the SNAP and Local Government Investment Pool (LGIP) are the same as the value of the pool shares. As these pools are not SEC registered, regulatory oversight of the pools rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

NOTE 4—DUE FROM OTHER GOVERNMENTS:

At June 30, 2009, the County has receivables from and amounts due to other governments as follows:

	Primary Government	Component Units	
		School Board	Economic Development Authority
Other Local Governments:			
County of Gloucester	\$ -	\$ 4,666,323	\$ -
Gloucester County Cafeteria	150,000	-	-
Gloucester County Economic Development Authority	458,909	-	-
Commonwealth of Virginia:			
Local sales tax	643,375	-	-
Local communication sales tax	176,133	-	-
Local cable television fees	55,140	-	-
Motor vehicle carrier tax	2,202	-	-
Mobile home titling tax	6,623	-	-
VPA funds	73,708	-	-
State sales tax	-	892,994	-
Constitutional officer reimbursements	274,083	-	-
Miscellaneous	179,839	7,505	-
Comprehensive service	100,277	-	-
Rental vehicle tax	9,929	-	-
Mitigation grant	90,408	-	-
VDOT Grant	49,370	-	-
E-911 funds	7,115	-	-
Federal Government:			
School fund grants	-	318,860	-
Mitigation grant	343,858	-	-
VDOT Grant	24,110	-	-
VPA funds	97,228	-	-
Miscellaneous	3,553	-	-
Other federal grants	23,922	-	-
Total due from other governments	\$ 2,769,782	\$ 5,885,682	\$ -

Amounts due to other governments are as follows:

Internal Revenue Service	\$ 78,354	\$ -	\$ -
Gloucester County School Board	4,666,323	-	-
Gloucester County	-	150,000	458,909
Total due from other governments	\$ 4,744,677	\$ 150,000	\$ 458,909

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

NOTE 5—INTERFUND OBLIGATIONS:

Details of the Primary Government's interfund receivables and payables as of June 30, 2009, are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 1,894,646	\$ 3,042,516
County Capital Improvements	3,042,516	-
Debt Service	-	1,638,199
School Construction	-	77,109
Virginia Public Assistance	-	171,469
Comprehensive Services Act	-	7,869
Total Governmental Funds	<u>\$ 4,937,162</u>	<u>\$ 4,937,162</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances also include the amount of working capital loans made to internal service funds that the general fund expects to collect in the subsequent year.

NOTE 6—CAPITAL ASSETS:

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

Primary Government:

	<u>Balance July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 4,921,068	\$ 44,425	\$ -	\$ 4,965,493
Construction in progress	567,985	12,578,759	550,259	12,596,485
Jointly owned construction in progress	11,452,466	2,857,739	14,310,205	-
Total capital assets not subject to depreciation	<u>\$ 16,941,519</u>	<u>\$ 15,480,923</u>	<u>\$ 14,860,464</u>	<u>\$ 17,561,978</u>
Capital assets subject to depreciation:				
Buildings	\$ 15,377,538	\$ 1,164,652	\$ 22,000	\$ 16,520,190
Improvements other than buildings	84,630	48,997	-	133,627
Equipment	5,968,451	357,198	408,289	5,917,360
Jointly owned assets	23,692,651	14,310,205	166,628	37,836,228
Total capital assets being depreciated	<u>\$ 45,123,270</u>	<u>\$ 15,881,052</u>	<u>\$ 596,917</u>	<u>\$ 60,407,405</u>
Less accumulated depreciation for:				
Buildings	\$ (5,034,550)	\$ (427,323)	\$ (22,000)	\$ (5,439,873)
Improvements other than buildings	(4,232)	(6,273)	-	(10,505)
Equipment	(4,176,126)	(591,155)	(408,289)	(4,358,992)
Jointly owned assets	(9,618,576)	(965,245)	2,461,686	(13,045,507)
Total accumulated depreciation	<u>\$ (18,833,484)</u>	<u>\$ (1,989,996)</u>	<u>\$ 2,031,397</u>	<u>\$ (22,854,877)</u>
Total capital assets being depreciated, net	<u>\$ 26,289,786</u>	<u>\$ 13,891,056</u>	<u>\$ 2,628,314</u>	<u>\$ 37,552,528</u>
Governmental capital assets, net	<u>\$ 43,231,305</u>	<u>\$ 29,371,979</u>	<u>\$ 17,488,778</u>	<u>\$ 55,114,506</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

NOTE 6—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:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2009</u>
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 1,476,061	\$ -	\$ -	\$ 1,476,061
Total capital assets not subject to depreciation	<u>\$ 1,476,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,476,061</u>
Capital assets subject to depreciation:				
Equipment	\$ 8,576,489	\$ 919,530	\$ 196,838	\$ 9,299,181
Jointly owned assets	<u>27,596,677</u>	<u>166,628</u>	<u>-</u>	<u>27,763,305</u>
Total capital assets being depreciated	<u>\$ 36,173,166</u>	<u>\$ 1,086,158</u>	<u>\$ 196,838</u>	<u>\$ 37,062,486</u>
Less accumulated depreciation for:				
Equipment	\$ (5,350,140)	\$ (824,911)	\$ (196,838)	\$ (5,978,213)
Jointly owned assets	<u>(10,039,014)</u>	<u>(1,124,617)</u>	<u>(2,461,686)</u>	<u>(8,701,945)</u>
Total accumulated depreciation	<u>\$ (15,389,154)</u>	<u>\$ (1,949,528)</u>	<u>\$ (2,658,524)</u>	<u>\$ (14,680,158)</u>
Total capital assets being depreciated, net	<u>\$ 20,784,012</u>	<u>\$ (863,370)</u>	<u>\$ (2,461,686)</u>	<u>\$ 22,382,328</u>
Governmental capital assets, net	<u><u>\$ 22,260,073</u></u>	<u><u>\$ (863,370)</u></u>	<u><u>\$ (2,461,686)</u></u>	<u><u>\$ 23,858,389</u></u>

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

Governmental activities:

General government administration	\$ 82,169
Judicial administration	185,268
Public safety	501,453
Public works	58,765
Health and welfare	48,751
Education	1,020,694
Parks, recreation and cultural	91,351
Community development	<u>1,545</u>
Total Governmental activities	<u><u>\$ 1,989,996</u></u>
Component Unit School Board	<u><u>\$ 1,949,528</u></u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the new law, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Gloucester, Virginia for the year ended June 30, 2009, is that school financed assets in the amount of \$24,790,721 are reported in the Primary Government for financial reporting purposes.

A summary of changes in proprietary fund property, plant, and equipment at June 30, 2009 follows:

Primary Government:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2009</u>
Enterprise activities:				
Enterprise Fund:				
Capital assets not subject to depreciation:				
Land	\$ 3,574,046	\$ 25,000	\$ -	\$ 3,599,046
Total capital assets not subject to depreciation	\$ 3,574,046	\$ 25,000	\$ -	\$ 3,599,046
Capital assets subject to depreciation:				
Plant in service	\$ 33,429,090	\$ -	\$ -	\$ 33,429,090
Machinery and equipment	535,359	1,075,847	-	1,611,206
Buildings	5,042,285	447,420	-	5,489,705
Total capital assets being depreciated	\$ 39,006,734	\$ 1,523,267	\$ -	\$ 40,530,001
Less accumulated depreciation for:				
Plant in service	\$ (10,200,286)	\$ (714,343)	\$ -	\$ (10,914,629)
Machinery and equipment	(349,058)	(37,087)	-	(386,145)
Buildings	(2,493,482)	(147,549)	-	(2,641,031)
Total accumulated depreciation	\$ (13,042,826)	\$ (898,979)	\$ -	\$ (13,941,805)
Total capital assets being depreciated, net	\$ 25,963,908	\$ 624,288	\$ -	\$ 26,588,196
Enterprise capital assets, net	\$ 29,537,954	\$ 649,288	\$ -	\$ 30,187,242

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

A summary of changes in the Component Unit Economic Development Authority property, plant, and equipment at June 30, 2009 follows:

Component Unit Economic Development Authority:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2009</u>
Enterprise activities:				
Capital assets not subject to depreciation:				
Land	\$ 473,735	\$ 131,130	\$ -	\$ 604,865
Construction in progress	<u>2,245,841</u>	<u>-</u>	<u>2,230,023</u>	<u>15,818</u>
Total capital assets being depreciated	<u>\$ 2,719,576</u>	<u>\$ 131,130</u>	<u>\$ 2,230,023</u>	<u>\$ 620,683</u>
Capital assets subject to depreciation:				
Buildings	\$ 4,537,831	\$ 13,864,824	\$ -	\$ 18,402,655
Equipment	<u>7,234</u>	<u>-</u>	<u>-</u>	<u>7,234</u>
Total capital assets being depreciated	<u>\$ 4,545,065</u>	<u>\$ 13,864,824</u>	<u>\$ -</u>	<u>\$ 18,409,889</u>
Less accumulated depreciation for:				
Buildings	\$ (1,996,646)	\$ (255,694)	\$ -	\$ (2,252,340)
Equipment	<u>(7,234)</u>	<u>-</u>	<u>-</u>	<u>(7,234)</u>
Total accumulated depreciation	<u>\$ (2,003,880)</u>	<u>\$ (255,694)</u>	<u>\$ -</u>	<u>\$ (2,259,574)</u>
Total capital assets being depreciated, net	<u>\$ 2,541,185</u>	<u>\$ 13,609,130</u>	<u>\$ -</u>	<u>\$ 16,150,315</u>
Enterprise capital assets, net	<u>\$ 5,260,761</u>	<u>\$ 13,740,260</u>	<u>\$ 2,230,023</u>	<u>\$ 16,770,998</u>

NOTE 7—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:		
Governmental Funds:		
General Fund	\$ -	\$ 8,571,873
Debt Service	5,603,042	-
County Capital Improvements	1,348,622	-
Virginia Public Assistance	537,552	-
Comprehensive Services Act	402,657	-
Total Governmental Funds	\$ 7,891,873	\$ 8,571,873
Enterprise Funds:		
Utilities	<u>680,000</u>	<u>-</u>
Total-All Funds	<u>\$ 8,571,873</u>	<u>\$ 8,571,873</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.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS:

Details of Long-Term Indebtedness:

Primary Government:

A summary of long-term obligation transactions for the year ended June 30, 2009 is as follows:

	<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					
Compensated absences payable	\$ 1,659,034	\$ 1,330,881	\$ 1,324,626	\$ 1,665,289	\$ 166,529
OPEB liability	-	256,670	69,451	187,219	-
Capital lease obligations	8,740,000	11,245,000	920,540	19,064,460	1,222,938
Less deferred amounts:					
On refunding	(294,433)	-	(13,785)	(280,648)	-
Total incurred by County	<u>\$ 10,104,601</u>	<u>\$ 12,832,551</u>	<u>\$ 2,300,832</u>	<u>\$ 20,636,320</u>	<u>\$ 1,389,467</u>
Incurred by School Board:					
State Literary Fund Loans payable	\$ 4,143,520	\$ -	\$ 540,000	\$ 3,603,520	\$ 540,000
General obligation bonds payable	22,299,713	-	1,334,735	20,964,978	1,352,011
Add deferred amounts:					
For issuance premium	825,344	-	47,410	777,934	-
Capital lease and notes payable obligations	1,253,469	-	259,985	993,484	270,641
Total incurred by School Board	<u>\$ 28,522,046</u>	<u>\$ -</u>	<u>\$ 2,182,130</u>	<u>\$ 26,339,916</u>	<u>\$ 2,162,652</u>
Total Governmental Obligations	<u>\$ 38,626,647</u>	<u>\$ 12,832,551</u>	<u>\$ 4,482,962</u>	<u>\$ 46,976,236</u>	<u>\$ 3,552,119</u>
Enterprise Obligations:					
Compensated absences payable	\$ 128,804	\$ 80,702	\$ 66,445	\$ 143,061	\$ 14,306
OPEB liability	-	22,011	5,956	16,055	-
General obligation bonds payable	91,502	-	37,866	53,636	39,956
Revenue bonds payable	25,244,723	-	1,483,724	23,760,999	1,509,426
Add deferred amounts:					
For issuance premium	389,254	-	67,058	322,196	-
Less deferred amounts:					
For issuance discount	(64,170)	-	(2,928)	(61,242)	-
For amount on refunding	(618,808)	-	(77,447)	(541,361)	-
Total Enterprise Obligations	<u>\$ 25,171,305</u>	<u>\$ 102,713</u>	<u>\$ 1,580,674</u>	<u>\$ 23,693,344</u>	<u>\$ 1,563,688</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-Term Indebtedness: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	County Obligations	
	Capital Leases	
	Principal	Interest
2010	\$ 1,222,938	\$ 834,409
2011	1,271,847	779,293
2012	1,332,728	722,399
2013	1,390,669	663,658
2014	1,450,763	602,365
2015	1,518,106	538,322
2016	1,577,799	471,529
2017	1,649,947	401,880
2018	1,719,663	329,166
2019	350,000	252,951
2020	360,000	238,308
2021	380,000	222,997
2022	395,000	206,472
2023	410,000	188,863
2024	425,000	170,597
2025	450,000	151,456
2026	470,000	131,331
2027	490,000	110,025
2028	515,000	87,412
2029	535,000	63,788
2030	560,000	39,150
2031	590,000	13,275
Total	\$ <u>19,064,460</u>	\$ <u>7,219,646</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-Term Indebtedness: (Continued)

Primary Government: (Continued)

Year Ending June 30	School Obligations					
	State Literary Fund Loans		General Obligation Bonds Payable		Capital Leases and Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 540,000	\$ 113,000	\$ 1,352,011	\$ 1,022,293	\$ 270,641	\$ 36,275
2011	540,000	95,550	1,330,226	949,928	251,910	27,354
2012	540,000	78,100	1,328,609	878,038	263,059	18,447
2013	513,196	60,650	1,227,168	809,610	65,736	12,048
2014	250,000	44,110	1,055,914	749,897	69,528	8,255
2015	250,000	36,610	1,089,857	694,252	72,610	5,173
2016	250,000	29,110	1,129,005	636,691	-	-
2017	250,000	21,609	1,168,371	576,616	-	-
2018	250,000	14,109	1,072,965	519,337	-	-
2019	220,324	6,609	1,112,799	465,753	-	-
2020	-	-	1,157,887	411,657	-	-
2021	-	-	1,198,240	355,495	-	-
2022	-	-	1,253,874	295,328	-	-
2023	-	-	1,298,501	233,905	-	-
2024	-	-	1,353,369	170,297	-	-
2025	-	-	794,794	118,237	-	-
2026	-	-	821,556	79,574	-	-
2027	-	-	848,672	39,358	-	-
2028	-	-	371,160	9,465	-	-
Total	\$ <u>3,603,520</u>	\$ <u>499,457</u>	\$ <u>20,964,978</u>	\$ <u>9,015,731</u>	\$ <u>993,484</u>	\$ <u>107,552</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-Term Indebtedness: (Continued)

Primary Government: (Continued)

Year Ending June 30	Enterprise Obligations			
	General Obligation Bonds Payable		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest
2010	\$ 39,956	\$ 1,612	\$ 1,509,426	\$ 1,124,458
2011	13,680	88	1,555,164	1,061,226
2012	-	-	1,625,940	985,924
2013	-	-	1,701,755	907,175
2014	-	-	1,782,613	824,721
2015	-	-	1,858,514	738,359
2016	-	-	1,949,461	648,293
2017	-	-	2,035,457	553,766
2018	-	-	2,136,503	455,076
2019	-	-	2,237,603	350,061
2020	-	-	413,760	240,728
2021	-	-	409,803	223,241
2022	-	-	425,000	205,952
2023	-	-	440,000	185,214
2024	-	-	465,000	165,524
2025	-	-	480,000	144,716
2026	-	-	500,000	123,236
2027	-	-	525,000	100,860
2028	-	-	545,000	77,166
2029	-	-	570,000	52,572
2030	-	-	595,000	26,852
Total	\$ <u>53,636</u>	\$ <u>1,700</u>	\$ <u>23,760,999</u>	\$ <u>9,195,120</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-Term Indebtedness: (Continued)

Primary Government: (Continued)

	<u>Amount Outstanding</u>
<u>General Long-Term Debt:</u>	
<u>Capital Lease Obligations:</u>	
\$9,275,000 capital lease obligation (payable from the General Fund) issued September 14, 2000, secured by the courthouse, principal due in various annual installments through 2011, interest payable semi-annually at coupon rates from 5.375% to 5.500%	\$ 405,000
\$8,205,000 capital lease obligation (payable from the General Fund) issued March 22, 2006, secured by the courthouse, principal due in various annual installments through 2031, interest payable semi-annually at coupon rates from 3.75% to 4.50%. Face amount of bonds outstanding, \$8,100,000 less unamortized deferred amount on refunding \$280,648.	7,819,352
\$11,245,000 capital lease obligation (payable from the General Fund) dated December 28, 2006, secured by communications equipment, due in combined annual installments of principal and interest of \$1,452,058 through July 1, 2017, including interest at 4.49%	<u>10,559,460</u>
Total Capital Lease Obligations	\$ 18,783,812
Compensated absences (payable from the General Fund)	\$ 1,665,289
OPEB liability (payable from the General Fund)	<u>187,219</u>
Total Debt Incurred by County	<u>\$ 20,636,320</u>
<u>General Obligation Bonds:</u>	
<u>Enterprise Funds:</u>	
<u>Sanitary District No. 1 Fund:</u>	
\$670,000 general obligation Farmers Home Administration water and sewer bonds issued June 15, 1976, due in monthly installments of \$3,464 including principal and interest, interest at 5%	\$ <u>53,636</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-Term Indebtedness: (Continued)

Primary Government: (Continued)

	<u>Amount Outstanding</u>
<u>General Obligation Bonds: (Continued)</u>	
<u>Revenue Bonds:</u>	
\$421,600 Farmers Home Administration water and sewer revenue bonds issued December 23, 1980, due in monthly installments of \$2,054 including principal and interest, interest at 5%	\$ 211,000
\$16,675,000 current interest bonds payable annually in various amounts through April 1, 2019, interest payable semi-annually at coupon rates from 2.5% to 5.0%. Face amount of bonds outstanding, \$15,040,000 plus unamortized issuance premium of \$322,196, less unamortized deferred amount on refunding of \$260,726.	15,101,470
\$8,910,000 Virginia Resource Authority bonds dated November 7, 2000, principal payable in various annual installments through 2010, interest payable semi-annually at coupon rates from 5.1% to 5.6%	220,000
\$8,560,000 Virginia Resource Authority bonds dated August 1, 2006, principal payable in various annual installments through 2030, interest payable semi-annually at coupon rates from 4.1% to 4.879%. Face amount of bonds outstanding, \$8,290,000 less unamortized issuance discount of \$61,242, less unamortized deferred amount on refunding of \$280,636.	<u>7,948,122</u>
Total revenue bonds	\$ 23,480,592
Compensated absences (payable from the Enterprise Fund)	143,061
OPEB liability (payable from the Enterprise Fund)	<u>16,055</u>
Total enterprise obligations payable	<u>\$ 23,693,344</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-Term Indebtedness: (Continued)

Primary Government: (Continued)

	<u>Amount Outstanding</u>
<u>General Obligation Bonds: (Continued)</u>	
<u>School Bonds Payable:</u>	
\$8,565,000 School Bonds issued January 3, 1994 payable in various annual installments each December 15 through 2013, interest payable semi-annually at an average rate of 6.45%	\$ 340,000
\$4,335,000 School Bonds issued April 28, 1992 payable in various annual installments each December 15 through 2013, interest payable semiannually at 5.83%	645,000
\$2,100,000 School Bonds issued April 28, 1993 payable in various annual installments each December 15 through 2013, interest payable semi-annually at 5.33%	365,000
\$2,800,000 School Bonds issued May 2, 1996 payable in various annual installments each July 15 through 2017, interest payable semi-annually at 5.56%	1,120,000
\$7,525,000 School Bonds issued November 6, 2003 payable in various annual installments each July 15 through 2024, interest payable semi-annually at various interest rates from 3.1% through 5.35%. Carrying amount of bonds including unamortized issuance premium of \$317,377.	6,612,377
\$6,505,000 School Bonds issued November 9, 2006 payable in various annual installments each July 15 through 2026. Interest payable semi-annually at various interest rates from 4.225% through 5.10%. Carrying amount of bonds including unamortized issuance premium of \$145,820.	6,250,820
\$6,364,713 School Bonds issued November 8, 2007 payable in various annual installments each July 15 through 2027. Interest payable semi-annually at various interest rates from 4.35% through 5.1%. Carrying amount of bonds including unamortized issuance premium of \$314,737.	<u>6,409,715</u>
Total school bonds payable	\$ <u>21,742,912</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-Term Indebtedness: (Continued)

Primary Government: (Continued)

	<u>Amount Outstanding</u>
<u>State Literary Fund Loans:</u>	
\$1,678,784, issued December 15, 1992, due in annual installments of \$84,000 each December 15, through 2012 interest payable annually at 3%	334,784
\$1,604,993, issued December 15, 1992, due in annual installments of \$81,000 each December 15, through 2012 interest payable annually at 3%	308,993
\$2,489,419, issued December 15, 1992 due in annual installments of \$125,000 each December 15, through 2012 interest payable annually at 4%	489,419
\$4,970,324 issued June 23, 1998 due in annual installments of \$250,000 each July 15, through 2018, interest payable annually at 3%	<u>2,470,324</u>
Total State Literary Fund Loans	\$ <u>3,603,520</u>
<u>Capital Lease Obligations:</u>	
\$1,589,921 capital lease obligation issued March 15, 2004 secured by equipment, due in various semi-annual installments of over 7 years, interest at 2.80%	\$ 609,148
<u>Note Payable Obligations:</u>	
\$811,302 general obligation refunding note, series 1998 issued October 30, 1998, due in annual installments of \$77,784 through July 15, 2014, interest at 6.77%	<u>384,336</u>
Total Capital Lease and Notes Payable Obligations	\$ <u>993,484</u>
Total School Board Long-Term Debts Issued, payable from the General Fund	\$ <u><u>26,339,916</u></u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-Term Indebtedness: (Continued)

Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of a new courthouse and radio equipment for public safety. The County also has refinanced the acquisition and upgrade of certain HVAC equipment for its Component Unit—School Board by means of a lease. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Component Unit- School Board</u>
Asset:		
Courthouse Construction	\$ 7,237,000	\$ -
Radio equipment (1)	11,245,000	-
HVAC equipment	-	2,051,650
Less: Accumulated depreciation	<u>(1,266,475)</u>	<u>(1,662,762)</u>
	<u>\$ 17,215,525</u>	<u>\$ 388,888</u>

(1) Reported as work in progress at June 30, 2009, as equipment has not been placed in service.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-Term Indebtedness: (Continued)

Capital Leases: (Continued)

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Component Unit- School Board</u>
2010	\$ 2,057,347	\$ 229,133
2011	2,051,140	201,480
2012	2,055,128	203,723
2013	2,054,328	-
2014	2,053,128	-
2015	2,056,428	-
2016	2,049,328	-
2017	2,051,828	-
2018	2,048,828	-
2019	602,951	-
2020	598,308	-
2021	602,997	-
2022	601,472	-
2023	598,863	-
2024	595,597	-
2025	601,456	-
2026	601,331	-
2027	600,025	-
2028	602,412	-
2029	598,788	-
2030	599,150	-
2031	<u>603,275</u>	<u>-</u>
Total minimum lease payments	\$ 26,284,108	\$ 634,336
Less: amount representing interest	<u>(7,219,648)</u>	<u>(25,188)</u>
Present value of minimum lease payments	<u>\$ 19,064,460</u>	<u>\$ 609,148</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-Term Indebtedness: (Continued)

Component Unit—School Board:

The following is a summary of long-term debt transactions of the Component Unit—School Board for the year ended June 30, 2009:

	Amounts Payable at July 1, 2008	Increases	Decreases	Amounts Payable at June 30, 2009	Amounts Due Within OneYear
Compensated absences payable	\$ 1,808,259	\$ 2,260,890	\$ 2,173,826	\$ 1,895,323	\$ 189,532
OPEB liability	-	703,951	361,123	342,828	-
Total Debt Incurred by the School Board (payable from the School Fund)	<u>\$ 1,808,259</u>	<u>\$ 2,964,841</u>	<u>\$ 2,534,949</u>	<u>\$ 2,238,151</u>	<u>\$ 189,532</u>

Component Unit—Economic Development Authority:

The following is a summary of long-term debt transactions of the Component Unit—Economic Development Authority for the year ended June 30, 2009:

	Amounts Payable at July 1, 2008	Increases	Decreases	Amounts Payable at June 30, 2009	Amounts Due Within OneYear
Bonds payable	\$ 4,177,707	\$ 18,500,000	\$ 4,881,607	\$ 17,796,100	\$ 503,205
Note payable	1,286,992	-	1,286,992	-	-
Derivative instrument liability	-	1,590,397	-	1,590,397	-
Total	<u>\$ 5,464,699</u>	<u>\$ 20,090,397</u>	<u>\$ 6,168,599</u>	<u>\$ 19,386,497</u>	<u>\$ 503,205</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-Term Indebtedness: (Continued)

Component Unit—Economic Development Authority: (Continued)

	<u>Amount Outstanding</u>
<u>Bonds:</u>	
\$18,500,000 variable rate taxable Lease Revenue and Refunding Bonds, Series 2008, issued August 1, 2008, due in monthly installments through March 1, 2019, variable interest rate equal to 100% of the Bank's LIBOR rate plus 1.30%, adjusted monthly with an interest rate swap option effectively making this a loan with a fixed rate of 5.96%.	\$ <u>17,796,100</u>
Total Debt incurred by the Component Unit Economic Development Authority	\$ <u><u>17,796,100</u></u>

During the year, the Economic Development Authority issued a derivative financial instrument in the form of an interest rate swap. The County and the Authority have elected to implement Governmental Accounting Standards Board Statement No. 53, Accounting and Financial Reporting for Derivative Instruments during this fiscal year even though the standard is not mandated until fiscal years beginning after June 15, 2009. The early implementation of this standard has no effect on previously issued financial statements.

Interest rate swap

Objective of the interest rate swap. As a means to lower its borrowing costs, when compared against fixed-rate loans at the time of issuance in August 2008, the Authority entered into an interest rate swap in connection with its \$18.5 million Taxable Lease Revenue and Refunding Bonds, Series 2008. The intention of the swap was to effectively change the Authority's variable interest rate on the bonds to a synthetic fixed rate of 5.96 percent. Utilizing the synthetic instrument method, the Authority has determined that the swap is an effective hedging derivative instrument and hedge accounting applies.

Terms. The bonds and the related swap agreement mature on March 1, 2019. The swap's notional value of \$19,386,497 is more than the balance outstanding on the bonds payable of \$17,796,100. The difference of \$1,590,397 is reported in these financial statements as a derivative instrument liability within the long-term obligations of the Authority. A corresponding deferred outflow of resources is reported on the statement of net assets as a reduction to total liabilities before computing net assets. The swap was entered into at the same time as the bonds were issued in August 2008. Under the swap, the Authority pays the counterparty a fixed payment of 5.96 percent and receives a variable payment computed as 100 percent of the London Interbank Offered Rate (LIBOR) plus 1.30 percent.

Fair Value. The fair values and changes in fair values of the swap are as follows:

	<u>As of and for the year ended June 30, 2009</u>	
Fair value	\$	(1,590,397)
Change in fair value		(1,590,397)

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-Term Indebtedness: (Continued)

Component Unit—Economic Development Authority: (Continued)

Annual amounts required to amortize the Authority loan using the fixed rate provided by the swap agreement which is not significantly different from the variable rate are as follows:

Year Ending June 30,	Bonds	
	Principal	Interest
2010	\$ 503,205	\$ 1,047,072
2011	534,082	1,016,248
2012	566,854	983,532
2013	601,636	948,809
2014	638,554	911,956
2015	677,736	872,841
2016	719,322	831,326
2017	763,460	787,263
2018	810,307	740,497
2019	11,980,944	579,277
Total	\$ 17,796,100	\$ 8,718,821

NOTE 9—LANDFILL POST CLOSURE COSTS:

The County stopped receiving waste at its landfill in September 1993, which was prior to the date mandated by State and Federal laws and regulations, so as to be liable for post-closure monitoring for a period of only ten years. The Department of Environmental Quality has agreed to stop requiring groundwater monitoring for this landfill, but continue to require monitoring for landfill gas. Post-closure monitoring costs for this function are believed to be minimal and will be paid for with general fund revenues.

In 1993, the County contracted with a third party, Waste Management Disposal Services of Virginia, Inc., to collect and dispose of all County solid waste generated after October 1, 1993. As required by this contract, an environmental trust fund was established for the benefit of the County to provide assurance against any environmental problems on the landfill property. No amounts have been recorded in these financial statements for post-closure monitoring of this landfill, because the third party has assumed all post-closure obligations.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS 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 \$1,970,025 is comprised of the following:

Deferred Property Tax Revenue: Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$1,807,889 at June 30, 2009.

Prepaid Property Taxes: Property taxes due subsequent to June 30, 2009, but paid in advance by the tax payers totaled \$162,136 at June 30, 2009.

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.

A Consent Special Order issued under the authority of Virginia Code 62.1-44.15(8a) between the state Water Control Board and the Hampton Roads Sanitation District, the cities of Chesapeake, Hampton, Newport News, Poquoson, Portsmouth, Suffolk, Virginia Beach and Williamsburg; the counties of Gloucester, Isle of Wight, and York; the James City Service Authority; and the town of Smithfield for the purpose of resolving certain alleged violations of environmental laws and regulations. All parties have agreed to a two-phased approach to address the initiative: the first phase is principally a data collection, evaluation and plan development program, and the second phase will implement long-term capacity enhancement and sewer rehabilitation plans.

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 such entities.

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; injuries to employees; and natural disasters. The County joined together with other local governments in Virginia to form the Virginia Association of Counties Group Self-Insurance Risk Pool, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The County pays an annual premium to the pool for substantially all of its insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

NOTE 13—RISK MANAGEMENT: (CONTINUED)

The County continues to carry commercial insurance for all other risks of loss, including employee dishonesty and employee health and accident insurance. The component units - School Board and Economic Development Authority, carry commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Component Unit School Board—Health Insurance

The Component Unit School Board utilizes a self-insurance program for employee health insurance. The School Board accounts for this program in an internal service fund. A summary of the claims liability for the current and prior year follows:

Unpaid claims, June 30, 2007	\$	506,501
Incurred claims (including IBNR and changes in estimates)		5,285,322
Claim payments		<u>(5,266,455)</u>
Unpaid claims, June 30, 2008	\$	525,368
Incurred claims (including IBNR and changes in estimates)		5,717,284
Claim payments		<u>(5,654,032)</u>
Unpaid claims, June 30, 2009	\$	<u>588,620</u>

NOTE 14—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 with 5 years of service for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with 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) increases limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. Participating 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 GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

NOTE 14—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 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% of their annual salary to the VRS. This 5% member contribution has been assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the 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 7.99% and 6.95% of annual covered payroll, respectively.

The School Board’s professional employees contributed \$2,709,961, \$3,052,493, and \$2,680,037, to the teacher cost-sharing pool for the fiscal years ended June 30, 2009, 2008, and 2007 respectively and these contributions represented 8.81%, 10.30%, and 9.20% respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal 2009, the County’s annual pension cost of \$1,014,918 was equal to the County’s required and actual contributions.

For fiscal 2009, the County School Board’s annual pension cost for the Board’s non-professional employees were \$302,657, which was equal to the Board’s required and actual contributions.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2009	\$ 1,014,918	100%	\$ -
June 30, 2008	981,406	100%	-
June 30, 2007	938,864	100%	-
School Board:			
Non-Professional:			
June 30, 2009	\$ 302,657	100%	\$ -
June 30, 2008	302,836	100%	-
June 30, 2007	291,262	100%	-

(1) Employer portion only

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

NOTE 14—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 normal 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% for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to local law enforcement officers, firefighters, and sheriffs per year, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's assets is equal to the modified market value 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 County plan was 90.79% funded. The actuarial accrued liability for benefits was \$38,322,362, and the actuarial value of assets was \$34,792,859, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,529,503. The covered payroll (annual payroll of active employees covered by the plan) was \$11,995,920 and ratio of the UAAL to the covered payroll was 29.42%.

As of June 30, 2008, the most recent actuarial valuation date, the School Board Non-Professional plan was 93.52% funded. The actuarial accrued liability for benefits was \$12,695,426, and the actuarial value of assets was \$11,872,681, resulting in an unfunded actuarial accrued liability (UAAL) of \$822,745. The covered payroll (annual payroll of active employees covered by the plan) was \$4,247,086 and ratio of the UAAL to the covered payroll was 19.37%.

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 for benefits.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

NOTE 15—SURETY BONDS:

	<u>Amount</u>
Commonwealth of Virginia - Division of Risk Management - Surety	
Margaret Walker, Clerk of the Circuit Court	\$ 103,000
Tara L Thomas, Treasurer	500,000
Kevin A. Wilson, Commissioner of the Revenue	3,000
E. Steven Gentry, Sheriff	30,000
The above constitutional officer's employees blanket bond	50,000
Western Surety	
Diane Gamache, Clerk of the School Board	10,000
NGM Insurance Company	
Brenda G. Garton, County Administrator	5,000
Fidelity and Deposit Company of Maryland – Surety	
All County and Social Services Employees – blanket bond	100,000
VA CORP Insurance Program - Surety	
All Social Services Employees - Blanket Bond	1,000,000

NOTE 16—OPERATING LEASES:

The County leases space for the County Library under a noncancelable operating lease for an initial term of ten years, renewable for four successive periods of five years each. The total cost for the lease was \$150,000 for the year ended June 30, 2009. The future minimum lease payments for this lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2010	\$ 150,000
2011	150,000
2012	175,000
2013	175,000
2014	175,000
Total	<u>\$ 825,000</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

NOTE 16—OPERATING LEASES: (CONTINUED)

The County leases space for the County Health Department under a noncancelable operating lease for an initial term of ten years, renewable for six successive periods of five years each. The total cost for the lease was \$31,234 for the year ended June 30, 2009. The future minimum lease payments for this lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2010	\$ 54,481
2011	56,115
2012	57,799
2013	59,533
2014	61,319
2015 - 2019	<u>335,316</u>
Total	<u>\$ 624,563</u>

NOTE 17—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS:

Plan Description

Gloucester County and Gloucester County Public Schools offers eligible retirees post-retirement medical coverage if they retire directly from the County or Schools with at least fifteen years of continuous County of Gloucester or Gloucester County Public School, service and are eligible to receive an early or regular retirement benefit from the Virginia Retirement System (VRS). Health benefits include medical and dental coverage. The Gloucester County retirees are responsible for 100% of the premium and is paid directly to the subscriber. Retirees from the Gloucester County Public School System can elect one of two options whereby the employer pays a portion of the retiree's medical coverage. Benefits end at the age of 65 or when retirees become eligible for medicare for both the County and the School System.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

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

Funding Policy

The County retirees pay 100% of the premiums directly to the subscriber. Retirees from the Gloucester County Public Schools may elect one of two options. Retirees may elect to receive a supplemental payment equal to \$4 for each year of service which is capped at \$120 per month. The second option requires the School Board to pay a percentage of the retiree contribution, less the Virginia Retiree Health Care Credit, for retirees who have unused sick leave. The percentage is determined according to the following schedule:

<u>Days of Sick Leave</u>	<u>School Board Contribution</u>
Less than 100	0%
100-124	40%
125-149	55%
150-174	70%
175-200	85%
200 or more	100%

The Schools currently have 46 retirees without spouse coverage and 7 retirees with spouse coverage on their plan. The County has 8 retirees without spouse coverage and 3 retirees with spouse coverage participating in the plan.

Annual OPEB Cost and Net OPEB Obligation

The County and School Board'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 GASB parameters. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

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

Annual OPEB Cost and Net OPEB Obligation (Continued)

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Annual required contribution	\$ 278,848	\$ 704,235
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost (expense)	\$ 278,848	\$ 704,235
Estimated Contributions made	<u>(75,574)</u>	<u>(361,407)</u>
Increase in net OPEB obligation	203,274	342,828
Net OPEB obligation-beginning of year	-	-
Net OPEB obligation-end of year	<u>\$ 203,274</u>	<u>\$ 342,828</u>

The County and School Board'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	\$ 278,848	27.06%	\$ 203,274
Schools: 6/30/2009	\$ 704,235	51.30%	\$ 342,828

Funded Status and Funding Progress

As of July 1, 2008, the County's actuarial accrued liability for benefits was \$2,678,945, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$11,995,920, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 22.33 percent.

As of July 1, 2008, the School Board's actuarial accrued liability for benefits was \$7,709,733, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$33,962,089, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 22.70 percent.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 (CONTINUED)

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

Annual OPEB Cost and Net OPEB Obligation (Continued)

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

Methods and Assumptions

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

The following simplifying assumptions were made:

Retirement age for active employees-Retirement age was estimated based on tables used for the VRS State Employees 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 1994 Group Annuity Mortality Tables for males and females with a one year setback in pre-retirement for males and females.

Coverage elections – The actuarial assumed that 65% of current actives of the Gloucester County Public Schools will elect medical coverage when they retire and that 10% of retirees who elect coverage will cover a spouse. The actuarial assumed that 85% of current actives of Gloucester County will elect medical coverage when they retire and that 30% of retirees who elect coverage will cover a spouse.

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

NOTE 18—SUBSEQUENT EVENT:

The County and Hampton Roads Sanitation District entered into an agreement where the District constructed a sewer interceptor line from the County to a district sewer treatment plant. The District owns the sewer line. The agreement, which required the County to make quarterly payments in an amount equal to interest on the construction cost, was cancelled effective July 1, 2009.

By final order entered September 29, 2009, Gloucester County Circuit Court assessed Gloucester County with attorney's fees and costs associated with civil removal petition cases for certain members of the Gloucester County Board of Supervisors in the total amount of \$171,468. These fees and costs were subsequently appropriated at the November 4, 2009 Board meeting.

Required Supplementary Information

Note to Required Supplementary Information:

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

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 32,445,266	\$ 32,445,266	\$ 32,090,454	\$ (354,812)
Other local taxes	10,939,123	10,939,123	9,858,900	(1,080,223)
Permits, privilege fees, and regulatory licenses	530,715	530,715	421,907	(108,808)
Fines and forfeitures	107,200	117,200	94,148	(23,052)
Revenue from the use of money and property	489,654	489,654	247,917	(241,737)
Charges for services	1,062,094	1,062,094	978,630	(83,464)
Miscellaneous	226,121	241,652	272,145	30,493
Recovered costs	299,655	299,655	320,383	20,728
Intergovernmental revenues:				
Commonwealth	7,485,852	7,520,802	6,894,167	(626,635)
Federal	134,822	134,822	862,107	727,285
Total revenues	<u>\$ 53,720,502</u>	<u>\$ 53,780,983</u>	<u>\$ 52,040,758</u>	<u>\$ (1,740,225)</u>
EXPENDITURES				
Current:				
General government administration	4,978,185	5,096,560	4,766,294	330,266
Judicial administration	1,562,644	1,619,832	1,619,429	403
Public safety	11,291,249	11,298,816	10,622,469	676,347
Public works	2,026,286	2,025,951	1,873,556	152,395
Health and welfare	255,245	674,667	638,849	35,818
Education	22,320,367	22,325,365	21,703,289	622,076
Parks, recreation, and cultural	2,050,586	2,027,270	1,970,594	56,676
Community development	995,355	1,064,735	776,991	287,744
Nondepartmental	272,035	272,035	272,035	-
Total expenditures	<u>\$ 45,751,952</u>	<u>\$ 46,405,231</u>	<u>\$ 44,243,506</u>	<u>\$ 2,161,725</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 7,968,550</u>	<u>\$ 7,375,752</u>	<u>\$ 7,797,252</u>	<u>\$ 421,500</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ (8,577,545)</u>	<u>\$ (9,385,384)</u>	<u>\$ (8,571,873)</u>	<u>\$ 813,511</u>
Total other financing sources and uses	<u>\$ (8,577,545)</u>	<u>\$ (9,385,384)</u>	<u>\$ (8,571,873)</u>	<u>\$ 813,511</u>
Net change in fund balances	\$ (608,995)	\$ (2,009,632)	\$ (774,621)	\$ 1,235,011
Fund balances - beginning	<u>608,995</u>	<u>2,009,632</u>	<u>13,635,810</u>	<u>11,626,178</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,861,189</u>	<u>\$ 12,861,189</u>

Schedule of Pension Funding Progress
 For the Year Ended June 30, 2009

**Primary Government:
 County Retirement Plan:**

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2) (3)	Annual Covered Payroll	UAAL as % of Payroll (4) (6)
6/30/2008	\$ 34,792,859	\$ 38,322,362	\$ 3,529,503	90.79%	\$ 11,995,920	29.42%
6/30/2007	31,252,207	34,534,550	3,282,343	90.50%	11,967,890	27.43%
6/30/2006	27,113,595	29,885,627	2,772,032	90.72%	10,880,883	25.48%
6/30/2005	24,961,333	29,212,017	4,250,684	85.45%	10,087,289	42.14%

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

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2) (3)	Annual Covered Payroll	UAAL as % of Payroll (4) (6)
6/30/2008	\$ 11,872,681	\$ 12,695,426	\$ 822,745	93.52%	\$ 4,247,086	19.37%
6/30/2007	10,583,920	11,895,235	1,311,315	88.98%	4,192,789	31.28%
6/30/2006	9,204,914	10,721,286	1,516,372	85.86%	3,976,011	38.14%
6/30/2005	8,491,998	10,207,856	1,715,858	83.19%	4,055,720	42.31%

Schedule of Funding Progress for Retiree Health Plan
 For the Year Ended June 30, 2009

Primary Government:
County Retiree Health Plan:

<u>Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Actuarial Liability (AAL)</u>	<u>Unfunded (Excess Funded) Actuarial Liability</u>	<u>Funded Ratio (2) (3)</u>	<u>Annual Covered Payroll</u>	<u>UAAL as % of Payroll (4) (6)</u>
7/1/2008	\$ -	\$ 2,678,945	\$ 2,678,945	0.00%	\$ 11,995,920	22.33%

Discretely Presented Component Unit:
School Board Retiree Health Plan:

<u>Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Actuarial Liability (AAL)</u>	<u>Unfunded (Excess Funded) Actuarial Liability</u>	<u>Funded Ratio (2) (3)</u>	<u>Annual Covered Payroll</u>	<u>UAAL as % of Payroll (4) (6)</u>
7/1/2008	\$ -	\$ 7,709,733	\$ 7,709,733	0.00%	\$ 33,962,084	22.70%

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OTHER SUPPLEMENTARY INFORMATION

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Debt Service Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 160	\$ 160
Total revenues	\$ -	\$ -	\$ 160	\$ 160
EXPENDITURES				
Debt service:				
Principal retirement	\$ 3,055,466	\$ 3,055,466	\$ 3,055,260	\$ 206
Interest and other fiscal charges	2,639,144	2,639,144	2,547,784	91,360
Total expenditures	\$ 5,694,610	\$ 5,694,610	\$ 5,603,044	\$ 91,566
Excess (deficiency) of revenues over (under) expenditures	\$ (5,694,610)	\$ (5,694,610)	\$ (5,602,884)	\$ 91,726
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 5,694,610	\$ 5,694,610	\$ 5,603,042	\$ (91,568)
Total other financing sources and uses	\$ 5,694,610	\$ 5,694,610	\$ 5,603,042	\$ (91,568)
Net change in fund balances	\$ -	\$ -	\$ 158	\$ 158
Fund balances - beginning	-	-	650	650
Fund balances - ending	\$ -	\$ -	\$ 808	\$ 808

Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 2,036	\$ 2,036
Miscellaneous	40,000	98,750	243,644	144,894
Intergovernmental revenues:				
Commonwealth	341,983	776,983	709,961	(67,022)
Federal	875,200	1,193,950	954,969	(238,981)
Total revenues	<u>\$ 1,257,183</u>	<u>\$ 2,069,683</u>	<u>\$ 1,910,610</u>	<u>\$ (159,073)</u>
EXPENDITURES				
Capital projects	\$ 16,792,468	\$ 20,588,368	\$ 16,292,242	\$ 4,296,126
Total expenditures	<u>\$ 16,792,468</u>	<u>\$ 20,588,368</u>	<u>\$ 16,292,242</u>	<u>\$ 4,296,126</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (15,535,285)</u>	<u>\$ (18,518,685)</u>	<u>\$ (14,381,632)</u>	<u>\$ 4,137,053</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,694,017	\$ 1,898,123	\$ 1,348,622	\$ (549,501)
Issuance of capital lease	-	-	11,245,000	11,245,000
Total other financing sources and uses	<u>\$ 1,694,017</u>	<u>\$ 1,898,123</u>	<u>\$ 12,593,622</u>	<u>\$ 10,695,499</u>
Net change in fund balances	\$ (13,841,268)	\$ (16,620,562)	\$ (1,788,010)	\$ 14,832,552
Fund balances - beginning	13,841,268	16,620,562	5,485,718	(11,134,844)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,697,708</u>	<u>\$ 3,697,708</u>

School Construction Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other local income	\$ -	\$ -	\$ 9,113	\$ 9,113
Revenue from the use of money and property	15,000	15,000	23,249	8,249
Intergovernmental revenues:				
Commonwealth	798,438	798,438	798,438	-
Total revenues	<u>\$ 813,438</u>	<u>\$ 813,438</u>	<u>\$ 830,800</u>	<u>\$ 17,362</u>
EXPENDITURES				
Capital projects	\$ 3,475,000	\$ 3,475,000	\$ 3,201,698	\$ 273,302
Total expenditures	<u>\$ 3,475,000</u>	<u>\$ 3,475,000</u>	<u>\$ 3,201,698</u>	<u>\$ 273,302</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,661,562)</u>	<u>\$ (2,661,562)</u>	<u>\$ (2,370,898)</u>	<u>\$ 290,664</u>
Net change in fund balances	\$ (2,661,562)	\$ (2,661,562)	\$ (2,370,898)	\$ 290,664
Fund balances - beginning	2,661,562	2,661,562	2,370,898	(290,664)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2009

	Virginia Public Assistance Fund	Comprehensive Services Act Fund	Total
ASSETS			
Receivables (net of allowance for uncollectibles):			
Accounts receivable	\$ 533	\$ 2,232	\$ 2,765
Due from other governmental units	170,936	100,277	271,213
Total assets	<u>\$ 171,469</u>	<u>\$ 102,509</u>	<u>\$ 273,978</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 94,640	\$ 94,640
Due to other funds	171,469	7,869	179,338
Total liabilities	<u>\$ 171,469</u>	<u>\$ 102,509</u>	<u>\$ 273,978</u>
Fund balances:			
Unreserved:			
Designated for subsequent expenditure	\$ -	\$ -	\$ -
Total fund balances	\$ -	\$ -	\$ -
Total liabilities and fund balances	<u>\$ 171,469</u>	<u>\$ 102,509</u>	<u>\$ 273,978</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2009

	Virginia Public Assistance Fund	Comprehensive Services Act Fund	Total
REVENUES			
Miscellaneous	\$ 1,311	\$ 26,171	\$ 27,482
Intergovernmental revenues:			
Commonwealth	957,891	480,332	1,438,223
Federal	1,284,054	19,391	1,303,445
Total revenues	<u>\$ 2,243,256</u>	<u>\$ 525,894</u>	<u>\$ 2,769,150</u>
EXPENDITURES			
Current:			
Health and welfare	\$ 2,780,808	\$ 928,551	\$ 3,709,359
Total expenditures	<u>\$ 2,780,808</u>	<u>\$ 928,551</u>	<u>\$ 3,709,359</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (537,552)</u>	<u>\$ (402,657)</u>	<u>\$ (940,209)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 537,552	\$ 402,657	\$ 940,209
Total other financing sources and uses	<u>\$ 537,552</u>	<u>\$ 402,657</u>	<u>\$ 940,209</u>
Net change in fund balances	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

COUNTY OF GLOUCESTER, VIRGINIA

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2009

	Virginia Public Assistance Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ 1,000	\$ 1,000	\$ 1,311	\$ 311
Intergovernmental revenues:				
Commonwealth	959,799	959,799	957,891	(1,908)
Federal	1,512,163	1,512,163	1,284,054	(228,109)
Total revenues	<u>\$ 2,472,962</u>	<u>\$ 2,472,962</u>	<u>\$ 2,243,256</u>	<u>\$ (229,706)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 3,137,773	\$ 3,137,773	\$ 2,780,808	\$ 356,965
Total expenditures	<u>\$ 3,137,773</u>	<u>\$ 3,137,773</u>	<u>\$ 2,780,808</u>	<u>\$ 356,965</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (664,811)</u>	<u>\$ (664,811)</u>	<u>\$ (537,552)</u>	<u>\$ 127,259</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 664,811	\$ 664,811	\$ 537,552	\$ (127,259)
Total other financing sources and uses	<u>\$ 664,811</u>	<u>\$ 664,811</u>	<u>\$ 537,552</u>	<u>\$ (127,259)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit 19

Comprehensive Services Act Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 4,960	\$ 4,960	\$ 26,171	\$ 21,211
455,200	485,200	480,332	(4,868)
24,000	24,000	19,391	(4,609)
<u>\$ 484,160</u>	<u>\$ 514,160</u>	<u>\$ 525,894</u>	<u>\$ 11,734</u>
\$ 932,000	\$ 962,000	\$ 928,551	\$ 33,449
<u>\$ 932,000</u>	<u>\$ 962,000</u>	<u>\$ 928,551</u>	<u>\$ 33,449</u>
\$ (447,840)	\$ (447,840)	\$ (402,657)	\$ 45,183
\$ 447,840	\$ 447,840	\$ 402,657	\$ (45,183)
<u>\$ 447,840</u>	<u>\$ 447,840</u>	<u>\$ 402,657</u>	<u>\$ (45,183)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2009

	<u>Agency Funds</u>				
	<u>Special Welfare</u>	<u>Flexible Benefits</u>	<u>Middle Peninsula Regional Special Education</u>	<u>Jail Inmate</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 20,245	\$ 72,732	\$ 12,244	\$ 28,262	\$ 133,483
Due from other governmental units	-	-	15,141	-	15,141
Total assets	<u>\$ 20,245</u>	<u>\$ 72,732</u>	<u>\$ 27,385</u>	<u>\$ 28,262</u>	<u>\$ 148,624</u>
LIABILITIES					
Accounts payable	-	8,262	13,210	-	21,472
Amounts held for social services clients	20,245	-	-	-	20,245
Amounts held for others	-	64,470	-	28,262	92,732
Amounts held for regional program	-	-	14,175	-	14,175
Total liabilities	<u>\$ 20,245</u>	<u>\$ 72,732</u>	<u>\$ 27,385</u>	<u>\$ 28,262</u>	<u>\$ 148,624</u>

Fiduciary Funds
 Statement of Changes in Assets and Liabilities - Agency Funds
 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	\$ 18,695	\$ 54,173	\$ 52,623	\$ 20,245
Liabilities:				
Amounts held for social services clients	\$ 18,695	\$ 54,173	\$ 52,623	\$ 20,245
Middle Peninsula Regional Special Education Program Fund:				
Assets:				
Cash and cash equivalents	\$ 10,776	\$ 1,573,587	\$ 1,572,119	\$ 12,244
Due from other governmental units	-	15,141	-	15,141
Total assets	<u>\$ 10,776</u>	<u>\$ 1,588,728</u>	<u>\$ 1,572,119</u>	<u>\$ 27,385</u>
Liabilities:				
Accounts payable	\$ -	\$ 678,469	\$ 665,259	\$ 13,210
Amounts held for regional program	10,776	910,259	906,860	14,175
Total liabilities	<u>\$ 10,776</u>	<u>\$ 1,588,728</u>	<u>\$ 1,572,119</u>	<u>\$ 27,385</u>
Flexible Benefits Fund:				
Assets:				
Cash and cash equivalents	\$ 76,458	\$ 249,768	\$ 253,494	\$ 72,732
Liabilities:				
Accounts payable	\$ 7,597	\$ 8,906	\$ 8,241	\$ 8,262
Amounts held for others	68,861	240,862	245,253	64,470
Total liabilities	<u>\$ 76,458</u>	<u>\$ 249,768</u>	<u>\$ 253,494</u>	<u>\$ 72,732</u>
Jail Inmate Fund:				
Assets:				
Cash and cash equivalents	\$ 32,891	\$ 212,434	\$ 217,063	\$ 28,262
Liabilities:				
Amounts held for others	\$ 32,891	\$ 212,434	\$ 217,063	\$ 28,262
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 138,820	\$ 2,089,962	\$ 2,095,299	\$ 133,483
Due from other governmental units	-	15,141	-	15,141
Total assets	<u>\$ 138,820</u>	<u>\$ 2,105,103</u>	<u>\$ 2,095,299</u>	<u>\$ 148,624</u>
Liabilities:				
Accounts payable	\$ 7,597	\$ 687,375	\$ 673,500	\$ 21,472
Amounts held for social services clients	18,695	54,173	52,623	20,245
Amounts held for regional program	10,776	910,259	906,860	14,175
Amounts held for others	101,752	453,296	462,316	92,732
Total liabilities	<u>\$ 138,820</u>	<u>\$ 2,105,103</u>	<u>\$ 2,095,299</u>	<u>\$ 148,624</u>

Capital Assets Used in the Operation of Governmental Funds
 Schedule of Capital Assets by Source
 June 30, 2009

Governmental funds capital assets:	
Land	\$ 4,965,493
Buildings	16,520,190
Improvements other than buildings	133,627
Machinery and equipment	5,917,360
Jointly owned assets	37,836,228
Construction in progress	<u>12,596,485</u>
Total governmental funds capital assets	<u>\$ 77,969,383</u>
Investments in governmental funds capital assets by source:	
General fund	\$ 11,967,586
Special revenue funds	171,410
Capital projects fund	27,994,159
Component unit, school fund	<u>37,836,228</u>
Total governmental funds capital assets	<u>\$ 77,969,383</u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity
 June 30, 2009

Function and Activity	Land	Buildings	Construction in Progress	Machinery and Equipment	Improvements other than Buildings	Total
General government administration:						
Board of supervisors	\$ 4,696,193	\$ 1,775,811	\$ -	\$ -	\$ 33,700	\$ 6,505,704
County administrator	-	-	-	-	-	0
Commissioner of revenue	-	-	-	59,631	-	59,631
County assessor	-	-	-	53,355	-	53,355
Finance	-	-	-	32,106	-	32,106
Department of information technology	-	326,600	-	659,846	25,000	1,011,446
Purchasing	-	-	-	13,841	-	13,841
Total general government administration	\$ 4,696,193	\$ 2,102,411	\$ -	\$ 818,779	\$ 58,700	\$ 7,676,083
Judicial administration:						
Circuit court	\$ -	\$ 7,237,000	\$ -	\$ -	\$ -	\$ 7,237,000
General district court	-	-	-	14,617	-	14,617
Probation and pre-trial	-	-	-	5,220	-	5,220
Juvenile and domestic relations district court	-	-	-	17,396	-	17,396
Clerk of circuit court	-	-	-	161,390	-	161,390
Commonwealth's attorney	-	-	-	23,048	-	23,048
Total judicial administration	\$ -	\$ 7,237,000	\$ -	\$ 221,671	\$ -	\$ 7,458,671
Public safety:						
Sheriff	\$ -	\$ 2,138,675	\$ -	\$ 2,582,359	\$ -	\$ 4,721,034
Emergency 911 system	-	-	-	35,286	-	35,286
Communication system	-	-	12,490,177	-	-	12,490,177
Emergency services	-	561,783	-	139,571	-	701,354
Jail	-	-	-	173,117	-	173,117
Codes compliance	-	61,784	-	180,934	-	242,718
Animal control	-	421,384	-	102,095	-	523,479
Total public safety	\$ -	\$ 3,183,626	\$ 12,490,177	\$ 3,213,362	\$ -	\$ 18,887,165
Public works:						
Engineering	\$ -	\$ 12,230	\$ -	\$ 208,431	\$ -	\$ 220,661
Building and grounds	-	166,991	-	611,995	6,700	785,686
Total public works	\$ -	\$ 179,221	\$ -	\$ 820,426	\$ 6,700	\$ 1,006,347
Education:						
Schools	\$ -	\$ 35,784,578	\$ -	\$ 2,051,650	\$ -	\$ 37,836,228
Community education	-	1,556,351	-	114,781	-	1,671,132
Total education	\$ -	\$ 37,340,929	\$ -	\$ 2,166,431	\$ -	\$ 39,507,360
Health and welfare:						
Mosquito control	\$ -	\$ -	\$ -	\$ 54,279	\$ -	\$ 54,279
Health department	-	538,867	-	-	-	538,867
Social services	-	758,240	-	148,255	-	906,495
Total health and welfare	\$ -	\$ 1,297,107	\$ -	\$ 202,534	\$ -	\$ 1,499,641
Parks, recreation, and cultural:						
Recreation	\$ 269,300	\$ 512,010	\$ 106,308	\$ 249,746	\$ -	\$ 1,137,364
Beaverdam	-	181,397	-	59,805	19,230	260,432
Historical committee	-	157,783	-	9,588	48,997	216,368
Public library	-	-	-	178,244	-	178,244
Total parks, recreation, and cultural	\$ 269,300	\$ 851,190	\$ 106,308	\$ 497,383	\$ 68,227	\$ 1,792,408
Community development:						
Planning	\$ -	\$ 61,784	\$ -	\$ 19,142	\$ -	\$ 80,926
Economic development	-	-	-	9,282	-	9,282
VPI extension program	-	51,500	-	-	-	51,500
Total community development	\$ -	\$ 113,284	\$ -	\$ 28,424	\$ -	\$ 141,708
Total governmental funds capital assets	\$ 4,965,493	\$ 52,304,768	\$ 12,596,485	\$ 7,969,010	\$ 133,627	\$ 77,969,383

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes By Function and Activity
 For the Year Ended June 30, 2009

Function and Activity	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	July 1, 2008	Additions	Deductions	June 30, 2009
General government administration:				
Board of supervisors	\$ 6,311,279	\$ 194,425	\$ -	\$ 6,505,704
County administrator	20,938	-	(20,938)	-
Commissioner of revenue	59,631	-	-	59,631
County assessor	53,355	-	-	53,355
Finance	32,106	-	-	32,106
Department of information technology	1,030,446	-	(19,000)	1,011,446
Purchasing	-	13,841	-	13,841
Total general government administration	\$ 7,507,755	\$ 208,266	\$ (39,938)	\$ 7,676,083
Judicial administration:				
Circuit court	\$ 7,237,000	\$ -	\$ -	\$ 7,237,000
General district court	14,617	-	-	14,617
Probation and pre-trial	5,220	-	-	5,220
Juvenile and domestic relations district court	17,396	-	-	17,396
Clerk of the circuit court	161,390	-	-	161,390
Commonwealth's attorney	23,048	-	-	23,048
Total judicial administration	\$ 7,458,671	\$ -	\$ -	\$ 7,458,671
Public safety:				
Sheriff	\$ 4,830,825	\$ 186,096	\$ (295,887)	\$ 4,721,034
911 system	35,286	-	-	35,286
Communication systems	80,588	12,409,589	-	12,490,177
Emergency services	588,265	126,211	(13,122)	701,354
Jail	171,209	6,908	(5,000)	173,117
Building inspections	223,718	19,000	-	242,718
Animal control	489,579	33,900	-	523,479
Total public safety	\$ 6,419,470	\$ 12,781,704	\$ (314,009)	\$ 18,887,165
Public works:				
Engineering	\$ 220,661	\$ -	\$ -	\$ 220,661
Buildings and grounds	815,165	-	(29,479)	785,686
Total public works	\$ 1,035,826	\$ -	\$ (29,479)	\$ 1,006,347
Education:				
Schools	\$ 35,145,117	\$ 2,857,739	\$ (166,628)	\$ 37,836,228
Community education	1,614,469	56,663	-	1,671,132
Total education	\$ 36,759,586	\$ 2,914,402	\$ (166,628)	\$ 39,507,360
Health and welfare:				
Mosquito control	\$ 54,279	\$ -	\$ -	\$ 54,279
Health department	221,724	317,143	-	538,867
Social services	906,495	-	-	906,495
Total health and welfare	\$ 1,182,498	\$ 317,143	\$ -	\$ 1,499,641
Parks, recreation, and cultural:				
Recreation	\$ 963,227	\$ 221,000	\$ (46,863)	\$ 1,137,364
Beaverdam	250,433	9,999	-	260,432
Historical committee	167,371	48,997	-	216,368
Public library	178,244	-	-	178,244
Total parks, recreation, and cultural	\$ 1,559,275	\$ 279,996	\$ (46,863)	\$ 1,792,408
Community development:				
Community development	\$ 80,926	\$ -	\$ -	\$ 80,926
Economic development	9,282	-	-	9,282
VPI extension program	51,500	-	-	51,500
Total community development	\$ 141,708	\$ -	\$ -	\$ 141,708
Total governmental funds capital assets	\$ 62,064,789	\$ 16,501,511	\$ (596,917)	\$ 77,969,383

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Discretely Presented Component Unit-School Board

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Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2009

	<u>School Operating Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 50	\$ 658,048	\$ 658,098
Receivables (net of allowance for uncollectibles):			
Accounts receivable	53,683	1,921	55,604
Due from other governmental units	5,885,682	-	5,885,682
Inventories	-	14,013	14,013
Prepaid items	139,017	1,151	140,168
Total assets	<u>\$ 6,078,432</u>	<u>\$ 675,133</u>	<u>\$ 6,753,565</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 750,553	\$ 113,512	\$ 864,065
Accrued liabilities	5,327,879	141,892	5,469,771
Due to other governmental units	-	150,000	150,000
Total liabilities	<u>\$ 6,078,432</u>	<u>\$ 405,404</u>	<u>\$ 6,483,836</u>
Fund balances:			
Reserved for:			
Inventories	\$ -	\$ 14,013	\$ 14,013
Unreserved:			
Undesignated	-	255,716	255,716
Total fund balances	<u>\$ -</u>	<u>\$ 269,729</u>	<u>\$ 269,729</u>
Total liabilities and fund balances	<u>\$ 6,078,432</u>	<u>\$ 675,133</u>	<u>\$ 6,753,565</u>
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:			
Total fund balances per above		\$	269,729
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			23,858,389
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.			277,129
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.			<u>(2,238,151)</u>
Net assets of governmental activities		\$	<u>22,167,096</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2009

	<u>School Operating Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Revenue from the use of money and property	\$ 2,500	\$ 9,369	\$ 11,869
Charges for services	104,880	1,309,362	1,414,242
Miscellaneous	95,925	9,444	105,369
Recovered costs	404,806	-	404,806
Intergovernmental revenues:			
Local government	21,128,403	-	21,128,403
Commonwealth	33,191,690	40,550	33,232,240
Federal	2,564,256	1,009,062	3,573,318
Total revenues	<u>\$ 57,492,460</u>	<u>\$ 2,377,787</u>	<u>\$ 59,870,247</u>
EXPENDITURES			
Current:			
Education	\$ 57,492,460	\$ 2,354,680	\$ 59,847,140
Total expenditures	<u>\$ 57,492,460</u>	<u>\$ 2,354,680</u>	<u>\$ 59,847,140</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 23,107</u>	<u>\$ 23,107</u>
Net change in fund balances	\$ -	\$ 23,107	\$ 23,107
Fund balances - beginning	-	246,622	246,622
Fund balances - ending	<u>\$ -</u>	<u>\$ 269,729</u>	<u>\$ 269,729</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	\$ 23,107
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. 1,598,316

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 accrued leave	\$ (87,064)	
(Increase) decrease in other post employment benefit payable	<u>(342,828)</u>	(429,892)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 120,336

Change in net assets of governmental activities	<u>\$ 1,311,867</u>
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Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2009

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 2,000	\$ 2,000	\$ 2,500	\$ 500
Charges for services	64,618	64,618	104,880	40,262
Miscellaneous	54,500	54,500	95,925	41,425
Recovered costs	350,000	350,000	404,806	54,806
Intergovernmental revenues:				
Local government	21,679,553	21,679,553	21,128,403	(551,150)
Commonwealth	33,953,376	33,953,376	33,191,690	(761,686)
Federal	2,781,799	2,781,799	2,564,256	(217,543)
Total revenues	<u>\$ 58,885,846</u>	<u>\$ 58,885,846</u>	<u>\$ 57,492,460</u>	<u>\$ (1,393,386)</u>
EXPENDITURES				
Current:				
Education	\$ 58,885,846	\$ 58,885,846	\$ 57,492,460	\$ 1,393,386
Total expenditures	<u>\$ 58,885,846</u>	<u>\$ 58,885,846</u>	<u>\$ 57,492,460</u>	<u>\$ 1,393,386</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Statement of Fiduciary Net Assets
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2009

	<u>Scholarship Private-Purpose Trust</u>
ASSETS	
Cash and cash equivalents	\$ 257,731
Total assets	<u>\$ 257,731</u>
NET ASSETS	
Held in trust for scholarships	<u>\$ 257,731</u>

Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds - Discretely Presented Component Unit School Board
 For the Year Ended June 30, 2009

	Scholarship Private-Purpose Trust
	<u> </u>
ADDITIONS	
Contributions:	
Private donations	\$ 20,490
Total contributions	<u>\$ 20,490</u>
Investment earnings:	
Interest	\$ 4,761
Total investment earnings	<u>\$ 4,761</u>
Less investment expense	<u>-</u>
Net investment earnings	<u>\$ 4,761</u>
Total additions	<u>\$ 25,251</u>
DEDUCTIONS	
Scholarships	\$ 17,800
Total deductions	<u>\$ 17,800</u>
Change in net assets	\$ 7,451
Net assets - beginning	<u>250,280</u>
Net assets - ending	<u><u>\$ 257,731</u></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2009

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 20,400	\$ 20,400	\$ 9,369	\$ (11,031)
Charges for services	1,656,922	1,656,922	1,309,362	(347,560)
Miscellaneous	34,320	34,320	9,444	(24,876)
Intergovernmental revenues:				
Commonwealth	30,000	30,000	40,550	10,550
Federal	720,801	720,801	1,009,062	288,261
Total revenues	<u>\$ 2,462,443</u>	<u>\$ 2,462,443</u>	<u>\$ 2,377,787</u>	<u>\$ (84,656)</u>
EXPENDITURES				
Current:				
Education	<u>\$ 2,487,443</u>	<u>\$ 2,487,443</u>	<u>\$ 2,354,680</u>	<u>\$ 132,763</u>
Total expenditures	<u>\$ 2,487,443</u>	<u>\$ 2,487,443</u>	<u>\$ 2,354,680</u>	<u>\$ 132,763</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (25,000)</u>	<u>\$ (25,000)</u>	<u>\$ 23,107</u>	<u>\$ 48,107</u>
Net change in fund balances	\$ (25,000)	\$ (25,000)	\$ 23,107	\$ 48,107
Fund balances - beginning	25,000	25,000	246,622	221,622
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 269,729</u>	<u>\$ 269,729</u>

Statement of Net Assets
 Internal Service Fund - Discretely Presented Component Unit - School Board
 June 30, 2009

	<u>Self- Insurance Fund</u>
ASSETS	
Current assets:	
Accounts receivable, net of allowances for uncollectibles	\$ 865,749
Total assets	<u>\$ 865,749</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 588,620
Total liabilities	<u>\$ 588,620</u>
NET ASSETS	
Unrestricted	\$ 277,129
Total net assets	<u><u>\$ 277,129</u></u>

Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Internal Service Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2009

	Self- Insurance Fund
	<u> </u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 5,774,368
Total operating revenues	<u>\$ 5,774,368</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ 5,654,032
Total operating expenses	<u>\$ 5,654,032</u>
Operating income (loss)	<u>\$ 120,336</u>
Total net assets - beginning	<u>\$ 156,793</u>
Total net assets - ending	<u><u>\$ 277,129</u></u>

Statement of Cash Flows
 Internal Service Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2009

	<u>Self- Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 5,590,780
Payments for premiums	<u>(5,590,780)</u>
Net cash provided (used) by operating activities	<u>\$ -</u>
Cash and cash equivalents - beginning	\$ -
Cash and cash equivalents - ending	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ <u>120,336</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in accounts receivable	\$ (183,588)
Increase (decrease) in accounts payable	<u>63,252</u>
Total adjustments	<u>\$ (120,336)</u>
Net cash provided (used) by operating activities	<u><u>\$ -</u></u>

Capital Assets Used in the Operation of Governmental Funds-
 Discretely Presented Component Unit-School Board
 Schedule of Capital Assets by Source
 June 30, 2009

Governmental funds capital assets:

Land	\$ 1,476,061
Jointly owned assets	27,763,305
Machinery and equipment	<u>9,299,181</u>
Total governmental funds capital assets	<u>\$ 38,538,547</u>

Investments in governmental funds capital assets by source:

Component unit, school fund	\$ <u>38,538,547</u>
Total governmental funds capital assets	<u>\$ 38,538,547</u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Capital Assets Used in the Operation of Governmental Funds-
 Discretely Presented Component Unit-School Board
 Schedule by Function and Activity
 June 30, 2009

<u>Function and Activity</u>	<u>Land</u>	<u>Jointly Owned Assets</u>	<u>Machinery and Equipment</u>	<u>Total</u>
Education:				
Schools	\$ 1,476,061	\$ 27,763,305	\$ 9,299,181	\$ 38,538,547
Total governmental funds capital assets	<u>\$ 1,476,061</u>	<u>\$ 27,763,305</u>	<u>\$ 9,299,181</u>	<u>\$ 38,538,547</u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Capital Assets Used in the Operation of Governmental Funds-
 Discretely Presented Component Unit-School Board
 Schedule of Changes By Function and Activity
 For the Year Ended June 30, 2009

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets June 30, 2009</u>
Education:				
Schools	\$ <u>37,649,227</u>	\$ <u>1,086,158</u>	\$ <u>(196,838)</u>	\$ <u>38,538,547</u>
Total governmental funds capital assets	\$ <u><u>37,649,227</u></u>	\$ <u><u>1,086,158</u></u>	\$ <u><u>(196,838)</u></u>	\$ <u><u>38,538,547</u></u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Discretely Presented Component Unit-Economic Development Authority

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Statement of Net Assets
 Discretely Presented Component Unit - Economic Development Authority
 June 30, 2009

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,323,316
Accounts receivable, net of allowance for uncollectibles	74
Inventories	1,212,369
Total current assets	<u>\$ 2,535,759</u>

Noncurrent assets:

Other assets:	
Unamortized bond issue costs	<u>\$ 73,130</u>
Capital assets:	
Land	\$ 604,865
Buildings	18,402,655
Machinery and equipment	7,234
Construction in progress	15,818
Less accumulated depreciation	<u>(2,259,574)</u>
Total capital assets	<u>\$ 16,770,998</u>
Total noncurrent assets	<u>\$ 16,844,128</u>
Total assets	<u>\$ 19,379,887</u>

LIABILITIES

Current liabilities:

Accounts payable	\$ 80,829
Due to other governmental units	458,909
Bonds payable - current portion	503,205
Total current liabilities	<u>\$ 1,042,943</u>

Noncurrent liabilities:

Bonds payable - net of current portion	<u>\$ 18,883,292</u>
Total noncurrent liabilities	<u>\$ 18,883,292</u>
Total liabilities	<u>\$ 19,926,235</u>

DEFERRED OUTFLOW OF RESOURCES

\$ (1,590,397)

Total liabilities net of deferred outflow of resources

\$ 18,335,838

NET ASSETS

Invested in capital assets, net of related debt	\$ 187,267
Unrestricted	856,782
Total net assets	<u>\$ 1,044,049</u>

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

OPERATING REVENUES

Charges for services:

Rents	\$ 633,945
Contributions from local governments	10,218
Other revenues	11,834
Total operating revenues	<u>\$ 655,997</u>

OPERATING EXPENSES

Contractual services	\$ 53,775
Other charges	53,058
Automobile and travel expense	15,533
Depreciation	325,876
Total operating expenses	<u>\$ 448,242</u>

Operating income (loss)	<u>\$ 207,755</u>
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NONOPERATING REVENUES (EXPENSES)

Interest earnings	\$ 30,714
Interest expense	<u>(466,276)</u>
Total nonoperating revenues (expenses)	<u>\$ (435,562)</u>

Change in net assets	\$ (227,807)
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Total net assets - beginning	<u>1,271,856</u>
Total net assets - ending	<u><u>\$ 1,044,049</u></u>

Statement of Cash Flows
 Discretely Presented Component Unit - Economic Development Authority
 For the Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 633,871
Receipts for miscellaneous items	11,834
Receipts for local government contributions	10,218
Payments for operating activities	<u>(1,089,489)</u>
Net cash provided (used) by operating activities	<u>\$ (433,566)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal payments on bonds	\$ (6,168,599)
Proceeds from indebtedness	18,419,490
Decrease in inventory	148,544
Purchase of capital assets	(11,765,931)
Interest payments	<u>(466,276)</u>
Net cash provided (used) by capital and related financing activities	<u>\$ 167,228</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	\$ <u>30,714</u>
Net cash provided (used) by investing activities	<u>\$ 30,714</u>

Net increase (decrease) in cash and cash equivalents \$ (235,624)

Cash and cash equivalents - beginning	<u>1,558,940</u>
Cash and cash equivalents - ending	<u><u>\$ 1,323,316</u></u>

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

Operating income (loss)	\$ <u>207,755</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	\$ 325,876
(Increase) decrease in accounts receivable	(74)
Increase (decrease) in accounts payable and accrued liabilities	<u>(967,123)</u>
Total adjustments	<u>\$ (641,321)</u>
Net cash provided (used) by operating activities	<u><u>\$ (433,566)</u></u>

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Supporting Schedules

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 24,152,150	\$ 24,152,150	\$ 24,023,107	\$ (129,043)
Real and personal public service corporation taxes	600,126	600,126	422,787	(177,339)
Personal property taxes	7,210,058	7,210,058	7,106,367	(103,691)
Mobile home taxes	115,000	115,000	106,036	(8,964)
Penalties	290,525	290,525	286,190	(4,335)
Interest	77,407	77,407	145,967	68,560
Total general property taxes	<u>\$ 32,445,266</u>	<u>\$ 32,445,266</u>	<u>\$ 32,090,454</u>	<u>\$ (354,812)</u>
Other local taxes:				
Local sales and use taxes	\$ 4,191,987	\$ 4,191,987	\$ 3,622,137	\$ (569,850)
Communication sales tax	1,439,768	1,439,768	1,267,909	(171,859)
Consumers' utility taxes	680,000	680,000	695,930	15,930
Electric consumption taxes	129,300	129,300	130,833	1,533
Business license taxes	1,576,419	1,576,419	1,436,852	(139,567)
Cable TV franchise tax	291,000	291,000	325,553	34,553
Bank stock taxes	180,000	180,000	179,981	(19)
Taxes on recordation and wills	580,464	580,464	471,884	(108,580)
Hotel and motel room taxes	155,000	155,000	111,771	(43,229)
Restaurant food taxes	1,715,185	1,715,185	1,616,050	(99,135)
Total other local taxes	<u>\$ 10,939,123</u>	<u>\$ 10,939,123</u>	<u>\$ 9,858,900</u>	<u>\$ (1,080,223)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 20,300	\$ 20,300	\$ 50,753	\$ 30,453
Permits and other licenses	510,415	510,415	371,154	(139,261)
Total permits, privilege fees, and regulatory licenses	<u>\$ 530,715</u>	<u>\$ 530,715</u>	<u>\$ 421,907</u>	<u>\$ (108,808)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 106,000	\$ 116,000	\$ 93,583	\$ (22,417)
Parking fines	1,200	1,200	565	(635)
Total fines and forfeitures	<u>\$ 107,200</u>	<u>\$ 117,200</u>	<u>\$ 94,148</u>	<u>\$ (23,052)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 415,100	\$ 415,100	\$ 187,399	\$ (227,701)
Revenue from use of property	74,554	74,554	60,518	(14,036)
Total revenue from use of money and property	<u>\$ 489,654</u>	<u>\$ 489,654</u>	<u>\$ 247,917</u>	<u>\$ (241,737)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Charges for services:				
Excess fees of clerk	\$ 116,000	\$ 116,000	\$ 47,555	\$ (68,445)
Charges for law enforcement and traffic control	27,050	27,050	30,814	3,764
Charges for courthouse maintenance	15,500	15,500	15,451	(49)
Circuit court judge fees	34,500	34,500	34,426	(74)
Charges for courthouse security	54,000	54,000	53,861	(139)
Charges for probation	15,000	15,000	16,315	1,315
Charges for Commonwealth's Attorney	1,500	1,500	1,243	(257)
Charges for rental assistance	16,000	16,000	18,175	2,175
Miscellaneous dog fees	10,000	10,000	7,328	(2,672)
Charges for library	36,000	36,000	39,612	3,612
Charges for sanitation and waste removal	420,644	420,644	387,726	(32,918)
Charges for parks and recreation	263,000	263,000	261,640	(1,360)
Charges for community education	1,200	1,200	152	(1,048)
Charges for sale of publications and commemorative material	13,200	13,200	9,527	(3,673)
Charges for daffodil festival	37,900	37,900	54,494	16,594
Charges for sale of historical material	600	600	311	(289)
Total charges for services	<u>\$ 1,062,094</u>	<u>\$ 1,062,094</u>	<u>\$ 978,630</u>	<u>\$ (83,464)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 226,121	\$ 241,652	\$ 272,145	\$ 30,493
Total miscellaneous revenue	<u>\$ 226,121</u>	<u>\$ 241,652</u>	<u>\$ 272,145</u>	<u>\$ 30,493</u>
Recovered costs:				
Care of federal prisoners	\$ 10,000	\$ 10,000	\$ 10,950	\$ 950
Recovered costs sheriff	210,000	210,000	203,858	(6,142)
Recovered costs jail	-	-	29,245	29,245
Treasurer recovered costs	40,000	40,000	24,160	(15,840)
Probation & pretrial recovered costs	15,008	15,008	23,654	8,646
Federal recovered costs	16,147	16,147	28,516	12,369
Demolition recovered costs	8,500	8,500	-	(8,500)
Total recovered costs	<u>\$ 299,655</u>	<u>\$ 299,655</u>	<u>\$ 320,383</u>	<u>\$ 20,728</u>
Total revenue from local sources	<u>\$ 46,099,828</u>	<u>\$ 46,125,359</u>	<u>\$ 44,284,484</u>	<u>\$ (1,840,875)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 1,000	\$ 1,000	\$ 2,202	\$ 1,202
Mobile home titling tax	46,809	46,809	47,275	466
Motor vehicle rental tax	36,000	36,000	41,182	5,182
State recordation tax	112,000	112,000	150,452	38,452
Personal property tax relief funds	2,778,639	2,778,639	2,778,640	1
Total noncategorical aid	<u>\$ 2,974,448</u>	<u>\$ 2,974,448</u>	<u>\$ 3,019,751</u>	<u>\$ 45,303</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 359,380	\$ 359,380	\$ 377,965	\$ 18,585
Sheriff	2,696,223	2,696,223	1,994,738	(701,485)
Asset forfeiture	-	-	3,503	3,503
Commissioner of revenue	141,794	141,794	142,847	1,053
Treasurer	154,837	154,837	159,218	4,381
Registrar/electoral board	52,938	52,938	51,446	(1,492)
Clerk of the Circuit Court	243,218	243,218	270,616	27,398
Total shared expenses	<u>\$ 3,648,390</u>	<u>\$ 3,648,390</u>	<u>\$ 3,000,333</u>	<u>\$ (648,057)</u>
Other categorical aid:				
Emergency medical services	\$ 32,000	\$ 32,000	\$ 65,161	\$ 33,161
Litter control grant	7,904	7,904	9,531	1,627
E911 wireless grant	37,200	37,200	42,341	5,141
Library grant	170,950	172,900	172,899	(1)
Abandoned auto program	37,500	37,500	9,600	(27,900)
Virginia Housing grant	91,000	91,000	85,949	(5,051)
Probation & pretrial	336,072	336,072	336,072	-
Victim-witness grant	41,220	41,220	45,985	4,765
Other state funds	24,668	57,668	11,495	(46,173)
Fire programs	84,500	84,500	94,647	10,147
Asset forfeiture	-	-	403	403
Total other categorical aid	<u>\$ 863,014</u>	<u>\$ 897,964</u>	<u>\$ 874,083</u>	<u>\$ (23,881)</u>
Total categorical aid	<u>\$ 4,511,404</u>	<u>\$ 4,546,354</u>	<u>\$ 3,874,416</u>	<u>\$ (671,938)</u>
Total revenue from the Commonwealth	<u>\$ 7,485,852</u>	<u>\$ 7,520,802</u>	<u>\$ 6,894,167</u>	<u>\$ (626,635)</u>
Revenue from the federal government:				
Categorical aid:				
DMV ground transportation safety grant				
V-stop prosecutor grant	\$ 17,500	\$ 17,500	\$ 11,747	\$ (5,753)
Public assistance and welfare administration	70,000	70,000	93,035	23,035
State Fiscal Stabilization Funds - General	-	-	668,501	668,501
USDA jail commodities	-	-	379	379
State domestic preparedness grant	6,822	6,822	13,644	6,822
Other federal revenue	40,500	40,500	74,801	34,301
Total categorical aid	<u>\$ 134,822</u>	<u>\$ 134,822</u>	<u>\$ 862,107</u>	<u>\$ 727,285</u>
Total revenue from the federal government	<u>\$ 134,822</u>	<u>\$ 134,822</u>	<u>\$ 862,107</u>	<u>\$ 727,285</u>
Total General Fund	<u>\$ 53,720,502</u>	<u>\$ 53,780,983</u>	<u>\$ 52,040,758</u>	<u>\$ (1,740,225)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ 1,000	\$ 1,000	\$ 1,311	\$ 311
Total miscellaneous revenue	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 1,311</u>	<u>\$ 311</u>
Total revenue from local sources	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 1,311</u>	<u>\$ 311</u>
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 959,799	\$ 959,799	\$ 957,891	\$ (1,908)
Total categorical aid	<u>\$ 959,799</u>	<u>\$ 959,799</u>	<u>\$ 957,891</u>	<u>\$ (1,908)</u>
Total revenue from the Commonwealth	<u>\$ 959,799</u>	<u>\$ 959,799</u>	<u>\$ 957,891</u>	<u>\$ (1,908)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,512,163	\$ 1,512,163	\$ 1,284,054	\$ (228,109)
Total categorical aid	<u>\$ 1,512,163</u>	<u>\$ 1,512,163</u>	<u>\$ 1,284,054</u>	<u>\$ (228,109)</u>
Total revenue from the federal government	<u>\$ 1,512,163</u>	<u>\$ 1,512,163</u>	<u>\$ 1,284,054</u>	<u>\$ (228,109)</u>
Total Virginia Public Assistance Fund	<u>\$ 2,472,962</u>	<u>\$ 2,472,962</u>	<u>\$ 2,243,256</u>	<u>\$ (229,706)</u>
Comprehensive Services Act Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ 4,960	\$ 4,960	\$ 26,171	\$ 21,211
Total miscellaneous revenue	<u>\$ 4,960</u>	<u>\$ 4,960</u>	<u>\$ 26,171</u>	<u>\$ 21,211</u>
Total revenue from local sources	<u>\$ 4,960</u>	<u>\$ 4,960</u>	<u>\$ 26,171</u>	<u>\$ 21,211</u>
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive services act	\$ 452,160	\$ 482,160	\$ 472,797	\$ (9,363)
Public assistance and welfare administration	3,040	3,040	2,456	(584)
Other miscellaneous	-	-	5,079	5,079
Total categorical aid	<u>\$ 455,200</u>	<u>\$ 485,200</u>	<u>\$ 480,332</u>	<u>\$ (4,868)</u>
Total revenue from the Commonwealth	<u>\$ 455,200</u>	<u>\$ 485,200</u>	<u>\$ 480,332</u>	<u>\$ (4,868)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 24,000	\$ 24,000	\$ 19,391	\$ (4,609)
Total categorical aid	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ 19,391</u>	<u>\$ (4,609)</u>
Total revenue from the federal government	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ 19,391</u>	<u>\$ (4,609)</u>
Total Comprehensive Services Act Fund	<u>\$ 484,160</u>	<u>\$ 514,160</u>	<u>\$ 525,894</u>	<u>\$ 11,734</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 160	\$ 160
Total revenue from use of money and property	\$ -	\$ -	\$ 160	\$ 160
Total revenue from local sources	\$ -	\$ -	\$ 160	\$ 160
Total Debt Service Fund	\$ -	\$ -	\$ 160	\$ 160
Capital Projects Funds:				
County Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 2,036	\$ 2,036
Total revenue from use of money and property	\$ -	\$ -	\$ 2,036	\$ 2,036
Miscellaneous revenue:				
Donations or other miscellaneous	\$ 40,000	\$ 98,750	\$ 243,644	\$ 144,894
Total miscellaneous revenue	\$ 40,000	\$ 98,750	\$ 243,644	\$ 144,894
Total revenue from local sources	\$ 40,000	\$ 98,750	\$ 245,680	\$ 146,930
Revenue from the Commonwealth:				
Categorical aid:				
School construction funds	\$ 181,983	\$ 181,983	\$ 179,673	\$ (2,310)
PSAP grant	-	-	150,000	150,000
Woodville entrance grant	-	250,000	49,371	(200,629)
Burn building grant	-	100,000	100,000	-
Acquisition/elevation grant	160,000	245,000	230,917	(14,083)
Total categorical aid	\$ 341,983	\$ 776,983	\$ 709,961	\$ (67,022)
Total revenue from the Commonwealth	\$ 341,983	\$ 776,983	\$ 709,961	\$ (67,022)
Revenue from the federal government:				
Categorical aid:				
Main Street Grant (ISTEA)	\$ 275,200	\$ 275,200	\$ 64,555	\$ (210,645)
Acquisition/elevation grant	600,000	918,750	876,719	(42,031)
Community development block grant	-	-	13,695	13,695
Total categorical aid	\$ 875,200	\$ 1,193,950	\$ 954,969	\$ (238,981)
Total revenue from the federal government	\$ 875,200	\$ 1,193,950	\$ 954,969	\$ (238,981)
Total County Capital Improvements Fund	\$ 1,257,183	\$ 2,069,683	\$ 1,910,610	\$ (159,073)

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (Continued)				
School Construction Fund:				
Revenue from local sources:				
Other local income:				
Other local income	\$ -	\$ -	\$ 9,113	\$ 9,113
Total other local income	\$ -	\$ -	\$ 9,113	\$ 9,113
Revenue from use of money and property:				
Revenue from the use of money	\$ 15,000	\$ 15,000	\$ 23,249	\$ 8,249
Total revenue from use of money and property	\$ 15,000	\$ 15,000	\$ 23,249	\$ 8,249
Total revenue from local sources	\$ 15,000	\$ 15,000	\$ 32,362	\$ 17,362
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	\$ 798,438	\$ 798,438	\$ 798,438	\$ -
Total revenue from the Commonwealth	\$ 798,438	\$ 798,438	\$ 798,438	\$ -
Total School Construction Fund	\$ 813,438	\$ 813,438	\$ 830,800	\$ 17,362
Total Primary Government	\$ 58,748,245	\$ 59,651,226	\$ 57,551,478	\$ (2,099,748)
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 2,000	\$ 2,000	\$ 2,500	\$ 500
Total revenue from use of money and property	\$ 2,000	\$ 2,000	\$ 2,500	\$ 500
Charges for services:				
Tuition and payments from other divisions	\$ 64,618	\$ 64,618	\$ 104,880	\$ 40,262
Total charges for services	\$ 64,618	\$ 64,618	\$ 104,880	\$ 40,262
Miscellaneous revenue:				
Other miscellaneous	\$ 54,500	\$ 54,500	\$ 95,925	\$ 41,425
Total miscellaneous revenue	\$ 54,500	\$ 54,500	\$ 95,925	\$ 41,425
Recovered costs:				
Medicaid reimbursements	\$ 165,000	\$ 165,000	\$ 238,599	\$ 73,599
Other recovered costs	185,000	185,000	166,207	(18,793)
Total recovered costs	\$ 350,000	\$ 350,000	\$ 404,806	\$ 54,806
Total revenue from local sources	\$ 471,118	\$ 471,118	\$ 608,111	\$ 136,993
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Gloucester, Virginia	\$ 21,679,553	\$ 21,679,553	\$ 21,128,403	\$ (551,150)
Total revenues from local governments	\$ 21,679,553	\$ 21,679,553	\$ 21,128,403	\$ (551,150)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 6,237,629	\$ 6,237,629	\$ 5,638,621	\$ (599,008)
Basic school aid	19,876,056	19,876,056	19,945,016	68,960
ISAEP	15,717	15,717	15,717	-
Remedial summer education	100,505	100,505	105,060	4,555
Regular foster care	12,000	12,000	8,823	(3,177)
Adult secondary education	4,860	4,860	5,119	259
Gifted and talented	174,479	174,479	172,880	(1,599)

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board:				
School Operating Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Remedial education	\$ 271,412	\$ 271,412	\$ 268,924	\$ (2,488)
Enrollment loss	-	-	92,752	92,752
English as a second language	12,264	12,264	10,348	(1,916)
Special education	1,535,419	1,535,419	1,521,344	(14,075)
Textbook payment	459,540	459,540	455,327	(4,213)
Vocational standards of quality payments	430,383	430,383	426,437	(3,946)
Social security fringe benefits	949,943	949,943	941,236	(8,707)
Retirement fringe benefits	1,229,110	1,229,110	1,217,843	(11,267)
Group life insurance fringe benefits	42,651	42,651	42,260	(391)
State lottery payments	923,810	923,810	763,092	(160,718)
Early reading intervention	64,248	64,248	50,194	(14,054)
Project graduation	-	-	20,509	20,509
Homebound education	41,194	41,194	27,444	(13,750)
Regional program tuition	510,350	510,350	491,592	(18,758)
Vocational educational equipment	88,209	88,209	26,872	(61,337)
Special education - foster children	12,620	12,620	-	(12,620)
VI teacher	2,050	2,050	2,779	729
At risk payments	129,026	129,026	127,912	(1,114)
National Board Certification TC	-	-	30,000	30,000
Industry credential student	7,500	7,500	12,194	4,694
VPI Startup / Exp	-	-	3,798	3,798
Industrial based cert	90,500	90,500	338	(90,162)
Primary class size	355,359	355,359	359,294	3,935
VA Preschool	51,043	51,043	51,043	-
Technology	284,000	284,000	284,000	-
Race to GED	-	-	16,363	16,363
Standards of Learning algebra readiness	34,820	34,820	36,914	2,094
Other state funds	-	-	15,413	15,413
Mentor teacher program	6,679	6,679	4,232	(2,447)
Total categorical aid	<u>\$ 33,953,376</u>	<u>\$ 33,953,376</u>	<u>\$ 33,191,690</u>	<u>\$ (761,686)</u>
Total revenue from the Commonwealth	<u>\$ 33,953,376</u>	<u>\$ 33,953,376</u>	<u>\$ 33,191,690</u>	<u>\$ (761,686)</u>
Revenue from the federal government:				
Categorical aid:				
Title V	\$ 6,102	\$ 6,102	\$ 9,230	\$ 3,128
Adult literacy	52,986	52,986	36,030	(16,956)
Title I	851,421	851,421	793,983	(57,438)
Title VI-B, special education flow-through	1,205,985	1,205,985	1,226,448	20,463
Vocational education	92,716	92,716	87,404	(5,312)
Title IID	9,500	9,500	9,227	(273)
Title II	257,089	257,089	240,186	(16,903)
Impact aid	70,000	70,000	75,072	5,072

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2009 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board:				
School Operating Fund: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Drug free school	\$ 22,000	\$ 22,000	\$ 9,132	\$ (12,868)
ROTC	64,000	64,000	59,873	(4,127)
Other federal funds	150,000	150,000	17,671	(132,329)
Total categorical aid	<u>\$ 2,781,799</u>	<u>\$ 2,781,799</u>	<u>\$ 2,564,256</u>	<u>\$ (217,543)</u>
Total revenue from the federal government	<u>\$ 2,781,799</u>	<u>\$ 2,781,799</u>	<u>\$ 2,564,256</u>	<u>\$ (217,543)</u>
Total School Operating Fund	<u>\$ 58,885,846</u>	<u>\$ 58,885,846</u>	<u>\$ 57,492,460</u>	<u>\$ (1,393,386)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 20,400	\$ 20,400	\$ 9,369	\$ (11,031)
Total revenue from use of money and property	<u>\$ 20,400</u>	<u>\$ 20,400</u>	<u>\$ 9,369</u>	<u>\$ (11,031)</u>
Charges for services:				
Cafeteria sales	\$ 1,593,590	\$ 1,593,590	\$ 1,257,940	\$ (335,650)
Other charges for services	63,332	63,332	51,422	(11,910)
Total charges for services	<u>\$ 1,656,922</u>	<u>\$ 1,656,922</u>	<u>\$ 1,309,362</u>	<u>\$ (347,560)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 34,320	\$ 34,320	\$ 9,444	\$ (24,876)
Total miscellaneous revenue	<u>\$ 34,320</u>	<u>\$ 34,320</u>	<u>\$ 9,444</u>	<u>\$ (24,876)</u>
Total revenue from local sources	<u>\$ 1,711,642</u>	<u>\$ 1,711,642</u>	<u>\$ 1,328,175</u>	<u>\$ (383,467)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 30,000	\$ 30,000	\$ 40,550	\$ 10,550
Total categorical aid	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 40,550</u>	<u>\$ 10,550</u>
Total revenue from the Commonwealth	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 40,550</u>	<u>\$ 10,550</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 720,801	\$ 720,801	\$ 860,642	\$ 139,841
USDA commodities	-	-	148,420	148,420
Total categorical aid	<u>\$ 720,801</u>	<u>\$ 720,801</u>	<u>\$ 1,009,062</u>	<u>\$ 288,261</u>
Total revenue from the federal government	<u>\$ 720,801</u>	<u>\$ 720,801</u>	<u>\$ 1,009,062</u>	<u>\$ 288,261</u>
Total School Cafeteria Fund	<u>\$ 2,462,443</u>	<u>\$ 2,462,443</u>	<u>\$ 2,377,787</u>	<u>\$ (84,656)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 61,348,289</u>	<u>\$ 61,348,289</u>	<u>\$ 59,870,247</u>	<u>\$ (1,478,042)</u>

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 92,396	\$ 92,396	\$ 107,471	\$ (15,075)
General and financial administration:				
County administrator	\$ 470,110	\$ 446,726	\$ 422,737	\$ 23,989
Human resources	312,104	317,266	313,624	3,642
County attorney	335,046	335,046	290,009	45,037
Commissioner of revenue	504,790	507,790	476,754	31,036
County assessor	422,613	522,613	396,693	125,920
Treasurer	645,372	645,372	597,254	48,118
Finance	376,843	376,843	368,113	8,730
Department of information technology	1,051,866	1,081,663	1,041,954	39,709
Purchasing	297,711	297,711	281,393	16,318
Other general and financial administration	285,402	285,402	278,815	6,587
Total general and financial administration	<u>\$ 4,701,857</u>	<u>\$ 4,816,432</u>	<u>\$ 4,467,346</u>	<u>\$ 349,086</u>
Board of elections:				
Electoral board and officials	\$ 183,932	\$ 187,732	\$ 191,477	\$ (3,745)
Total board of elections	<u>\$ 183,932</u>	<u>\$ 187,732</u>	<u>\$ 191,477</u>	<u>\$ (3,745)</u>
Total general government administration	<u>\$ 4,978,185</u>	<u>\$ 5,096,560</u>	<u>\$ 4,766,294</u>	<u>\$ 330,266</u>
Judicial administration:				
Courts:				
Circuit court	\$ 69,989	\$ 69,989	\$ 69,303	\$ 686
General district court	15,950	25,950	13,142	12,808
Commissioner of accounts	500	500	661	(161)
Magistrate	5,650	5,650	3,256	2,394
Juvenile and domestic relations district court	20,560	20,560	19,460	1,100
Clerk of the circuit court	414,723	447,723	456,914	(9,191)
Victim and witness assistance	47,615	50,133	48,390	1,743
Court services unit	148,940	159,210	229,318	(70,108)
Group home commission	210,615	210,615	210,551	64
Total courts	<u>\$ 934,542</u>	<u>\$ 990,330</u>	<u>\$ 1,050,995</u>	<u>\$ (60,665)</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 628,102	\$ 629,502	\$ 568,434	\$ 61,068
Total commonwealth's attorney	<u>\$ 628,102</u>	<u>\$ 629,502</u>	<u>\$ 568,434</u>	<u>\$ 61,068</u>
Total judicial administration	<u>\$ 1,562,644</u>	<u>\$ 1,619,832</u>	<u>\$ 1,619,429</u>	<u>\$ 403</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,599,900	\$ 4,599,900	\$ 4,213,786	\$ 386,114
Emergency operations center	344,278	344,278	348,276	(3,998)
Total law enforcement and traffic control	<u>\$ 4,944,178</u>	<u>\$ 4,944,178</u>	<u>\$ 4,562,062</u>	<u>\$ 382,116</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer fire and rescue squads	\$ 1,787,403	\$ 1,787,403	\$ 1,838,121	\$ (50,718)
State forestry service	4,957	4,957	6,939	(1,982)
Office of emergency services	229,274	225,378	80,953	144,425
Total fire and rescue services	<u>\$ 2,021,634</u>	<u>\$ 2,017,738</u>	<u>\$ 1,926,013</u>	<u>\$ 91,725</u>
Correction and detention:				
County operated institutions	\$ 2,640,554	\$ 2,649,322	\$ 2,512,053	\$ 137,269
USDA Jail commodities	-	-	379	(379)
Probation & pretrial	411,899	411,899	376,335	35,564
Total correction and detention	<u>\$ 3,052,453</u>	<u>\$ 3,061,221</u>	<u>\$ 2,888,767</u>	<u>\$ 172,454</u>
Inspections:				
Building	\$ 892,406	\$ 894,049	\$ 873,218	\$ 20,831
Total inspections	<u>\$ 892,406</u>	<u>\$ 894,049</u>	<u>\$ 873,218</u>	<u>\$ 20,831</u>
Other protection:				
Animal control	\$ 380,078	\$ 381,130	\$ 372,069	\$ 9,061
Medical examiner	500	500	340	160
Total other protection	<u>\$ 380,578</u>	<u>\$ 381,630</u>	<u>\$ 372,409</u>	<u>\$ 9,221</u>
Total public safety	<u>\$ 11,291,249</u>	<u>\$ 11,298,816</u>	<u>\$ 10,622,469</u>	<u>\$ 676,347</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
General engineering	\$ 306,854	\$ 306,854	\$ 237,287	\$ 69,567
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 306,854</u>	<u>\$ 306,854</u>	<u>\$ 237,287</u>	<u>\$ 69,567</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 9,200	\$ 9,200	\$ 4,580	\$ 4,620
Total sanitation and waste removal	<u>\$ 9,200</u>	<u>\$ 9,200</u>	<u>\$ 4,580</u>	<u>\$ 4,620</u>
Maintenance of general buildings and grounds:				
General properties	\$ 1,710,232	\$ 1,709,897	\$ 1,631,689	\$ 78,208
Total maintenance of general buildings and grounds	<u>\$ 1,710,232</u>	<u>\$ 1,709,897</u>	<u>\$ 1,631,689</u>	<u>\$ 78,208</u>
Total public works	<u>\$ 2,026,286</u>	<u>\$ 2,025,951</u>	<u>\$ 1,873,556</u>	<u>\$ 152,395</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 46,565	\$ 465,652	\$ 429,837	\$ 35,815
Mosquito control	95,225	95,560	95,557	3
Total health	<u>\$ 141,790</u>	<u>\$ 561,212</u>	<u>\$ 525,394</u>	<u>\$ 35,818</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Mental health and mental retardation:				
Community services board	\$ 113,455	\$ 113,455	\$ 113,455	\$ -
Total mental health and mental retardation	<u>\$ 113,455</u>	<u>\$ 113,455</u>	<u>\$ 113,455</u>	<u>\$ -</u>
Total health and welfare	<u>\$ 255,245</u>	<u>\$ 674,667</u>	<u>\$ 638,849</u>	<u>\$ 35,818</u>
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 11,269	\$ 11,269	\$ 11,269	\$ -
Contribution to community education	508,736	513,734	479,263	34,471
Cable services	120,809	120,809	84,354	36,455
Contribution to County School Board	<u>21,679,553</u>	<u>21,679,553</u>	<u>21,128,403</u>	<u>551,150</u>
Total education	<u>\$ 22,320,367</u>	<u>\$ 22,325,365</u>	<u>\$ 21,703,289</u>	<u>\$ 622,076</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 808,273	\$ 777,007	\$ 763,715	\$ 13,292
Beaverdam reservoir park	<u>224,707</u>	<u>224,707</u>	<u>208,866</u>	<u>15,841</u>
Total parks and recreation	<u>\$ 1,032,980</u>	<u>\$ 1,001,714</u>	<u>\$ 972,581</u>	<u>\$ 29,133</u>
Cultural enrichment:				
Daffodil festival	\$ 37,900	\$ 37,900	\$ 53,841	\$ (15,941)
Historical committee	<u>56,576</u>	<u>56,576</u>	<u>46,844</u>	<u>9,732</u>
Total cultural enrichment	<u>\$ 94,476</u>	<u>\$ 94,476</u>	<u>\$ 100,685</u>	<u>\$ (6,209)</u>
Library:				
Contribution to county library	\$ 923,130	\$ 931,080	\$ 897,328	\$ 33,752
Total library	<u>\$ 923,130</u>	<u>\$ 931,080</u>	<u>\$ 897,328</u>	<u>\$ 33,752</u>
Total parks, recreation, and cultural	<u>\$ 2,050,586</u>	<u>\$ 2,027,270</u>	<u>\$ 1,970,594</u>	<u>\$ 56,676</u>
Community development:				
Planning and community development:				
Community development	\$ 448,218	\$ 515,161	\$ 356,068	\$ 159,093
Tourism	160,727	163,193	84,615	78,578
Economic development	215,559	215,559	213,135	2,424
Contribution to Industrial Development Authority	<u>25,000</u>	<u>25,000</u>	<u>10,218</u>	<u>14,782</u>
Total planning and community development	<u>\$ 849,504</u>	<u>\$ 918,913</u>	<u>\$ 664,036</u>	<u>\$ 254,877</u>
Environmental management:				
Clean community program	\$ 52,067	\$ 52,038	\$ 27,038	\$ 25,000
Total environmental management	<u>\$ 52,067</u>	<u>\$ 52,038</u>	<u>\$ 27,038</u>	<u>\$ 25,000</u>
Cooperative extension program:				
Extension office	\$ 93,784	\$ 93,784	\$ 85,917	\$ 7,867
Total cooperative extension program	<u>\$ 93,784</u>	<u>\$ 93,784</u>	<u>\$ 85,917</u>	<u>\$ 7,867</u>
Total community development	<u>\$ 995,355</u>	<u>\$ 1,064,735</u>	<u>\$ 776,991</u>	<u>\$ 287,744</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Nondepartmental:				
Contributions to civic organizations	\$ 272,035	\$ 272,035	\$ 272,035	\$ -
Total nondepartmental	<u>\$ 272,035</u>	<u>\$ 272,035</u>	<u>\$ 272,035</u>	<u>\$ -</u>
Total General Fund	<u>\$ 45,751,952</u>	<u>\$ 46,405,231</u>	<u>\$ 44,243,506</u>	<u>\$ 2,161,725</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 1,998,845	\$ 1,887,845	\$ 1,735,557	\$ 152,288
Public assistance	636,126	683,957	621,431	62,526
Purchased services	481,162	544,031	405,356	138,675
Grants	16,640	16,940	13,645	3,295
Board of public welfare	5,000	5,000	4,819	181
Total welfare and social services	<u>\$ 3,137,773</u>	<u>\$ 3,137,773</u>	<u>\$ 2,780,808</u>	<u>\$ 356,965</u>
Total health and welfare	<u>\$ 3,137,773</u>	<u>\$ 3,137,773</u>	<u>\$ 2,780,808</u>	<u>\$ 356,965</u>
Total Virginia Public Assistance Fund	<u>\$ 3,137,773</u>	<u>\$ 3,137,773</u>	<u>\$ 2,780,808</u>	<u>\$ 356,965</u>
Comprehensive Services Act Fund:				
Health and welfare:				
Welfare and social services:				
Comprehensive services act	\$ 932,000	\$ 962,000	\$ 928,551	\$ 33,449
Total Comprehensive Services Act Fund	<u>\$ 932,000</u>	<u>\$ 962,000</u>	<u>\$ 928,551</u>	<u>\$ 33,449</u>
Debt Service Fund:				
Debt service:				
Principal retirement	\$ 3,055,466	\$ 3,055,466	\$ 3,055,260	\$ 206
Interest and other fiscal charges	2,639,144	2,639,144	2,547,784	91,360
Total Debt Service Fund	<u>\$ 5,694,610</u>	<u>\$ 5,694,610</u>	<u>\$ 5,603,044</u>	<u>\$ 91,566</u>
Capital Projects Funds:				
County Capital Improvements Fund:				
Capital projects expenditures:				
County capital assets	\$ 15,330,485	\$ 18,574,860	\$ 14,467,530	\$ 4,107,330
Equipment and vehicles	480,000	580,832	394,553	186,279
School capital assets	981,983	1,432,676	1,430,159	2,517
Total capital projects	<u>\$ 16,792,468</u>	<u>\$ 20,588,368</u>	<u>\$ 16,292,242</u>	<u>\$ 4,296,126</u>
Total County Capital Improvements Fund	<u>\$ 16,792,468</u>	<u>\$ 20,588,368</u>	<u>\$ 16,292,242</u>	<u>\$ 4,296,126</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (Continued)				
School Construction Fund:				
Capital projects expenditures:				
Abingdon Elementary School renovations	\$ 3,475,000	\$ 3,475,000	\$ 3,201,698	\$ 273,302
Total capital projects	<u>\$ 3,475,000</u>	<u>\$ 3,475,000</u>	<u>\$ 3,201,698</u>	<u>\$ 273,302</u>
Total School Construction Fund	<u>\$ 3,475,000</u>	<u>\$ 3,475,000</u>	<u>\$ 3,201,698</u>	<u>\$ 273,302</u>
Total Primary Government	<u>\$ 75,783,803</u>	<u>\$ 80,262,982</u>	<u>\$ 73,049,849</u>	<u>\$ 7,213,133</u>
Discretely Presented Component Unit-School Board				
School Operating Fund:				
Education:				
Administration of schools:				
School board	\$ 111,530	\$ 111,530	\$ 144,487	\$ (32,957)
Executive administration services	539,573	539,573	477,314	62,259
Personnel	516,561	516,561	476,729	39,832
Fiscal services	335,442	335,442	3,339	332,103
Total administration of schools	<u>\$ 1,503,106</u>	<u>\$ 1,503,106</u>	<u>\$ 1,101,869</u>	<u>\$ 401,237</u>
Instruction costs:				
Elementary and secondary schools	\$ 45,433,563	\$ 45,433,563	\$ 44,621,408	\$ 812,155
Total instruction costs	<u>45,433,563</u>	<u>45,433,563</u>	<u>44,621,408</u>	<u>812,155</u>
Operating costs:				
Attendance and health services	\$ 1,105,862	\$ 1,105,862	\$ 1,070,600	\$ 35,262
Pupil transportation	4,669,739	4,669,739	4,572,903	96,836
Operation and maintenance of school plant	6,173,576	6,173,576	6,125,680	47,896
Total operating costs	<u>\$ 11,949,177</u>	<u>\$ 11,949,177</u>	<u>\$ 11,769,183</u>	<u>\$ 179,994</u>
Total education	<u>\$ 58,885,846</u>	<u>\$ 58,885,846</u>	<u>\$ 57,492,460</u>	<u>\$ 1,393,386</u>
Total School Fund	<u>\$ 58,885,846</u>	<u>\$ 58,885,846</u>	<u>\$ 57,492,460</u>	<u>\$ 1,393,386</u>
Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 2,487,443	\$ 2,487,443	\$ 2,206,260	\$ 281,183
USDA commodities	-	-	148,420	(148,420)
Total school food services	<u>2,487,443</u>	<u>2,487,443</u>	<u>2,354,680</u>	<u>132,763</u>
Total education	<u>\$ 2,487,443</u>	<u>\$ 2,487,443</u>	<u>\$ 2,354,680</u>	<u>\$ 132,763</u>
Total Cafeteria Fund	<u>\$ 2,487,443</u>	<u>\$ 2,487,443</u>	<u>\$ 2,354,680</u>	<u>\$ 132,763</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 61,373,289</u>	<u>\$ 61,373,289</u>	<u>\$ 59,847,140</u>	<u>\$ 1,526,149</u>

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Statistical Section

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.

1 - 4

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

5 - 7

Debt Capacity

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.

8 - 10

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

11 - 12

Operating Information

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

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Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

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Net Assets by Component
 Last Five Fiscal Years
 (accrual basis of accounting)

	Fiscal Year				
	2009	2008	2007	2006	2005
Governmental activities					
Invested in capital assets, net of related debt	\$ 9,990,778	\$ 6,263,692	\$ 8,637,111	\$ 6,392,933	\$ 7,027,169
Restricted	-	-	-	367,597	398,179
Unrestricted	<u>15,820,860</u>	<u>21,316,656</u>	<u>19,609,128</u>	<u>21,155,013</u>	<u>22,429,995</u>
Total governmental activities net assets	\$ <u>25,811,638</u>	\$ <u>27,580,348</u>	\$ <u>28,246,239</u>	\$ <u>27,915,543</u>	\$ <u>29,855,343</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 6,653,014	\$ 6,500,868	\$ 6,421,570	\$ 3,676,016	\$ 2,018,698
Restricted	2,015,652	-	-	-	-
Unrestricted	<u>2,575,848</u>	<u>3,192,808</u>	<u>2,047,347</u>	<u>756,386</u>	<u>1,584,243</u>
Total business-type activities net assets	\$ <u>11,244,514</u>	\$ <u>9,693,676</u>	\$ <u>8,468,917</u>	\$ <u>4,432,402</u>	\$ <u>3,602,941</u>
Primary government					
Invested in capital assets, net of related debt	\$ 16,643,792	\$ 12,764,560	\$ 15,058,681	\$ 10,068,949	\$ 9,045,867
Restricted	2,015,652	-	-	367,597	398,179
Unrestricted	<u>18,396,708</u>	<u>24,509,464</u>	<u>21,656,475</u>	<u>21,911,399</u>	<u>24,014,238</u>
Total primary government net assets	\$ <u>37,056,152</u>	\$ <u>37,274,024</u>	\$ <u>36,715,156</u>	\$ <u>32,347,945</u>	\$ <u>33,458,284</u>

Changes in Net Assets, Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2009	2008	2007	2006	2005
Expenses					
Governmental activities:					
General government administration	\$ 4,868,825	\$ 5,059,027	\$ 4,385,731	\$ 4,361,409	\$ 3,847,340
Judicial administration	1,784,423	1,789,176	1,498,764	1,437,573	1,394,318
Public safety	10,900,401	11,897,730	10,480,141	9,293,694	8,505,036
Public works	1,955,625	1,991,262	2,032,499	1,676,331	1,469,138
Health and welfare	4,429,077	4,065,857	3,953,184	3,728,909	3,800,505
Education	27,072,029	24,969,859	23,035,692	24,779,632	20,447,731
Parks, recreation, culture	2,170,357	2,015,572	1,898,798	1,883,177	1,508,612
Community development	2,255,957	2,780,816	1,534,243	1,027,936	1,129,146
Interest on long-term debt	2,726,734	1,754,490	1,559,087	1,611,850	1,694,134
Total governmental activities expenses	58,163,428	56,323,789	50,378,139	49,800,511	43,795,960
Business-type activities:					
Public utilities	4,459,194	4,223,756	3,963,709	3,864,376	3,775,728
Total business-type activities expenses	4,459,194	4,223,756	3,963,709	3,864,376	3,775,728
Total Primary government expenses	\$ 62,622,622	\$ 60,547,545	\$ 54,341,848	\$ 53,664,887	\$ 47,571,688
Program Revenues					
Governmental activities:					
Charges for services					
General government administration	\$ -	\$ -	\$ -	\$ 19,708	\$ 14,787
Judicial administration	246,684	336,565	317,029	310,705	300,909
Public safety	476,364	544,106	51,673	43,548	381,615
Public works	387,726	390,002	378,457	372,641	485,569
Health and welfare	-	-	-	-	-
Education	152	1,676	1,584	1,967	-
Parks, recreation, culture	355,746	362,618	321,156	356,987	308,486
Community development	28,013	27,180	579,845	439,566	17,169
Operating grants and contributions	8,963,448	7,595,236	7,314,692	6,825,175	6,905,210
Capital grants and contributions	978,111	1,948,761	1,069,233	1,086,133	208,270
Total governmental activities program revenues	\$ 11,436,244	\$ 11,206,144	\$ 10,033,669	\$ 9,456,430	\$ 8,622,015
Business-type activities:					
Charges for services	\$ 3,155,016	\$ 3,332,589	\$ 3,072,172	\$ 3,312,253	\$ 2,800,738
Operating grants and contributions	407,040	1,058,499	705,200	26,943	-
Capital grants and contributions	1,548,183	-	3,036,901	214,190	-
Total business-type activities program revenues	5,110,239	4,391,088	6,814,273	3,553,386	2,800,738
Total primary government program revenue	\$ 16,546,483	\$ 15,597,232	\$ 16,847,942	\$ 13,009,816	\$ 11,422,753
Net(Expense)/Revenue					
Governmental activities	\$ (46,727,184)	\$ (45,117,645)	\$ (40,344,470)	\$ (40,344,081)	\$ (35,173,945)
Business-type activities	651,045	167,332	2,850,564	(310,990)	(974,990)
Total primary government net expense	\$ (46,076,139)	\$ (44,950,313)	\$ (37,493,906)	\$ (40,655,071)	\$ (36,148,935)

Changes in Net Assets, Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2009	2008	2007	2006	2005
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes:					
General property taxes	\$ 31,934,077	\$ 30,064,891	\$ 27,475,955	\$ 23,039,459	\$ 25,460,056
Local sales and use tax	3,622,137	3,944,337	3,913,265	3,774,673	3,556,343
Communication sales tax	1,267,909	1,453,787	607,676	-	-
Consumer utility tax	695,930	686,877	1,217,097	1,744,135	1,790,229
Business license taxes	1,436,852	1,569,709	1,518,015	1,403,834	1,130,000
Restaurant food taxes	1,616,050	1,660,639	1,576,236	1,310,000	1,275,000
Other local taxes	1,229,135	1,322,440	1,523,777	2,001,784	2,399,057
Unrestricted revenues from use of money and property	273,362	951,284	1,318,342	668,054	440,890
Miscellaneous	543,271	583,074	719,956	853,784	213,490
Grants and contributions not restricted to specific programs	3,019,751	3,014,716	1,727,129	4,508,558	2,768,484
Loss on disposal of capital assets		-	(22,282)	-	-
Transfers	(680,000)	(800,000)	(900,000)	(900,000)	(897,298)
Total governmental activities	44,958,474	44,451,754	40,675,166	38,404,281	38,136,251
Business-type activities:					
General property taxes	36,179	36,222	36,441	37,861	41,988
Unrestricted revenues from use of money and property	183,614	221,205	249,510	202,590	117,589
Transfers	680,000	800,000	900,000	900,000	897,298
Total business-type activities	899,793	1,057,427	1,185,951	1,140,451	1,056,875
Total primary government	\$ 45,858,267	\$ 45,509,181	\$ 41,861,117	\$ 39,544,732	\$ 39,193,126
Change in Net Assets					
Governmental activities	\$ (1,768,710)	\$ (665,891)	\$ 330,696	\$ (1,939,800)	\$ 2,962,306
Business-type activities	1,550,838	1,224,759	4,036,515	829,461	81,885
Total primary government	\$ (217,872)	\$ 558,868	\$ 4,367,211	\$ (1,110,339)	\$ 3,044,191

COUNTY OF GLOUCESTER, VIRGINIA

Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund					
Reserved	\$ 238,285	\$ 495,576	\$ 500,502	\$ 556,862	\$ 398,179
Unreserved	12,622,904	13,140,232	12,994,355	15,953,192	15,503,657
Total General Fund	<u>\$ 12,861,189</u>	<u>\$ 13,635,808</u>	<u>\$ 13,494,857</u>	<u>\$ 16,510,054</u>	<u>\$ 15,901,836</u>
All Other Governmental Funds					
Reserved	\$ 19,000	\$ 2,389,898	\$ 6,150,997	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	-	-	-	63,974	63,974
Debt service funds	808	649	801	75,116	24,165
Capital projects funds	3,678,708	5,466,719	6,585,325	3,847,743	4,032,730
Total all other governmental funds	<u>\$ 3,698,516</u>	<u>\$ 7,857,266</u>	<u>\$ 12,737,123</u>	<u>\$ 3,986,833</u>	<u>\$ 4,120,869</u>

Table 3

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 510,268	\$ 731,387	\$ 943,221	\$ 652,278	\$ 248,900
<u>17,620,647</u>	<u>11,933,486</u>	<u>9,794,702</u>	<u>8,301,052</u>	<u>7,637,325</u>
<u>\$ 18,130,915</u>	<u>\$ 12,664,873</u>	<u>\$ 10,737,923</u>	<u>\$ 8,953,330</u>	<u>\$ 7,886,225</u>
\$ -	\$ -	\$ -	\$ -	\$ -
169,644	127,218	-	-	-
488	280	-	-	-
<u>8,167,302</u>	<u>2,445,595</u>	<u>3,293,077</u>	<u>8,008,758</u>	<u>210,228</u>
<u>\$ 8,337,434</u>	<u>\$ 2,573,093</u>	<u>\$ 3,293,077</u>	<u>\$ 8,008,758</u>	<u>\$ 210,228</u>

COUNTY OF GLOUCESTER, VIRGINIA

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
REVENUES					
General property taxes	\$ 32,090,454	\$ 29,677,158	\$ 27,371,520	\$ 26,432,859	\$ 25,361,237
Other local taxes	9,868,013	10,637,789	10,356,066	10,234,426	10,150,629
Permits, privilege fees, and regulatory licenses	421,907	505,444	561,291	442,365	358,550
Fines and forfeitures	94,148	111,970	90,068	99,699	124,446
Revenue from the use of money and property	273,362	909,595	1,296,199	645,911	418,748
Charges for services	978,630	1,044,733	998,385	1,003,058	1,025,539
Miscellaneous	543,271	583,074	719,956	853,784	213,490
Recovered costs	413,418	300,414	242,889	224,721	187,266
Intergovernmental revenues:					
Other local governments	-	-	-	-	-
Commonwealth	9,927,995	9,467,389	8,822,084	8,287,161	7,513,836
Federal	2,940,280	3,091,324	2,678,290	2,743,385	2,368,128
Total revenues	<u>\$ 57,551,478</u>	<u>\$ 56,328,890</u>	<u>\$ 53,136,748</u>	<u>\$ 50,967,369</u>	<u>\$ 47,721,869</u>
EXPENDITURES					
Current:					
General government administration	\$ 4,766,294	\$ 4,744,278	\$ 4,292,566	\$ 4,114,209	\$ 3,716,011
Judicial administration	1,619,429	1,616,046	1,311,561	1,256,090	1,188,720
Public safety	10,622,469	10,657,869	10,124,699	8,832,107	8,495,083
Public works	1,873,556	1,820,371	1,717,936	1,606,088	1,485,546
Health and welfare	4,348,208	4,001,667	3,920,276	3,685,808	3,744,821
Education	21,703,289	21,561,837	20,123,728	18,415,298	17,195,819
Parks, recreation, and cultural	1,970,594	2,040,444	1,879,698	1,708,483	1,486,361
Community development	776,991	828,242	908,769	803,212	735,022
Nondepartmental	272,035	271,250	242,300	199,126	165,327
Capital projects	19,493,940	15,512,754	5,091,488	5,173,233	10,227,835
Debt service:					
Principal retirement	3,055,466	2,317,442	2,125,399	2,237,523	3,041,103
Interest and other fiscal charges	2,547,578	1,603,656	1,430,257	2,202,010	1,788,567
Total expenditures	<u>\$ 73,049,849</u>	<u>\$ 66,975,856</u>	<u>\$ 53,168,677</u>	<u>\$ 50,233,187</u>	<u>\$ 53,270,215</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (15,498,371)</u>	<u>\$ (10,646,966)</u>	<u>\$ (31,929)</u>	<u>\$ 734,182</u>	<u>\$ (5,548,346)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 7,891,873	\$ 6,288,819	\$ 10,171,364	\$ 8,122,258	\$ 11,187,176
Transfers out	(8,571,873)	(7,088,819)	(11,071,364)	(9,022,258)	(12,084,474)
Proceeds from general obligation bonds	-	6,364,713	6,505,000	-	-
Proceeds from bond issuance premium	-	343,349	162,022	-	-
Proceeds of capital leases	11,245,000	-	-	8,205,000	-
Proceeds of State Literary Fund Loans	-	-	-	-	-
Repayment of temporary loans	-	-	-	-	-
Advance refunding of bonds	-	-	-	(7,565,000)	-
Refunding of capital lease	-	-	-	-	-
Total other financing sources (uses)	<u>\$ 10,565,000</u>	<u>\$ 5,908,062</u>	<u>\$ 5,767,022</u>	<u>\$ (260,000)</u>	<u>\$ (897,298)</u>
Net change in fund balances	<u>\$ (4,933,371)</u>	<u>\$ (4,738,904)</u>	<u>\$ 5,735,093</u>	<u>\$ 474,182</u>	<u>\$ (6,445,644)</u>
Fund balances - beginning	21,493,076	26,231,980	20,496,887	20,022,705	26,468,349
Fund balances - ending	<u>\$ 16,559,705</u>	<u>\$ 21,493,076</u>	<u>\$ 26,231,980</u>	<u>\$ 20,496,887</u>	<u>\$ 20,022,705</u>
Debt Service as a percentage of noncapital expenditures	<u>9.88%</u>	<u>6.76%</u>	<u>6.90%</u>	<u>n/a</u>	<u>n/a</u>

N/A - This informatin was unavailable.

Table 4

	2004	2003	2002	2001	2000
\$	24,578,024	\$ 23,089,347	\$ 21,735,807	\$ 22,058,778	\$ 19,910,365
	9,429,641	8,190,587	7,534,250	7,575,853	6,487,305
	325,348	367,752	301,641	187,847	214,751
	94,788	69,936	77,277	65,891	80,615
	206,686	280,952	178,440	810,301	546,010
	961,182	1,007,586	873,832	900,043	793,259
	1,375,249	3,539,593	183,417	384,772	111,955
	235,694	327,999	308,160	250,606	215,650
	-	-	65,000	-	-
	7,561,900	7,137,791	7,939,865	6,439,199	5,530,687
	2,895,075	2,026,477	2,142,757	1,638,635	1,965,929
\$	<u>47,663,587</u>	<u>\$ 46,038,020</u>	<u>\$ 41,340,446</u>	<u>\$ 40,311,925</u>	<u>\$ 35,856,526</u>
\$	3,252,076	\$ 3,264,643	\$ 3,296,403	\$ 3,148,864	\$ 2,936,991
	1,134,736	1,072,443	1,194,277	1,155,282	1,099,412
	8,652,538	7,017,379	6,851,651	6,598,400	5,743,208
	1,453,195	1,349,677	1,191,479	1,211,031	1,157,294
	3,386,685	3,296,833	2,892,104	2,752,033	2,923,566
	16,080,604	15,708,844	14,858,211	17,407,408	16,964,109
	1,242,768	1,112,185	1,084,547	1,089,439	983,569
	726,647	794,845	646,556	474,070	739,766
	1,362,005	3,673,350	668,639	257,420	135,621
	2,541,164	2,880,899	7,320,020	3,768,067	3,322,194
	2,186,094	2,288,399	2,637,212	366,378	491,786
	1,682,544	1,972,079	2,144,126	978,127	697,013
\$	<u>43,701,056</u>	<u>\$ 44,431,576</u>	<u>\$ 44,785,225</u>	<u>\$ 39,206,519</u>	<u>\$ 37,194,529</u>
\$	<u>3,962,531</u>	<u>\$ 1,606,444</u>	<u>\$ (3,444,779)</u>	<u>\$ 1,105,406</u>	<u>\$ (1,338,003)</u>
\$	4,629,367	\$ 6,033,929	\$ 1,684,883	\$ 2,061,582	\$ 3,145,526
	(5,329,367)	(6,728,801)	(2,184,883)	(2,761,493)	(3,844,390)
	7,525,000	-	-	-	-
	442,852	-	-	-	-
	1,589,921	-	494,255	9,275,000	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	(1,589,921)	-	-	-	-
\$	<u>7,267,852</u>	<u>\$ (694,872)</u>	<u>\$ (5,745)</u>	<u>\$ 8,575,089</u>	<u>\$ (698,864)</u>
\$	11,230,383	\$ 911,572	\$ (3,450,524)	\$ 9,680,495	\$ (2,036,867)
	15,237,966	14,326,394	17,776,918	8,096,423	10,133,290
\$	<u>26,468,349</u>	<u>\$ 15,237,966</u>	<u>\$ 14,326,394</u>	<u>\$ 17,776,918</u>	<u>\$ 8,096,423</u>
	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>

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Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2009		2000	
	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value
Evergreen Development Co. LLC	\$ 21,953,900	0.55 %	\$ 3,806,000	0.20 %
York River Crossing Assoc., LLC	13,549,700	0.34	8,212,900	0.42
Wal-Mart Real Estate Business Trust	12,653,600	0.32	-	-
Affordable Homes, LLC-1	8,137,700	0.20	-	-
Branch Bank and Trust Company	7,452,500	0.19	-	-
Lowe's Home Center, Inc.	7,387,400	0.18	-	-
Horn Harbor Nursing Home Inc.	7,146,400	0.18	4,090,300	0.21
Dunwood Holdings, LLC	6,609,300	0.17	-	-
Thousand Trail, Inc.	5,545,700	0.14	3,209,800	0.17
E. Clairborne Robins, Jr.	5,415,820	0.14	4,464,100	0.23
Waste Management Disposal Services	-	-	4,311,100	0.22
Retail Trust III	-	-	4,118,800	0.21
James E. Branch	-	-	2,640,500	0.14
York River Yacht Haven Associates	-	-	2,878,200	0.15
Butler Investment	-	-	2,823,800	0.15
	<u>\$ 95,852,020</u>	<u>2.40 %</u>	<u>\$ 36,749,500</u>	<u>1.90 %</u>

Source: Gloucester County Commissioner of Revenue Department

Property Tax Levies and Collections
Last Eight Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy			Total Collections to Date	
				Amount	Percentage of Original Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy
2002	\$ 17,445,456	\$ (6,797)	\$ 17,438,659	\$ 16,822,442	96.43%	\$ 614,373	\$ 17,436,815	99.99%
2003	18,672,765	5,472	18,678,237	18,032,870	96.57%	643,132	18,676,002	99.99%
2004	19,067,303	(7,218)	19,060,085	18,502,834	97.04%	553,037	19,055,871	99.98%
2005	19,480,506	(1,585)	19,478,921	18,931,208	97.18%	538,799	19,470,007	99.95%
2006	20,261,412	1,851	20,263,263	19,792,078	97.68%	453,470	20,245,548	99.91%
2007	21,213,981	46,910	21,260,891	20,665,168	97.41%	548,008	21,213,176	99.78%
2008	22,593,114	13,985	22,607,099	21,946,260	97.14%	489,123	22,435,383	99.24%
2009	23,972,690	-	23,972,690	23,326,961	97.31%	-	23,326,961	97.31%

Source: Gloucester County Treasurer's Department
Property tax levies and collections amounts for fiscal years prior to 2002 are not available in this format.

Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
(in thousands of dollars)

Calendar Year Ended	Residential Property	Commercial Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2000	\$ 1,579,744	\$ 184,036	\$ 175,637	\$ 1,588,143	0.92	\$ 1,760,351
2001	1,611,393	188,269	176,929	1,622,733	0.95	1,857,345
2002	1,780,904	215,909	163,074	1,833,738	0.95	1,833,738
2003	1,823,492	219,882	207,375	1,835,999	0.95	2,389,314
2004	1,851,153	240,989	208,335	1,883,807	0.95	2,143,254
2005	1,884,559	251,481	208,729	1,927,310	0.95	2,972,313
2006	3,431,000	376,354	261,229	3,546,125	0.57	3,546,125
2007	3,677,597	370,363	275,987	3,771,973	0.57	4,238,172
2008	3,698,100	379,187	277,551	3,799,736	0.61	4,269,366
2009	3,878,566	388,516	271,530	3,995,552	0.61	4,597,873

Source: Commissioner of Revenue Department

Note: Property in the County of Gloucester is reassessed once every four years. The County assesses property at 100% of market value. Beginning in 2010, the County will reassess property every two years.

Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	State Literary Funds Loans	Capital Lease and Notes Payable	General Obligation Bonds	Revenue Bonds	Capital Lease and Notes Payable			
2000	\$ 11,280,000	\$ 9,263,520	\$ 4,746,225	\$ 332,925	\$ 24,306,222	\$ -	\$ 49,928,892	5.85%	\$ 1,435.56
2001	10,100,000	8,623,520	13,337,004	307,425	32,493,742	-	64,861,691	7.13%	1,858.50
2002	8,940,000	7,983,520	12,559,507	280,629	31,470,856	-	61,234,512	6.50%	1,749.56
2003	7,780,000	7,343,520	12,071,108	252,454	30,606,681	-	58,053,763	5.89%	1,649.25
2004	14,255,000	6,703,520	11,689,935	222,838	29,696,963	-	62,568,256	5.92%	1,767.46
2005	12,885,000	6,063,520	10,658,832	191,707	28,727,760	-	58,526,819	5.37%	1,644.61
2006	11,685,000	5,423,520	10,901,309	158,983	27,572,046	-	55,740,858	4.70%	1,541.80
2007	17,140,000	4,783,520	10,465,911	124,585	25,970,976	-	58,484,992	4.68%	1,626.39
2008	22,299,713	4,143,520	9,993,469	91,502	25,244,723	-	61,772,927	N/A	1,710.73
2009	20,964,978	3,603,520	20,057,944	53,636	23,760,999	-	68,441,077	N/A	1,895.40

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

N/A- The information was unavailable.

Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding General Obligation Bonds			Per Capita(a)	Percentage of Actual Taxable Value of Property (b)
	Governmental Activities	Business-type Activities	Total		
2000	\$ 11,280,000	\$ 332,925	\$ 11,612,925	\$ 333.90	0.66%
2001	10,100,000	307,425	10,407,425	298.21	0.56%
2002	8,940,000	280,629	9,220,629	263.45	0.50%
2003	7,780,000	252,454	8,032,454	228.19	0.34%
2004	14,255,000	222,838	14,477,838	408.98	0.68%
2005	12,885,000	191,707	13,076,707	367.46	0.44%
2006	11,685,000	158,983	11,843,983	327.61	0.33%
2007	17,140,000	124,585	17,264,585	480.11	0.41%
2008	22,299,713	91,502	22,391,215	620.10	0.52%
2009	20,964,978	53,636	21,018,614	582.09	0.46%

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

(a) See Table 7 for property value data

(b) Population data can be found in Table 11

Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Utilities Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2000	\$ 2,411,893	\$ 1,098,294	\$ 1,313,599	\$ 649,283	\$ 1,562,755	0.59
2001	2,663,370	1,127,258	1,536,112	757,464	1,849,658	0.59
2002	2,788,101	1,204,986	1,583,115	1,352,063	1,788,377	0.50
2003	2,960,089	1,204,079	1,756,010	892,350	1,645,784	0.69
2004	2,776,662	1,384,083	1,392,579	939,334	1,605,947	0.55
2005	2,800,738	1,450,247	1,350,491	1,000,334	1,548,278	0.53
2006	3,339,196	1,589,324	1,749,872	747,709	1,486,498	0.78
2007	3,072,172	1,710,994	1,361,178	633,749	1,384,845	0.67
2008	3,332,589	2,031,348	1,301,241	746,086	1,283,177	0.64
2009	3,155,016	2,334,014	821,002	1,508,273	1,199,560	0.30

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
Operating expenses do not include interest depreciation or amortization expenses.

Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income	Unemployment Rate (3)	School Enrollment (4)
2000	34,780	\$ 853,309	\$ 24,534	1.9 %	6,526
2001	34,900	910,294	26,083	2.4	6,411
2002	35,000	942,410	26,926	3.2	6,350
2003	35,200	986,458	28,024	3.2	6,309
2004	35,400	1,057,181	29,864	3.0	6,147
2005	35,587	1,090,866	30,653	3.0	6,078
2006	36,153	1,185,316	32,786	2.6	6,000
2007	35,960	1,250,578	34,777	2.4	5,949
2008	36,109	N/A	N/A	3.5	5,910
2009	36,109	N/A	N/A	5.6	5,871

Sources:

- (1) Center for Public Service at the University of Virginia
- (2) Bureau of Economic Analysis
- (3) Virginia Employment Commission
- (4) Gloucester County Schools (March census)

N/A - This information was unavailable.

Principal Employers
Current Year and Nine Years Ago

Employer	2009		2000	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
Gloucester County (local government and schools)	1,260	6.04 %	1,200	6.90 %
Wal-Mart	460	2.21	400	2.30
Virginia Institute of Marine Science	450	2.16	429	2.47
Riverside Walter Reed Hospital	450	2.16	420	2.41
Industrial Resources Technologies, Inc.	350	1.68	270	1.55
Rappanannock Commuity College	200	0.96	200	1.15
Lowes	100	0.48	-	-
Dominion Virginia Power	70	0.34	100	0.57
Whitley's Peanuts	60	0.29	35	0.20
Rappahannock Concrete	60	0.29	45	0.26
Home Depot	50	0.24	-	-
York River Yacht Haven	50	0.24	50	0.29
Verizon	50	0.24	50	0.29
Peace Frogs	50	0.24	50	0.29
Total	3,660	17.55 %	3,249	18.68 %

Source: County Economic Development Department

Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Government										
Board of Supervisors	7	7	7	7	7	7	7	7	7	7
Administration	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
County Attorney	3	3	2	1.5	1.5	3	3	3	2	2
Human Resources	4	4	4	4	3	3	3	3	3	3
Commission of Revenue	9.5	9.5	9.5	9	10	9	9	9	7	7
County Assessor	6	6	4	4	2	2	2	2	2	2
Treasurer	10.5	10.5	10.5	10.5	10	9.5	9.5	9.5	9.5	9
Finance	5	5	5	5	5	5	5	5	5	4.5
Information Technology	13	13	13	11.5	11.5	11.5	11	11	11	10
Purchasing	4	3.5	3.5	3	3	3	3	3	3	3
VA Housing Dev. Authority	2	2.5	2.5	2	2	2	2	2	2	2
Registrar	2.5	2.5	2.5	2	1.5	1.5	1.5	1.5	1.5	1.5
Judicial										
Circuit Court Judge	1	1	1	1	1	1	1	1	1	1
Clerk of Circuit Court	7	7	7	6.5	6.5	6.5	6	6	6	6
Victim Witness	1	1	1	1	1	1	1	1	1	1
Commonwealth Attorney	8.5	8.5	7.5	7.5	7.5	7.5	7	7	7	7.5
Public Safety										
Sheriff	53	53	53.5	53.5	89	85	84.5	83.5	83.5	78.5
E-911	12	12	12	12	11	11	10	10	10	10
Jail (included w/Sheriff until 2006)	38	38	38.5	38.5	0	0	0	0	0	0
Probation/Pretrial	7.5	8	0	0	0	0	0	0	0	0
Codes	16	16	16	14	13.5	13.5	12.5	12.5	12.5	12.5
Animal Control	5	5	5	5	4	4	4	4	4	4
Emergency Services	2.5	2.5	2.5	2	2	0	0	0	0	0
Public Works										
Engineering	4	3	3	3	3	3	3	3	3	3
Buildings & Grounds	29	28	28	28.5	27.5	27.5	26	22	21.5	21.5
Education										
Community Education	8	8	8	8	8	8	8	8	8	8
Cable Services	0.5	0.5	0.5	0.5	0	0	0	0	0	0
Parks, Recreation & Cultural										
Parks & Recreation	8.5	8.5	8.5	7	6	6	6	6	6	6
Beaverdam	3	3	3	4	4	4	3	3	3	3.5
Historical	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Library	12	12	12	12	12	11	11	11	11	9.5
Community Development										
Planning	5	5	5	4	4	4	4	4	4	3
Economic Development	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Clean Community	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Tourism	1	1	1	1	1	1	1	0.5	0	0
VA Cooperative Extension	1	1	1	1	1	3.5	3	3	3	3
Utilities										
	27.5	24	21.5	20.5	20.5	20.5	20.5	20.5	20.5	20
TOTAL	324.5	319.5	306	297	286	281.5	274.5	269	265	256

Source: Gloucester County Human Resources Department
Work as Required employees are not included.

COUNTY OF GLOUCESTER, VIRGINIAOperating Indicators by Function
Last Ten Fiscal Years (where available)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Sheriff's Department (1)					
Reports taken	26,458	35,954	3,166	3,229	3,045
Civil processed record workload	N/A	23,771	21,907	11,257	7,887
Circuit court days	N/A	215	140	145	156
General district court days	N/A	114	110	116	106
Juvenile and domestic court days	N/A	188	153	156	149
Inmate average daily population	N/A	84	89	79	82
Parks, Recreation & Tourism (2)					
Number of Participants	4,670	4,455	4,437	4,301	3,858
Library (3)					
Material circulated	227,053	210,797	196,633	186,519	178,469
Library patrons	33,132	31,444	29,133	19,584	18,089
Water system (4)					
Number of customers	4,470	4,399	4,276	4,187	4,099
Average daily consumption	987,400	942,101	900,460	874,616	833,394
Annual consumption in gallons	360,401,000	343,867,000	328,668,000	319,235,000	304,189,000

Sources:

- (1) Gloucester County Sheriff's Department on a calendar year through October 31, 2009
- (2) Gloucester County Parks, Recreation & Tourism Department
- (3) Gloucester County Library
- (4) Gloucester County Public Utilities

N/A - This information is not available.

Table 14

2004	2003	2002	2001	2000
3,045	N/A	N/A	N/A	N/A
9,457	10,341	17,300	17,465	15,880
174	167	171	161	195
113	117	120	124	125
166	169	154	170	164
86	96	81	80	76
3,104	N/A	N/A	N/A	N/A
121,688	115,775	103,099	94,407	92,297
15,019	15,244	15,118	12,464	7,684
4,064	4,019	3,932	3,854	3,814
874,504	847,161	839,309	794,000	848,668
319,194,000	309,214,000	306,348,000	289,991,000	309,764,000

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High Volume Users of Water System
 Fiscal year ended June 30, 2009

Customer name	Monthly Average Water Usage (1)	Daily (1)
V.I.M.S.-Chesapeake Bay Hall	431,000	14,367
V.I.M.S.-MRL	360,000	12,000
Riverside Walter Reed Hospital/Dialysis	425,000	14,167
Walter Reed Convalescent Center	439,000	14,633
V.I.M.S.-SRL	267,000	8,900
Water Wizard Car Wash	236,000	7,867
Gloucester County Jail	175,000	5,833
U-Do-It Laundry	196,000	6,533
Thalhimer	236,000	7,867
Super Wal-Mart	182,000	6,067

(1) Source - Gloucester County Utility Department

COUNTY OF GLOUCESTER, VIRGINIA

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Sheriff's Department (1)					
Stations	1	1	1	1	1
Patrol Units	27	27	27	27	27
Jail	1	1	1	1	1
Mobil Command Center	1	1	1	1	1
Volunteer Fire and Rescue (2)					
Stations	6	6	6	6	6
Parks and recreation (3)					
Number of parks maintained	8	8	8	8	8
Park acreage owned by the County	185	185	185	185	185
Park acreage leased	40	40	40	40	40
Library (4)					
Number of libraries	2	2	2	2	2
Number of bookmobiles	1	1	1	1	1
Water system (5)					
Treatment capacity per day in gallons	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000

Sources:

- (1) Gloucester County Sheriff's Office
- (2) Gloucester County Department of Emergency Services
- (3) Gloucester County Department of Parks, Recreation & Tourism
- (4) Gloucester County Library
- (5) Gloucester County Public Utilities

Table 16

2004	2003	2002	2001	2000
1	1	1	1	1
27	27	27	22	22
1	1	1	1	1
-	-	-	-	-
6	6	6	6	6
8	8	8	8	6
185	185	185	185	84
40	40	40	43	43
2	2	2	2	2
1	1	1	1	1
4,000,000	4,000,000	2,000,000	2,000,000	2,000,000

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Gloucester, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County of Gloucester, Virginia's basic financial statements and have issued our report thereon dated November 5, 2009. 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 Gloucester, 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County'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 Gloucester, 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 Gloucester, 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 Gloucester, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of 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.

Robinson, Famm, Cox Associates

Richmond, Virginia
November 5, 2009

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 Gloucester
Gloucester, Virginia**

Compliance

We have audited the compliance of the County of Gloucester, 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 Gloucester, 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 Gloucester, Virginia's management. Our responsibility is to express an opinion on the County of Gloucester, 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 Gloucester, 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 Gloucester, Virginia's compliance with those requirements.

In our opinion, the County of Gloucester, 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 Gloucester, 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'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 Gloucester, Virginia's internal control over compliance.

Internal Control Over Compliance (Continued)

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 Gloucester, 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 Gloucester, 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 Gloucester, 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.

Robinson, Fann, Cox Associates

Richmond, Virginia
November 5, 2009

COUNTY OF GLOUCESTER, 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	\$ 23,128
Temporary Assistance to Needy Families (TANF)	93.558	211,126
Refugee and Entrant Assistance - State Administered Programs	93.566	477
Low Income Home Energy Assistance	93.568	11,587
Child Care and Development Block Grant	93.575	199,358
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	112,299
Child Welfare Services - State Grants	93.645	1,370
Foster Care - Title IV-E	93.658	194,763
Foster Care - Title IV-E - ARRA	93.658	9,593
Adoption Assistance	93.659	68,291
Adoption Assistance - ARRA	93.659	5,955
Social Services Block Grant	93.667	108,858
Chafee Foster Care Independence Program	93.674	3,902
Child Care and Development Block Grant - ARRA	93.713	1,477
Children's Health Insurance Program	93.767	17,103
Medical Assistance Program	93.778	<u>172,946</u>
Total Department of Health and Human Services-pass through		\$ <u>1,142,233</u>
Total Department of Health and Human Services		\$ <u>1,142,233</u>
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution--Jail	10.550	\$ 379
Food Distribution--School	10.555	148,420
Department of Education:		
National school breakfast program	10.553	188,856
National school lunch program	10.555	671,786
Department of Social Services:		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	<u>254,247</u>
Total Department of Agriculture - pass-through payments		\$ <u>1,263,688</u>
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Service:		
Crime victim assistance	16.575	\$ 1,672
Violence Against Women Formula Grants	16.588	<u>10,075</u>
Total Department of Justice - pass-through		\$ <u>11,747</u>
Total Department of Justice		\$ <u>11,747</u>

COUNTY OF GLOUCESTER, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Assistance:		
Emergency Management Performance Grants	97.042	\$ 13,644
State Homeland Security Program	97.073	4,939
Hazardous Mitigation Grant Program (HMGP)	97.039	<u>876,719</u>
Total Department of Homeland Security		<u>\$ 895,302</u>
Department of Housing and Urban Development:		
Pass Through Payments:		
Department of Housing and Community Development:		
Community Development Block Grants/Entitlement Grants	14.228	<u>\$ 13,695</u>
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
Highway Planning and Construction (ISTEA)	20.205	\$ 64,555
Recreational trails program	20.219	25,602
Alcohol Open Container Requirements	20.607	38,614
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	<u>5,646</u>
Total Department of Transportation		<u>\$ 134,417</u>
Department of the Navy:		
Direct Payments:		
ROTC	12.xxx	<u>\$ 59,873</u>
Department of Education:		
Pass Through Payments:		
Department of National Community Service:		
Learn and Serve America	94.004	\$ 17,671
Department of Education:		
Adult Education - Basic Grants to States	84.002	36,030
Title I Grants to Local Educational Agencies	84.010	793,983
Special Education - Grants to States	84.027	1,191,934
Career and Technical Education - Basic Grants to States	84.048	87,404
Special Education - Preschool Grants	84.173	34,514
Safe and Drug-Free Schools and Communities - State Grants	84.186	9,132
State Grants for Innovative Programs	84.298	9,230
Education Technology State Grants	84.318	9,227
State Fiscal Stabilization Fund - Government Services, Recovery Act	84.397	668,501
Hurricane Education Recovery	84.938	75,072
Improving Teacher Quality State Grants	84.367	<u>240,186</u>
Total Department of Education		<u>\$ 3,172,884</u>
Total Federal Assistance		<u><u>\$ 6,693,839</u></u>

COUNTY OF GLOUCESTER, 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 Gloucester, 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	\$ 862,107
Special Revenue Funds:	
Virginia Public Assistance Fund	1,284,054
CSA Fund	19,391
Capital Projects Funds:	
County Capital Projects Fund	954,969
Total primary government	\$ <u>3,120,521</u>
Component Unit Public Schools:	
School Operating Fund	\$ 2,564,256
School Cafeteria Fund	1,009,062
Total component unit public schools	\$ <u>3,573,318</u>
Total federal expenditures per basic financial statements	\$ <u>6,693,839</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>6,693,839</u></u>

COUNTY OF GLOUCESTER, 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 X no

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs

a. Material weaknesses identified? yes X no

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	School Food Cluster
93.575/93.596/93.713	Child Care Cluster
93.658	Foster Care - Title IV-E
97.039	Hazard Mitigation Grant Program
84.397	State Fiscal Stabilization Fund

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

Auditee qualified as low-risk auditee? X yes no

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None

COUNTY OF GLOUCESTER, VIRGINIA

Schedule of Prior Year Findings and Questioned Costs
For the year ended June 30, 2009

There were no findings or questioned costs.

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