



**County of New Kent, Virginia  
Comprehensive Annual Financial Report  
For Fiscal Year Ended June 30, 2010**

*INTRODUCTORY SECTION*

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**COUNTY OF NEW KENT, VIRGINIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Prepared By:  
Mary F. Altemus  
Director of Financial Services

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**COUNTY OF NEW KENT, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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**COUNTY OF NEW KENT, VIRGINIA**  
**PRINCIPAL OFFICIALS**  
**June 30, 2010**

**BOARD OF SUPERVISORS**

D. M. "Marty" Sparks, Chairman .....District 2  
Thomas W. Evelyn, Vice Chairman .....District 1  
James H. Burrell .....District 3  
Stran L. Trout .....District 4  
W. R. "Ray" Davis, Jr. ....District 5

**CONSTITUTIONAL OFFICERS**

Karen A. Butler ..... Clerk of Circuit Court  
Laura M. Ecimovic ..... Commissioner of Revenue  
C. Linwood Gregory ..... Commonwealth's Attorney  
Farrah W. "Wakie" Howard, Jr. .... Sheriff  
Herbert C. Jones, Jr. .... Treasurer

**COUNTY ADMINISTRATIVE OFFICERS**

G. Cabell Lawton, IV ..... County Administrator  
William H. Whitley ..... Assistant County Administrator  
Mary F. Altemus ..... Financial Services Director  
Michelle M. Gowdy ..... County Attorney  
George M. Homewood, III ..... Planning and Community Development Director  
Edgar T. "Tommy" Hicks, IV ..... Fire Chief and Emergency Management Coordinator  
Lawrence A. Dame ..... Public Utilities Director  
James D. Tacosa ..... General Services Director  
Jonathan R. Stanger ..... Information Systems Director  
S. Michelle Cowling ..... Social Services Director  
Clarence G. Jackson ..... Building Official and Building Development Director  
William L. Kelly, III ..... Airport Manager  
Rodney A. Hathaway ..... Economic Development and Tourism Director

**SCHOOL BOARD**

Joseph S. Yates, Chairman .....District 2  
Leigh R. Quick, Vice Chairman .....District 3  
Van McPherson .....District 1  
Dr. Gail B. Hardinge .....District 4  
Teresa D. Lindsay .....District 5

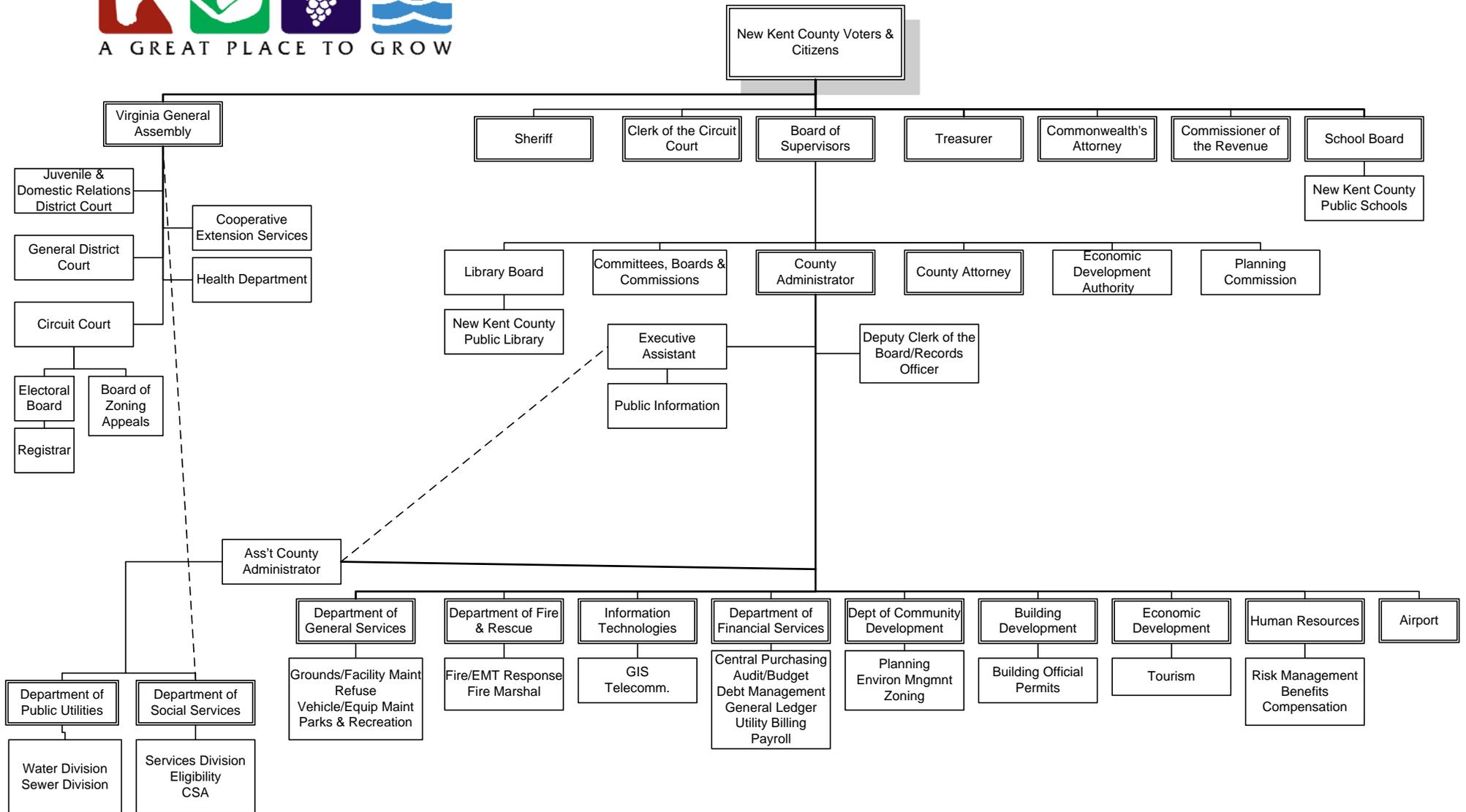
**SCHOOL BOARD ADMINISTRATIVE OFFICERS**

Robert F. "Rick" Richardson, Jr. .... Superintendent  
Edward R. Smith ..... Assistant Superintendent of Operations  
C. Lynn Sodat ..... Director of Elementary Instruction  
Thomas N. "Nate" Collins ..... Director of Secondary Instruction  
Cynthia M. Pitts ..... Director of Human Resources  
Matthew Hilfer ..... Interim Technology Coordinator

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# Organization of General Government Administrative Functions



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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of New Kent  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

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

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MARY F. ALTEMUS, CPA  
DIRECTOR OF FINANCIAL SERVICES  
12007 COURTHOUSE CIRCLE  
POST OFFICE BOX 50  
NEW KENT, VIRGINIA 23124

[WWW.CO.NEW-KENT.VA.US](http://WWW.CO.NEW-KENT.VA.US)

December 1, 2010

To The Honorable Members of the Board of Supervisors and the Citizens of the County of New Kent:

The Commonwealth of Virginia requires that local governments publish within five months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to the requirement, we hereby issue the Comprehensive Annual Financial Report of the County of New Kent ("the County") for the fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2010 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County financial statements for the fiscal year ended June 30, 2010 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report.

The independent audit of the financial statements of the County was part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of federal and state 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 audited County's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state 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). This letter of transmittal is designed to complement the MD&A 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 the County**

The County of New Kent (the "County") is home to approximately 18,681 people. At the time of the 2000 census, the population of the County was approximately 13,462. In fact, in 2009 the County was ranked among the 100 fastest growing counties in the U. S. in terms of new dwelling units as well as in terms of percent population change. Even though the population density is at approximately 88 persons per square mile, demonstrating the County still remains primarily rural, the County has undergone significant development over the past several years with growth spread fairly evenly throughout the County.

The County is comprised of about 212 square miles and is located directly between two of the nation's most dynamic MSA's: Richmond-Petersburg and Williamsburg-Hampton Roads. At the heart of the Central East Coast, New Kent is within 750 miles of over 55% of the nation's population and nearly 60% of its personal income and consumer expenditures. It is bisected by I-64 with four high-traffic count exits, and its intersection with I-295 is just 3 miles to the west. While the County's rural atmosphere has been preserved, the I-64 corridor with its utilities, business sites, and amenities is growing with commercial and residential activity.

The County was created by an act of the House of Burgesses on November 20, 1654. The settlers were of English stock and the County was named for Kent of England. Land grants to the early settlers along the rivers led to large plantations and palatial manor houses, fostering a way of life long associated with our colonial era. The European history of New Kent began with the visit of Captain John Smith in 1607. At that time, it encompassed portions of today's surrounding counties: Hanover, King William, King and Queen, James City, Charles City and Henrico. Located between the high growth areas of Hampton Roads and Richmond, the County has undergone significant development over the past several years.

The County of New Kent has a County Administrator form of Government with five voter-elected members of the Board of Supervisors (the "Board") who serve four-year terms and represent five distinct election districts. The County Administrator serves at the pleasure of the Board and is the County's chief administrative officer. The duties of the County Administrator include implementing the approved ordinances and policies of the Board of Supervisors, appointing the County's Department Directors, and overseeing the daily administration of the County Government. The Board has overall administrative and legislative responsibilities including levying County taxes, appropriating funds, approving and enforcing the County's Comprehensive Plan, which governs land use, making and enforcing ordinances and establishing policies and procedures for the residents of the County. A Chairman and Vice Chairman are selected by the Board on an annual basis from among the members of the Board. In addition to the Board, other elected County officials include the Clerk of the Circuit Court, Commissioner of the Revenue, Commonwealth's Attorney, Treasurer and Sheriff. There is also an elected five-member School Board.

The County government is responsible for providing a wide array of governmental services for its citizens including animal control, building inspections, planning and community development, economic development, tourism, water and sewer services, disposal of refuse, parks and recreation, libraries/culture, police and fire services, emergency medical services, E911 and emergency services, and health and social services. Other services provided by the County, which receive partial funding from the State and Federal governments, include public education in grades kindergarten through twelve; certain technical, vocational and special education programs; mental health assistance; agricultural services; judicial activities; juvenile detention services and airport services. The Commonwealth of Virginia provides the construction and maintenance of highways, streets, and infrastructure located within the County.

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 New Kent County School Board (the "School Board") and the New Kent County Economic Development Authority (the "EDA"). 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 of 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 each year. The County Administrator uses these requests as the starting point for developing a proposed budget. The proposed budget is reviewed by the Budget Team made up of the County Administrator, Financial Services Director, Financial Services Assistant Director, and a departmental Director selected on a rotating basis each budget year. The review consists of meeting with the departments to discuss their requests. Budget cuts and sometimes additions are made as the departments justify their requests by aligning them with the County's key performance areas. In addition to the Budget Team, the Finance Committee reviews and offers input on the proposed budget. The County Administrator then presents this proposed budget to the Board of Supervisors for review. The Board of Supervisors is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the County's fiscal year.

The appropriated budget is prepared by fund (e.g., General Fund), function (e.g., public safety), and department (e.g., Sheriff's Office). The Code of Virginia requires that the School Board's requested budget be submitted in its entirety to the Board. Legislation passed in the 1978 General Assembly requires the County to approve an annual budget for education purposes by May 1 or within 30 days of the receipt of estimates of educational funds to the County. Activities of the general fund, special revenue funds, capital projects, debt service, school funds, and proprietary funds are included in the annual appropriated budget. Departments may make transfers of appropriations by line item within their department (except for personnel line items) with the County Administrator's authorization. All other transfers must receive approval from the Board of Supervisors. All transfers are reported to the Board of Supervisors on a monthly basis. Budget-to-actual comparisons are provided in this report for which an appropriated annual budget has been adopted. These comparisons are presented in the Other Required Supplementary Information Section of the financial statements.

The County also maintains an encumbrance accounting system as one method of maintaining budgetary control. Encumbered amounts lapse at year-end. All incomplete projects must be reconsidered annually to determine if unspent funds need to be recommitted to a given project or reallocated to other planned projects.

### **Economic Overview**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

#### **Local economy:**

While it is easy to succeed in good times, it is how a locality performs in tough times such as those that currently exist that define excellence in local government. We believe the local economy continues to be positioned to weather these tough economic conditions better than most localities. The Board of Supervisors has fostered this environment through consistently demanding innovation, effective planning and financial prudence when allocating public resources while incrementally and prudently reducing or maintaining existing tax rates. With the emphasis on excellence in customer service and sound financial management, the County will continue to prove to be a community of choice.

The County enjoys the fourth-highest median household income and the second-lowest poverty rate of the fourteen jurisdictions in the Richmond/Petersburg, VA Metropolitan Statistical Area. (Source: U.S. Bureau of the Census 2008 Quick-Facts). While the County continues to be largely a bedroom community as documented in the 2000 Census with a negative 4,276 Net In-Commuters, it has maintained a moderate unemployment rate compared to the rates of the surrounding region, Virginia, and the United States. As of June 2010, the County had an unemployment rate of 7.2% compared to 7.1% and 9.6% for Virginia and the United States respectively.

(Source: Virginia Workforce Connection – Labor Force Information; Virginia Employment Commission, Local Area Unemployment Statistics; U. S. Bureau of Labor Statistics).

While residential building permit activity in the County had been increasing in recent years there was a moderate decrease in the past several years due to the weakening economy. New home permits issued for Fiscal Years 2003-2008 range from 255 in FY03 to 340 in FY05 down to 235 in FY08 with a further decrease in FY09 to 130. (Source: University of Virginia, Weldon Cooper Center). Non-residential construction in the County has not kept pace with residential activity although in FY10 it has grown with 22 commercial building permits issued and 18 commercial add/alter building permits issued. Based on approved developments building out as projected, proposed developments being developed, as well as continued single-site development, approximately 2,300 new homes are proposed to be constructed by 2015. (Source: New Kent County Department of Community Development). Housing units increased by 2,109 or 40.5% during the years 2000 to 2009. (Source: U.S. Census Bureau). The larger 3,000-5,000 square foot homes have dropped off significantly while the smaller to mid-size homes have increased. The total single family dwellings for FY10 was 175; a slight increase of forty-five over FY09. (Source: New Kent County Building Development and Community Development Department).

New Kent taxable sales have steadily increased over the last twenty years. There has been a 28.1% increase since 2006. (Source: Virginia Department of Taxation, Taxable Sales in Virginia Counties and Cities Based on Retail Sales Tax Revenues – published quarterly with annual summary).

**Economic development update:** New Kent County is predominately rural in nature with approximately 72% of the County covered in forests. Farming and forestry have been prominent to the New Kent County economy for many years. However, trends are slowly changing, as the agricultural and forestry industries are declining. In the first quarter of 2010, the largest employment industries were government (federal, state and local), followed by construction, retail trade, health care and social assistance, and accommodation & food services. (Source: Virginia Workforce Connection). The County's convenient access to surrounding metropolitan areas, via four interchanges of Interstate 64, has helped sustain the residential and economic expansion although slightly repressed from prior fiscal years.

The County has increased its business investment in the County due to the imbalance between residential and business activity in the County. The school and other public service demands resulting from a growing residential population have required the County to take positive steps toward the promotion of economic development and the maximization of the economic potential of its interstate interchanges. In order to address this potential challenge, the County leadership has proactively undertaken the following steps to position New Kent for continued economic growth:

- The County is host to Colonial Downs, the only pari-mutual horse track in the Commonwealth of Virginia. As host of this facility, the County also receives a share of the revenues generated from the Off-Track-Betting facilities located in other communities in the Commonwealth. There are presently eight such facilities statewide. The revenues from horseracing contributed the equivalent of approximately two and one fourth cents on the real property tax rate.
- The Kentland Planned Unit Development (PUD) occupies approximately 3,165 acres and is located within the southeast quadrant of the Route 155/I-64 Interchange. The Kentland community will consist of a variety of residential, office, retail, and recreational uses designed to complement the Colonial Downs racetrack and the Legends of New Kent golf complex. The Kentland PUD currently consists of approximately 1,300 lots that have been created for residential use and is approved for an additional 1,900 residential lots. Also, a commercial area has been established that consists of a gas station, several restaurants, spa and the New Kent County Library.
- The Farms of New Kent is a mixed use PUD that consists of approximately 2,500 acres located in the central area of the County near the Talleyville exit along State Route 106. This development will

consist of approximately 2,400 residential units and up to one million square feet of commercial space. The New Kent Winery opened in May 2008. The Polo field is currently under construction.

- Weir Creek Commerce Park, located on U. S. Route 33 is a 150 acre tract of land planned for an industrial park. Currently, the first phase of site preparation is complete which involves the construction of an access road and three pad sites that total approximately 36 acres. Rock Creek Villas is a development consisting of approximately 14.2 acres that proposes 60 age-restricted attached units to be supported by an 18,000 square foot commercial facility. The commercial facility has been constructed and approximately 16,000 square feet has been leased. This leased space includes two restaurants, a fitness center, hair and nail spa, a dentist office, a community meeting room, and office space for small businesses. Five residential units have been constructed and two are currently under construction.
- The Patriots Landing PUD consists of 253 acres in the western portion of the County located at the I-64 and Route 60 intersection. This development is planned for up to 638 residential units and new commercial and office uses will be located on both sides of the Bloom grocery store, continuing along the Route 33/I-64 frontage totaling 29.5 acres. Single-family residential development is underway with approximately 235 new single family homes completed and 24 new townhomes completed. A fitness center is currently under construction and scheduled to open early next year.

Further indicators of continued economic strength and strong financial condition are as follows:

- The County has approximately 7,500 housing units. The total number of housing units in New Kent County has increased approximately 32% since 2000. New Kent has a wide variety of single-family detached homes that range in quality, style, age, size and condition. The average sale price was \$260,055 in 2010 (2009 average was \$263,350). The average sold square footage was 1990 (2009 average was 2,160) with a price of \$130.70 per square foot (2009 average per square foot was \$122.10). When all properties are given weight, the average property value for housing in the County is \$269,593 (2009 was \$289,545). The housing market in New Kent County is declining, with a noticeable decrease in new construction down from 160 new homes in 2009 and 240 in 2008 to 75 through June 2010. Housing sales have slowed down but are still higher than the state average. (Source: New Kent County Commissioner of the Revenue).

To internally assess our financial health, the County has traditionally tracked State-published indicators of fiscal stress and median adjusted gross income. The most recent State report shows that New Kent has the 20th lowest level of fiscal stress and the 16<sup>th</sup> highest median adjusted gross income. A component of the fiscal stress index is a locality's tax rate compared to State-wide averages, with low tax rate jurisdictions assigned a lower stress as they would appear to have the greater capacity to raise their taxes. New Kent County's growth does place stress upon our budgetary process as the services sought by many residents in the County are similar to services offered by higher taxing localities. The preceding economic highlights are strong indicators of good fiscal health and are also indicative of the traditionally strong indicators that the County has improved over many years. The highest median adjusted gross income and fiscal stress indicators decreased just slightly this fiscal year. (Source: Commission on Local Government's Report on the *Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Counties and Cities, for fiscal year 2007/2008*).

**Long-term financial planning:**

The County uses Financial Advisors to guide it through the long-term financial planning needed to address the growth of the County. The same firm, Davenport & Company LLC has served the County on a contractual basis for six years.

The Capital Improvements Program (CIP) is the County's plan for investing in facilities, equipment, and vehicles and includes those items with a unit cost greater than \$25,000. The CIP serves as a planning tool for the efficient, effective, and equitable distribution of public improvements throughout the County. The County long had a non-debt funding strategy for the CIP that helped to strengthen the County's debt ratios. The Board members recognized that there was a need to improve and build new infrastructure, therefore, they increased borrowing and the debt ratios increased accordingly in recent years but realized its first decline since FY05 in FY10. To offset the County's increased debt due to school renovations and the commitment to build a new high school, the Board voted in fiscal year 2005 to set aside six cents of the real estate tax rate for future school capital debt expenditures and one cent of the tax rate for County capital. The practice continued in FY10 to set aside six cents of the real estate tax rate for school debt expenditures but one cent of the tax rate for County capital was not funded in FY10. The County Capital Improvement fund has accumulated funds due to the Board's policy requiring any funds in excess of 15% of budgeted expenditures to be transferred from the General Fund into the Capital Fund. The County's conservative revenue forecasting has enabled it to meet future targets. This plan was designed to reserve County savings for capital improvement projects that may have otherwise been debt financed. The County developed and the Board voted to accept a Five-Year Capital Improvements Plan. It represents the County's attempt to quantify the impacts of future needs matched with a projection of available resources. Each year this plan is reviewed, updated and adopted by the Board, thereby indicating the priority of projects, etc. The County's CIP policy requires that the County will ensure that all operating costs arising from approved capital projects are accounted for in the operating budget, will maintain its physical assets at a level adequate to protect the County's capital investment, and minimize future maintenance and replacement costs.

The County is strategically positioned to take advantage of a large and diversified workforce running the gamut from industrial laborers to high tech specialists. The County's EDA offers free assistance to companies wishing to establish, relocate, or expand their business in New Kent.

**Relevant financial policies:** The County Treasurer is responsible for investing County funds. Allowable investments include savings accounts, certificates of deposit, U. S. agency securities, corporate notes, banker's acceptances, commercial paper, money market accounts, mutual funds, state bonds, local bonds, mortgage-backed securities and repurchase agreements. The County Treasurer seeks to safeguard principal, meet liquidity objectives and seek fair value rates of return. 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 15% of governmental fund budgeted expenditures.

**Major initiatives and Accomplishments:** Although the County is small, the County is aligning its professionalism, goals, and standards of operation with those of much larger populations. Some of the initiatives completed over the past two years include:

- Renovated the Courthouse to provide adequate work space for the Juvenile and Domestic Court and Commonwealth's Attorney.
- Updated the Historic Courthouse to provide more efficient space for the Voter Registrar.
- Relocated the New Kent office of Virginia Cooperative Extension to the historic school near the Courthouse Complex. This move not only brought Extension close to other County offices, but also saves in rent expenditures now that the County owns the historic school.

- Took advantage of countless federal, state, private and foundation grant opportunities for County programs, services, and capital programs. Grants for the fiscal year totaled over \$4.38 million.
- In January 2009, the Board of Supervisors adopted significant zoning changes.
- Continued to formulate and review Formal Fiscal Management Policies for Board Approval.
- Initiated and implemented energy savings programs and policies.
- Launched a reverse E-911 system to notify residents of emergency events on their home phones.
- Implemented economic development initiatives which included the reduction in fees for building permits.
- Leased out the Human Services Building to provide adequate space for the Social Services Department in addition to bringing together other agencies related to the welfare of our citizens such as Bay Transit, the Health Department, and Colonial Water and Conservation.
- Improved the Cable Access Channel Equipment/Technology for the recording of the Board of Supervisor meetings.
- Refurbished the Administration Building.

**Risk management:** As of FY10, the County is a participating member of VACoGSIA (Virginia Association of Counties Group Self-Insurance Association), a member-owned program that provides workers' compensation coverage in compliance with laws passed by the Virginia General Assembly and administered by the Virginia Workers' Compensation Commission. This entity was created in 2001 to provide workers' compensation and risk management services. Participation is limited to counties, county school systems and county-related agencies because the loss experience of this group tends to be better than other forms of political subdivisions. Any unused premiums are returned to the County in the form of dividends. The County is experiencing an excellent loss ratio. In addition, the County provides various surety bond coverage as required under regulations and at industry recommended levels.

The School Board is a member of the Virginia School Board Association (VSBA) Risk Management Programs established in 1986 to provide school boards with group purchasing power, stability and top quality coverage. The program is supervised by VSBA members and offers a comprehensive approach to risk management. Additional insurance benefits include free automatic death and dismemberment coverage for all VSBA members traveling in performance of their school board-related duties or to VSBA-sponsored events. The New Kent School Board is experiencing a fair loss ratio.

As of FY10, the County is a participating member of Virginia Municipal Liability Pool (VMLP), a member owned and operated program. The risks of loss to which the County is exposed include, but are not limited to, property loss - both fixed and mobile, personal injury, fleet loss, theft, embezzlement, sexual harassment, age and sex discrimination, zoning, false arrest, illegal searches, slander, and building codes. The County had no reduction in insurance coverage from the previous fiscal year in any categories of risk, and there were no settlements greater than insurance coverage.

Whereas the County uses VMLP, the School Board has a commercial package underwritten by the VSBA Risk Management Programs. The policy includes, but is not limited to, coverage for buildings, personal property written on a replacement cost basis with a \$1,000 deductible, third party liability, floating property, earthquake, flood, employee dishonesty, commercial auto, public officials bonds, and an umbrella liability excess over third party liability.

**Pension and other post-employment benefits (OPEB):** The County and School are participants in the Virginia Retirement System ("VRS"), a defined benefits plan pension system, for which the County and the School contribute a percentage of a qualifying County employee's salary towards the VRS. The VRS is responsible for administering the setting of the contribution rate and making retirement payments in accordance with the established plan. In addition, the County provides access to section 457 and/or section 403b, as applicable, retirement investment programs that are funded through employee deductions.

After analysis by Bolten Partners, Inc., Baltimore, MD, it has been confirmed that the County does not have any reportable post-employment benefits. The School Board will not pre-fund OPEB liabilities and will amortize the unfunded liability over 30 years as a level dollar amount. For FY10, this increases the anticipated annual required contribution (ARC) from \$142,000 to \$153,000. The end of the year balance sheet liability is estimated to be \$153,000 using a level percent of pay amortization, which is equal to the unfunded ARC minus pay-as-you-go payments plus interest to the end of the year.

### **Acknowledgements**

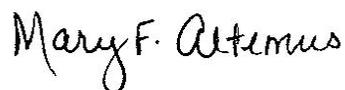
The County utilizes its Website [www.co.new-kent.va.us](http://www.co.new-kent.va.us) for a variety of purposes, which include presentation of the proposed budget document. The budget document serves as the best source for the variety of accomplishments of County functions, new initiatives and changes in service levels. In addition, the website also provides many other topics of interest including the minutes of the Board of Supervisors meetings. While many of those accomplishments could also be made in this report, it is the County's current intention to focus this report on the results of operations and analysis of the financial statements.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of New Kent, Virginia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. This was the sixth year that the 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's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Financial Services Department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Thanks also to the Office of the Commissioner of the Revenue, the Office of the Treasurer, the Community Development Department, Building Codes and Compliance Department, the Human Resources Department, the Economic Development Director, and the School Board Office. The cover design was created by Krista M. Jones, Administrative Assistant to the County Administrator. Special thanks must also be given to our independent accounting firm, Robinson, Farmer, Cox Associates for their support and assistance in conducting the audit and for their insights and guidance on improving our financial reporting. In addition, 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 the County finances.

Respectfully submitted,



Mary F. Altemus, CPA  
Director of Financial Services

*FINANCIAL SECTION*

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## Independent Auditor's Report

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### **To The Honorable Members of the Board of Supervisors County of New Kent New Kent, Virginia**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of New Kent, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of New Kent, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

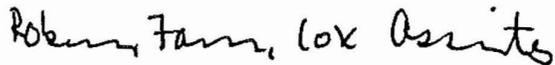
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties,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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of New Kent, Virginia, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2010, on our consideration of the County of New Kent, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of New Kent, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical sections 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 New Kent, Virginia. The other supplementary information, 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Richmond, Virginia  
November 15, 2010

## County of New Kent, Virginia Management's Discussion and Analysis

This section of the County of New Kent's (the "County") comprehensive annual financial report offers a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2010 (FY 2010). 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 FOR FY 2010

- The assets of the County, on a government-wide basis excluding component units, exceeded its liabilities by \$118,368,036 (net assets) at the close of the most recent fiscal year. Of this amount, \$40,882,341 (*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, increased by \$7,360,323 of which the governmental activities increased by \$2,851,153 and business-type activities increased by \$4,509,170.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$26,088,822, a decrease of \$1,881,713 in comparison with the prior year. Approximately 81.9% of this total amount, \$21,355,095 is *available for spending* at the County's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$8,409,015, or 22.6%, of governmental fund expenditures.
- On the government-wide basis for governmental activities, the County had expenses net of program revenue of \$31,512,403. The general revenues of \$34,363,556 exceeded expenses net of program revenues by \$2,851,153.
- In fiscal year 2010, the Series 1999 General Obligation Refunding Bond (VRS Obligation) loan was retired early using surplus cash as a way to avoid long-term debt service expenditures. The remaining principal amount owing was \$221,554. The economic gain from this transaction was \$39,058 in net present value savings and \$40,653 in gross cash flow savings.
- Also, in fiscal year 2010, the EDA Public Facility Lease Revenue Bond, Series 2005 (Vehicle Maintenance Garage) loan was retired early using surplus cash as a way to avoid long-term debt service expenditures. The remaining principal amount owing was \$1,759,143. The economic gain from this transaction was \$314,105 in present value savings and \$338,735 in gross cash flow savings.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

For over 20 years, the primary focus of local government financial statements was summarized fund type information on a current financial resource basis to provide short-term information about the County's overall financial status. This approach was modified with issuance of the Governmental Accounting Standards Board (GASB) Statement 34. Since fiscal year 2003, the County's financial

statements have presented two kinds of statements, each with a different snapshot of the County's finances. The focus is on both the County as a whole (government-wide) and the fund financial statements (general, special revenue, capital projects, enterprise, and fiduciary funds). The government-wide statements provide both short-term and long-term information about the County's overall financial status. The fund financial statements focus on individual parts of the County government, reporting the County's operations in more detail and reinforcing the information provided in the government-wide statements.

### **GOVERNMENT-WIDE STATEMENTS**

The *government-wide financial statements* report information about the County as a whole using accounting methods similar to those used by private-sector companies. One of the most important questions asked about the County's finances is, "Is the County as a whole in better financial condition or worse as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, which are the government-wide statements, report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets and the Statement of Activities report the County's net assets and the changes in them. The County's net assets - the difference between assets and liabilities - is one way to measure the County's financial health, or financial position. Over time, increases and decreases in the County's net assets is one indicator of whether its financial health is improving or deteriorating. In addition, other nonfinancial factors such as changes in the County's property tax base and the condition of the County's infrastructure will need to be considered in order to assess the overall financial health of the County.

In the Statement of Net Assets and the Statement of Activities, we divide the County into three types of activities:

**Governmental Activities** – Most of the County's basic services are reported here: general government administration, judicial administration, public safety, public works, health and welfare, education, parks, recreation and cultural, and community development. Property taxes, other local taxes, and state and federal grants finance most of these activities.

**Business-Type Activities** – The County's operation, maintenance and construction of the County-owned water and wastewater (sewer) utility are reported here as the County charges a fee to customers to cover all or most of the cost of the services these operations provide.

**Component Units** – The County includes two separate legal entities in its report – the County of New Kent School Board (the School Board) and the Economic Development Authority (the EDA). Although legally separate, these "component units" are important because 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 20-22 of this report.

## **FUND FINANCIAL STATEMENTS**

The *fund financial statements* focus on the County's most significant funds, not the County as a whole. 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 fiscal accountability. All of the funds of the County can be divided into three types of funds:

**Governmental Funds** – 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, Airport Fund, Debt Service Fund, the County Capital Improvements Fund and the School Construction Fund, all of which are considered major funds. Data from the other two governmental funds are combined into a single, aggregated presentation, Other Governmental Funds and are considered to be non-major funds: Human Services and Meals Tax. Individual fund data for each of these funds is provided in the form of *combining statements* elsewhere in this report.

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. The governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or less financial resources that can be spent in the near future to finance the County's programs. Since this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statements that explains the relationship (or reconciles the differences) between the two types of statements. (Exhibits 3 and 4)

The basic governmental fund financial statements can be found starting on page 23 of this report.

**Proprietary Funds** – Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.

The County's Enterprise Fund (one type of proprietary fund) is the same as the business-type activities included in the government-wide statements, but the fund financial statements provide more detail and additional information, such as cash flow. The County's Enterprise Fund accounts for the operation of the County's water and sewer utility fund.

The proprietary fund financial statements can be found starting on page 27 of this report.

**Fiduciary Funds** – The County is the trustee, or fiduciary, for Agency Funds. The County is responsible for ensuring that the assets reported in these Funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets and statement of changes in assets and liabilities. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its own operations.

The basic fiduciary fund financial statement can be found on page 30 of this report.

### **NOTES TO THE FINANCIAL STATEMENTS**

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

The notes to the financial statements can be found starting on page 31 of this report.

### **OTHER INFORMATION**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary comparisons of the General Fund and Airport Fund and the County's progress in funding its obligation to provide pension benefits to its employees as well as its progress in funding the Schools' retiree healthcare plan.

Required supplementary information can be found on page 63 of this report.

Other Supplementary Information contains the schedule of revenues, expenditures and changes in fund balances for the Debt Service Fund, County Capital Improvements Fund, and the School Construction Fund. Also included are the combining balance sheet and combining schedule of revenues, expenditures, and changes in fund balance for the nonmajor special revenue funds: Human Services Fund and Meals Tax Fund. The last two exhibits included in this section are the combining statement of fiduciary net assets and the statement of change in assets and liabilities for agency funds.

Combining and individual fund statements and schedules can be found starting on page 67 of this report.

### **FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

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 \$118,368,036 at the close of the most recent fiscal year.

A large portion of the County's net assets (\$77,485,695, 65.5% of total) reflects its investment in capital assets (e.g., land, building, machinery, and equipment); less any related debt used to acquire those assets that are 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).

## Statement of Net Assets

The following table reflects a summary of condensed information on the County's net assets at June 30, 2010 and 2009:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2010	2009	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 31,141,553	\$ 31,042,578	\$ 22,119,741	\$ 29,616,827	\$ 53,261,294	\$ 60,659,405	\$ 4,962,077	\$ 4,339,454
Capital assets	<u>88,256,002</u>	<u>88,561,790</u>	<u>69,150,933</u>	<u>55,437,889</u>	<u>157,406,935</u>	<u>143,999,679</u>	<u>16,644,561</u>	<u>11,398,286</u>
<b>Total assets</b>	<u>\$ 119,397,555</u>	<u>\$ 119,604,368</u>	<u>\$ 91,270,674</u>	<u>\$ 85,054,716</u>	<u>\$ 210,668,229</u>	<u>\$ 204,659,084</u>	<u>\$ 21,606,638</u>	<u>\$ 15,737,740</u>
Current and other Liabilities	\$ 4,387,218	\$ 2,543,646	\$ 2,866,772	\$ 781,894	\$ 7,253,990	\$ 3,325,540	\$ 3,071,770	\$ 2,670,881
Long-term liabilities	<u>68,419,305</u>	<u>73,320,843</u>	<u>16,626,898</u>	<u>17,004,988</u>	<u>85,046,203</u>	<u>90,325,831</u>	<u>476,992</u>	<u>378,648</u>
<b>Total Liabilities</b>	<u>\$ 72,806,523</u>	<u>\$ 75,864,489</u>	<u>\$ 19,493,670</u>	<u>\$ 17,786,882</u>	<u>\$ 92,300,193</u>	<u>\$ 93,651,371</u>	<u>\$ 3,548,762</u>	<u>\$ 3,049,529</u>
Net assets								
Invested in capital assets, net of related debt	\$ 24,889,762	\$ 15,885,375	\$ 52,595,933	\$ 38,497,889	\$ 77,485,695	\$ 54,383,264	\$ 16,644,561	\$ 11,398,286
Restricted	-	5,017,970	-	-	-	5,017,970	-	-
Unrestricted (deficit)	<u>21,701,270</u>	<u>22,836,534</u>	<u>19,181,071</u>	<u>28,769,945</u>	<u>40,882,341</u>	<u>51,606,479</u>	<u>1,413,315</u>	<u>1,289,925</u>
<b>Total Net Assets</b>	<u>\$ 46,591,032</u>	<u>\$ 43,739,879</u>	<u>\$ 71,777,004</u>	<u>\$ 67,267,834</u>	<u>\$ 118,368,036</u>	<u>\$ 111,007,713</u>	<u>\$ 18,057,876</u>	<u>\$ 12,688,211</u>

Current and other assets decreased by \$7,398,111 from the prior year. Most of the decrease was attributable to the use of cash by the Enterprise Fund toward the completion of two major capital projects – the Parham Forcemain Phase II and Reclaimed Water Project and a decrease in prepaid expenses for Governmental Activities. Capital assets increased by \$13,407,256. This is primarily related to the addition of completed construction projects as discussed above for the Enterprise Fund. Assets under Governmental Activities increased due to the completion of the new High School, Human Service Building, Second Floor of the New Courthouse, as well as the addition of machinery and equipment.

The County's combined net assets increased by 6.6%, or \$7,360,323 to \$118,368,036 from \$111,007,713, an overall improvement resulting from the increase in net assets in both the Governmental and Business-Type Activities (Exhibit 1). The change in the County's combined net assets is a combination of an increase of \$2,851,153 from the efforts of governmental activities and an increase of \$4,509,170 from the efforts of business-type activities. The increase in net assets for governmental activities is due in large part to the reduction in the amount of long-term debt. The increase for business-type activities was primarily attributable to capital contributions for sewer infrastructure.

The majority of the County's net assets reflected its investment in capital assets, less any related outstanding debt used to acquire those assets. These assets are used to provide services to citizens and consequently are not available for future spending. Unrestricted net assets represent that part that can be used to finance day-to-day operations. At June 30, 2010, the County reported unrestricted net assets of \$40,882,341.

In the case of the component units, the School Board and EDA, assets exceeded liabilities by \$18,057,876 at the close of fiscal year 2010. The capital assets of the Schools (net of accumulated depreciation) increased by \$5,246,275. The Schools' net assets increased due to the completion of the School Vehicle Maintenance Garage and the payment of the debt service thereon, the transfer of the land for the High School to the School from the County, the completion of the new High School, and the George Watkins Elementary Utility Connections.

The Commonwealth of Virginia requires that counties, as well as their financially dependent component units, be financed under a single structure. This results in counties issuing debt to finance capital assets, such as public schools, for their component units. Schools are jointly owned with the County. The County maintains ownership of the capital asset until any debt owned 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. The effect of this law for the year ended June 30, 2010, is that School-financed assets (net of accumulated depreciation) in the amount of \$58,185,844 are reported in the Primary Government for financial reporting purposes.

## Schedule of Activities

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 for the fiscal years ended June 30, 2010 and 2009:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2010	2009	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>								
<b>Program revenues:</b>								
Charges for services	\$ 1,216,527	\$ 1,242,619	\$ 4,254,318	\$ 3,366,203	\$ 5,470,845	\$ 4,608,822	\$ 598,907	\$ 703,974
Operating grants and contributions	3,541,020	3,534,316	-	-	3,541,020	3,534,316	15,177,274	15,227,989
Capital grants and contributions	26,451	428,223	3,798,166	-	3,824,617	428,223	-	-
<b>General revenues:</b>								
Property taxes	22,330,764	22,352,347	112,973	94,877	22,443,737	22,447,224	-	-
Other taxes	3,665,210	4,093,622	-	-	3,665,210	4,093,622	-	-
Unrestricted revenues from use of money and property	872,932	1,631,096	63,610	378,363	936,542	2,009,459	16,577	46,264
Miscellaneous	858,794	305,112	-	-	858,794	305,112	248,306	149,049
Grant and contributions not restricted to specific programs	6,635,296	2,286,922	-	-	6,635,296	2,286,922	-	-
Loss on disposal of net assets	-	-	-	-	-	-	-	-
Payment from New Kent County	-	-	-	-	-	-	13,992,460	5,458,223
Transfers	560	-	(560)	-	-	-	-	-
<b>Total Revenue</b>	<b>\$ 39,147,554</b>	<b>\$ 35,874,257</b>	<b>\$ 8,228,507</b>	<b>\$ 3,839,443</b>	<b>\$ 47,376,061</b>	<b>\$ 39,713,700</b>	<b>\$ 30,033,524</b>	<b>\$ 21,585,499</b>
<b>Expenses:</b>								
General government administration	\$ 3,178,178	\$ 3,112,985	\$ -	\$ -	\$ 3,178,178	\$ 3,112,985	\$ -	\$ -
Judicial administration	1,281,668	1,340,241	-	-	1,281,668	1,340,241	-	-
Public safety	6,974,536	6,448,840	-	-	6,974,536	6,448,840	-	-
Public works	2,111,602	2,029,548	-	-	2,111,602	2,029,548	-	-
Health and welfare	2,470,269	2,549,020	-	-	2,470,269	2,549,020	-	-
Education	15,413,852	5,617,649	-	-	15,413,852	5,617,649	-	-
Parks, recreation, and cultural	707,331	764,787	-	-	707,331	764,787	-	-
Community development	1,017,515	1,389,121	-	-	1,017,515	1,389,121	-	-
Interest on long-term debt	3,141,450	3,211,074	-	-	3,141,450	3,211,074	-	-
Business type activities:								
Water & Sewer	-	-	2,665,738	2,892,413	2,665,738	2,892,413	-	-
Bottoms Bridge	-	-	1,053,599	932,255	1,053,599	932,255	-	-
Component Units:								
School Board							24,634,653	26,580,662
Economic Development Authority							29,206	89,985
<b>Total Expenses</b>	<b>\$ 36,296,401</b>	<b>\$ 26,463,265</b>	<b>\$ 3,719,337</b>	<b>\$ 3,824,668</b>	<b>\$ 40,015,738</b>	<b>\$ 30,287,933</b>	<b>\$ 24,663,859</b>	<b>\$ 26,670,647</b>
Change in net assets, before transfers	\$ 2,851,153	\$ 9,410,992	\$ 4,509,170	\$ 14,775	\$ 7,360,323	\$ 9,425,767	\$ 5,369,665	\$ (5,085,148)
Transfers	-	-	-	-	-	-	-	-
Change in net assets	2,851,153	9,410,992	4,509,170	14,775	7,360,323	9,425,767	5,369,665	(5,085,148)
Net assets at beginning of year	43,739,879	34,328,887	67,267,834	67,253,059	111,007,713	101,581,946	12,688,211	17,773,359
<b>Net assets at end of year</b>	<b>\$ 46,591,032</b>	<b>\$ 43,739,879</b>	<b>\$ 71,777,004</b>	<b>\$ 67,267,834</b>	<b>\$ 118,368,036</b>	<b>\$ 111,007,713</b>	<b>\$ 18,057,876</b>	<b>\$ 12,688,211</b>

### Governmental Activities

For the fiscal year ended June 30, 2010, revenues for governmental activities totaled \$39,147,554, an increase of \$3,273,297, or 9.1% over FY 2009. Real Estate Tax revenues, the County's largest revenue source, totaled \$17,910,235, an increase of \$568,877 over the prior fiscal year. The County's assessed real property tax base for calendar year 2009 saw an increase of \$955,688. New construction accounted for approximately 20% of this increase (Source: New Kent Commissioner of the Revenue). The balance is primarily due to the ongoing Real Estate inspections performed by the Office of the Commissioner of

the Revenue. The County Board of Supervisors maintained the Real Estate Tax Rate at the current amount of 73 cents per \$100 of assessed value for the calendar year 2009.

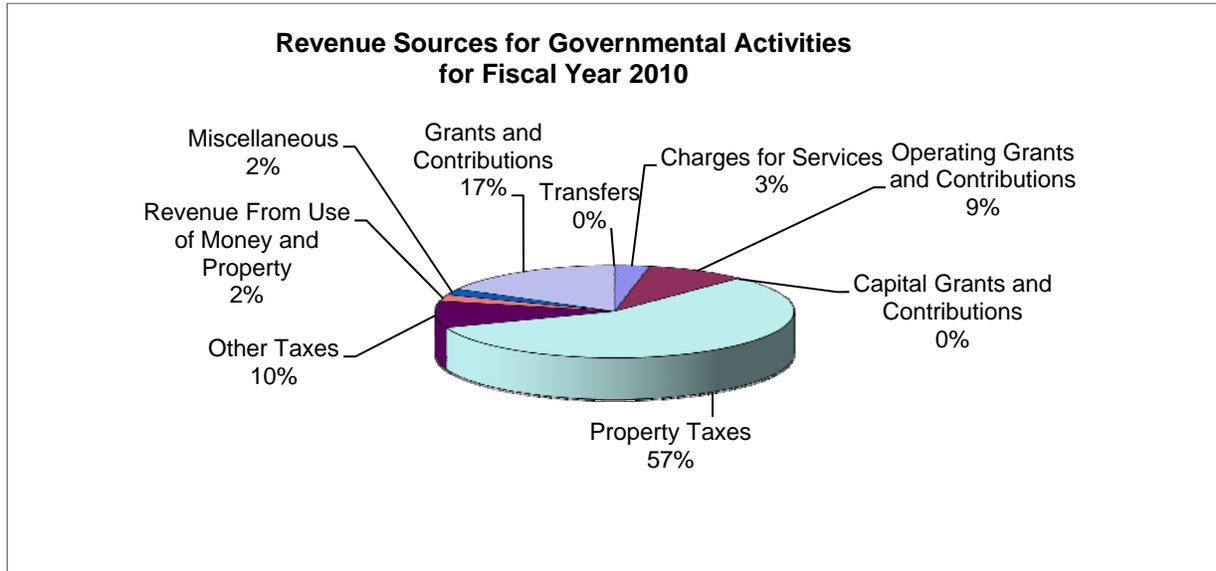
In the General Fund, the County reported current year collections of \$5,576,650 in personal property taxes, the County's second largest revenue source. Of that amount, \$2,217,883 was received as reimbursement from the Commonwealth of Virginia as an entitlement grant under the provisions of the Personal Property Tax Relief Act (PPTRA), offset by \$90,583 of local aid returned to the Commonwealth. Personal property taxes decreased in collections by \$545,807 due to the decrease in assessed value of vehicles.

For the fiscal year ended June 30, 2010, expenses relating to governmental activities were \$8.0 million less than planned. During the FY10 budget process, when it became apparent that state and national economic conditions would continue to negatively impact the local budgets, various strategies were enacted in order to reduce expenses. These strategies included continuing the position freezes from the prior fiscal year unless the position was critical to the safety of citizens or crucial to the operations of the County, evaluation of current Capital Projects for potential deferment, evaluation of one-time funding for discretionary items and allocation of training funds on a case-by-case basis. A portion of the \$8.0 million is due to construction projects still in progress.

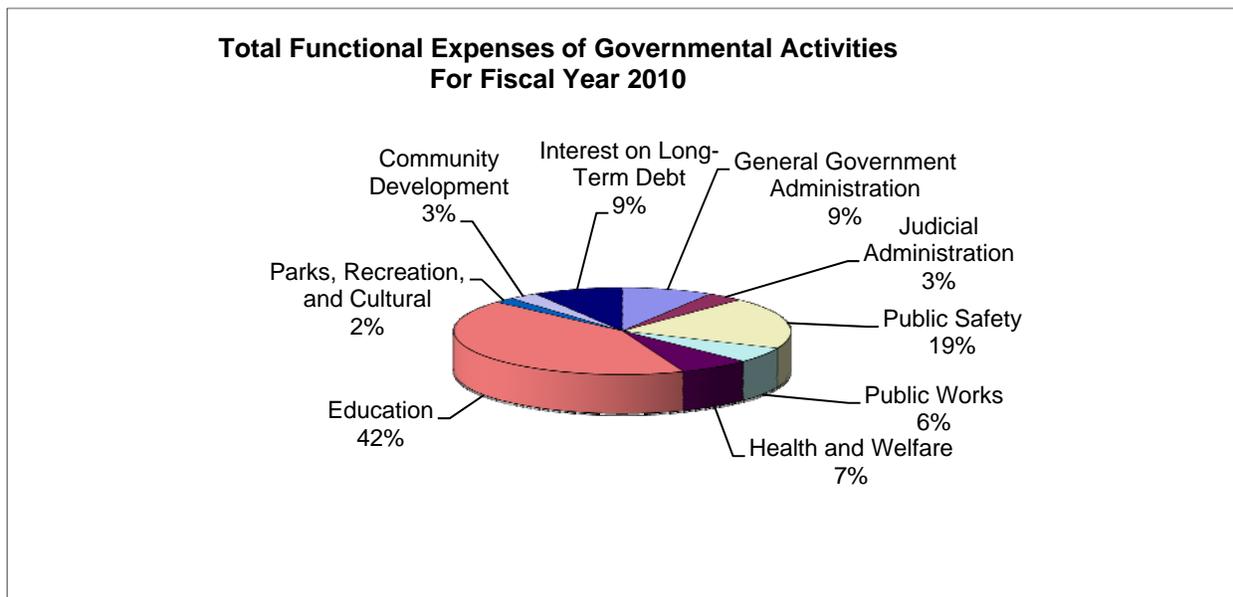
Other taxes include revenue from local sales and use taxes, communication sales tax, business license taxes and motor vehicle registration fees. Local sales and use tax revenues in the amount of \$956,832 made up the largest source of other taxes for FY 2010. Local sales and use tax, communication sales tax and business license taxes - decreased during the current year as a result of a weaker economy and either the loss of businesses or the reduced gross receipts of businesses in the County. The combination of these revenue sources resulted in a modest overall decrease in revenue from other taxes for FY 2010.

During FY 2010, the County received \$10,202,767 in operating and capital grants and contributions and unrestricted intergovernmental revenue from the Commonwealth of Virginia and the Federal government. Of the amount received for operating grants and capital contributions, the major component was a grant from the Federal government for categorical aid for welfare from the Department of Health and Human Services.

**Revenues:** The following pie chart summarizes the major sources of revenues for the governmental activities.



**Expenses:** The following chart summarizes the major sources for the governmental activities.



For FY 2010, expenses for governmental activities totaled \$36,296,401 which includes payments for education to the New Kent County School Board (transfers). As a result of the GASB34 financial reporting requirements, depreciation expense is allocated to governmental activities. The majority of the increase in expenses from FY 2009 (\$9,833,136) was due to the adjustment for School debt-financed assets.

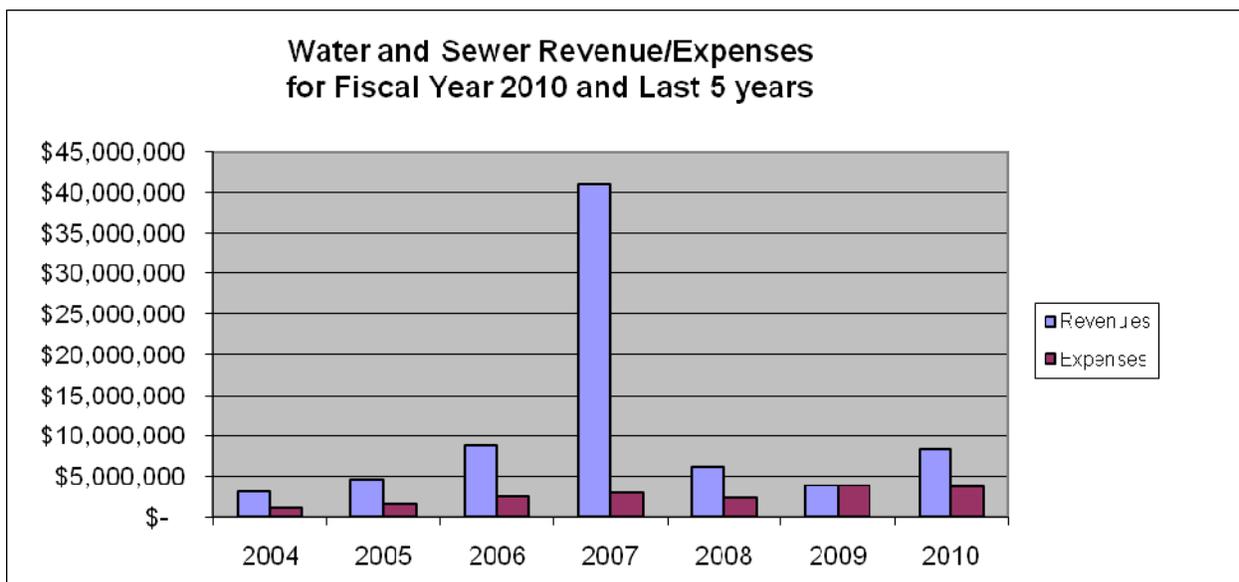
The County's largest funded programs are local support for education, public safety, public works, health and human services and Capital projects. Education continues to be one of the County's highest priorities and commitments. The County's operating subsidy to the Schools totaled \$9,288,598. In addition, the County continued its policy of allowing the School to carryover unspent funds to its Capital Fund to be used for unplanned capital expenditures.

FY 2010 was the third full year revenue has been recovered for ambulance and EMS services. Expenses for public safety (fire and rescue) increased to provide part-time fire rescue personnel to allow additional coverage during the day and weekends due to decreased volunteer participation and call volume increase due to the upswing in population. This increase in personnel also reduced response time within the County.

For governmental activities, the Statement of Activities on pages 21-22 shows that \$1,216,527 was financed by those receiving services, \$3,541,020 from operating grants and contributions, \$26,451 from capital grants and contributions, with the County's general revenues financing \$34,363,556 of the remaining program expenses.

**Business-Type Activities:** Business-type activities increased the County's net assets by \$4,509,170, accounting for 61.3% of the total growth in the County's net assets for FY 2010. Similar to 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 operating gain for FY 2010 is due primarily to the increase in charges for services combined with a decrease in cash due to using cash on hand to continue the current construction projects.

The following chart is a summary of water and sewer income and expenses for the current and last six years. The chart illustrates this correlation.



Revenues for Business-type activities totaled \$8,228,507, an increase of \$4,389,064 for FY 2010. Connection fees and Federal Grant funds make up the largest portion of the total revenues. Total revenue from property taxes was \$112,973 or 1.4% of revenues.

For FY 2010 operating revenues were \$133,499 higher than the prior year due to a modest increase in customer water and sewer revenues due to the slight rise in the number of water and utility customers and a rate increase. Operating expenses were \$2,984,720, which were \$92,307 higher than the prior year. The higher operating expenses resulted from an increase in personnel costs and an increase in depreciation expense offset by a slight decrease in contractual services. The water and sewer rates, as well as water and sewer connection fees and sewer connection availability fees, were increased again by 8% in FY 2010. These increases were recommended by the County's financial advisors to prepare for future debt service payments, and eventually to cover its operating expenditures with operating revenues. The majority of the increase in non-operating revenues (expenses) was due to the receipt of \$3,798,166 in Federal Funds for capital projects.

**Component Unit – School Board:** For FY 2010, revenues for the School Board totaled \$30,026,917, which includes the transfer from the County. Operating Grants and Contributions is the largest component of revenues for the School Board totaling \$15,177,274 or 50.6% of the total revenues. The School Board received \$12,434,588 from the Commonwealth and \$2,742,686 from the Federal government. The Payment from New Kent County is the second largest component of revenues for the School Board totaling \$13,992,460, or 46.6% of the total revenues recorded for the School Board. As mentioned earlier, education continues to be one of the County's highest priorities and commitments.

**Component Unit – Economic Development Authority:** The net assets of the EDA decreased \$22,599 from the prior year. The revenues for the EDA, \$6,607, are made up almost entirely of revenues from investments held by the EDA as well as \$2,000 from sponsorships received for the annual Virginia Derby Even event. Expenses are made up of activities to attract new businesses, encourage existing businesses to expand, and to promote tourism opportunities in the County. The EDA manages several business incentive programs that include assistance with signage and façade improvements, grants to new businesses locating to the County, and grants to assist existing businesses with expansion projects.

## **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.

At the end of FY 2010, the County's *governmental funds* reported a combined ending fund balance of \$26,088,822, a decrease of \$1,881,713 in comparison with the prior fiscal year. Of this total amount, \$21,355,095 or 81.9% constitutes *unreserved fund balance*, which is available for spending at the County's discretion.

Of the combined fund balances, \$4,733,727 is reserved to indicate that it has been committed for prepaid items, new spending for E-911 wireless, clean county committee/litter control, asset forfeiture, computer replacement and school capital projects not completed at FY 2010 year end and carried forward.

Fund balance details can be found on page 23 of this report.

The General Fund is the chief operating fund of the County. At the end of FY 2010, the unreserved fund balance of the General Fund was \$8,409,015, while the total fund balance reached \$8,705,715. The General Fund balance decreased by \$446,764. Even though general property taxes were up from FY 2009, most other categories of revenues were down, most notably other local taxes and intergovernmental funds from the Commonwealth. Revenues from the state government showed a decline due to a mid-year reduction in support from the State Compensation Board. Other local taxes showed a decline of \$428,412 or 10.5%. This was primarily from local sales and business license taxes, driven by the economic downturn. The County Capital Improvements Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than projects financed or constructed by Proprietary Funds or the School Construction Fund), vehicles, computer upgrades, fire equipment, and other equipment. The County's Capital Improvements Fund balance decreased by \$427,925. The majority of this difference is due to a combination of construction expenditures, the early retirement of loans, as discussed earlier, combined with an increase in the transfer from the General Fund. Because the budgeted revenues continue to be conservative and expenditures were monitored tightly, there have been funds transferred to the capital projects account for each of the past nine years. The County Capital Improvements Fund has an unreserved fund balance of \$10,674,722.

The School Construction Fund is used to account for financial resources to be used for construction of major School capital facilities. There have been funds borrowed over the last several years for this construction. The School Construction Fund balance decreased by \$612,677 due to construction expenditures with remaining loan funds designated for future capital projects.

**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 fiscal year amount to \$19,181,071. Total net assets for the proprietary fund increased by \$4,509,170. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities.

## General Government Functions

The following schedule presents a summary of revenues of the major funds, general and capital projects, and other non-major governmental funds of the County for the fiscal year ended June 30, 2010 and the amount and percentage of increases and decreases in relation to prior year revenues.

### Summary of Revenues June 30, 2010 and 2009

	2010 Amount	Percent of total	2009 Amount	Increase (Decreases) from 2009	Percent Increase (Decreases)
Revenues					
General property taxes	\$ 22,222,442	63.0%	\$ 22,029,662	\$ 192,780	0.9%
Other local taxes	3,665,210	10.4%	4,093,622	(428,412)	-10.5%
Permits, privilege fees and regulatory licenses	430,902	1.2%	459,232	(28,330)	-6.2%
Fines and forfeitures	191,841	0.5%	219,372	(27,531)	-12.5%
Revenue from the use of money and property	872,932	2.5%	1,631,096	(758,164)	-46.5%
Charges for services	593,784	1.7%	564,015	29,769	5.3%
Miscellaneous	858,794	2.4%	1,011,475	(152,681)	-15.1%
Recovered costs	594,960	1.7%	736,896	(141,936)	-19.3%
Commonwealth	4,869,299	13.8%	5,384,875	(515,576)	-9.6%
Federal	990,768	2.8%	864,586	126,182	14.6%
<b>Total Revenues</b>	<b>\$ 35,290,932</b>	<b>100.0%</b>	<b>\$ 36,994,831</b>	<b>\$ (1,703,899)</b>	<b>-4.6%</b>

The following schedule presents the General Fund budgetary highlights for FY2010:

### General Fund Budgetary Highlights Fiscal Year 2010

	Original Budget	Amended Budget	Actual	Original vs. Actual	Amended vs. Actual
<b>Revenues</b>					
Taxes	\$ 23,990,727	\$ 23,990,727	\$ 25,376,111	\$ (1,385,384)	\$ (1,385,384)
Intergovernmental	4,892,898	5,975,607	5,287,241	(394,343)	688,366
Other	2,272,667	2,969,976	3,162,221	(889,554)	(192,245)
<b>Total</b>	<b>31,156,292</b>	<b>\$ 32,936,310</b>	<b>\$ 33,825,573</b>	<b>\$ (2,669,281)</b>	<b>\$ (889,263)</b>
<b>Expenditures and Transfers</b>					
Expenditures	\$ 24,302,687	\$ 27,089,393	\$ 24,326,321	\$ (23,634)	\$ 2,763,072
Transfers	5,914,254	5,955,194	9,946,016	(4,031,762)	(3,990,822)
<b>Total</b>	<b>\$ 30,216,941</b>	<b>\$ 33,044,587</b>	<b>\$ 34,272,337</b>	<b>\$ (4,055,396)</b>	<b>\$ (1,227,750)</b>

Actual General Fund revenues exceed original budgeted revenues by \$2,669,281 during FY 2010. This increase is attributable in part to increased real estate assessments and other increased local taxes such as real estate and personal property tax revenues, which account for \$1,385,384 of the increase. Revenue collections exceeded the revised budget by \$889,263. Actual General Fund expenditures were greater than the original budget by \$23,634, which is due in part to the Board of Supervisors, approved supplemental appropriations, and were less than the revised budget by \$2,763,072.

During FY 2010, the Board of Supervisors amended the budget throughout the year. These budget amendments or supplemental appropriations were primarily for the following purposes:

- To re-appropriate monies to pay for continuing programs whose fiscal year extended beyond June 30, 2009.
- To re-appropriate grants revenues authorized in fiscal year 2009 or earlier, but not expended or encumbered as of June 30, 2009.
- To appropriate grants or donations accepted or adjusted in fiscal year 2010.
- To appropriate funds for program enhancements, small-scale capital projects or other operational needs that were not anticipated in the original fiscal year 2010 budget.

**Proprietary Funds:** The County's proprietary fund is comprised of the Utility Fund and the Bottoms Bridge Fund. In the budgetary management of the Enterprise Fund, the County has chosen not to budget for depreciation. Connection Fees have been used to balance the budget

## **CAPITAL ASSETS**

**Capital assets:** At the end of fiscal year 2010, the County's investment in capital assets for its governmental and business-type activities amounts to \$157.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment. The decrease in governmental activities is attributable to depreciation expense, the completion of various School and County projects, asset ownership adjustment such as the Historic School (Old Middle School) being transferred from the School to the County (\$4,342,700), the completion of the Human Services Building (\$3,175,533), the adjustment for jointly owned assets, and the completion of the School Maintenance Garage, New High School, and the George Watkins Elementary School Utility Connection. Other projects completed on the County side include the renovation of the Court House Second Floor, Administration Building Generator, and the County Facility Rehab project.

The Enterprise Fund is committed to meeting the present and future water and sewer needs of the County by providing quality public utility services at a reasonable cost while meeting and/or exceeding all federal, state, and local regulations with regard to water quality. At the end of June 2010, the department provided water service to approximately 1,990 water customers and 809 sewer customers. The Enterprise Fund is continuing with Utility infrastructure construction that began with phase one in 2004. At that time the Board of Supervisors created the Bottoms Bridge Service District as a financing

mechanism to allow the utility users to pay for the utilities through an ad valorem tax surcharge in addition to traditional connection and user charges. The Board also decided to run the sewer utility main line along Interstate I64 through the Routes 106 and 155 intersections to the Chickahominy Wastewater Treatment Plant.

Capital assets, net of accumulated depreciation for the fiscal years ended June 30, 2010 and 2009, are illustrated in the following table:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2010	2009	2010	2009	2010	2009	2010	2009
<b>Non-Depreciable Assets</b>								
Land	\$ 3,578,529	\$ 3,518,529	\$ 2,691,535	\$ 2,552,641	\$ 6,270,064	\$ 6,071,170	\$ 2,022,600	\$ 736,300
Construction in progress	2,634,616	5,305,320	16,769,899	14,275,116	19,404,515	19,580,436		
Jointly owned assets	-	46,415,894			-	46,415,894	-	6,829,041
<b>Other Capital Assets</b>								
Buildings	19,703,486	12,263,389			19,703,486	12,263,389		
Machinery and equipment	10,836,403	9,625,329			10,836,403	9,625,329	4,842,859	4,751,270
Capital improvements	2,715,314	2,204,508			2,715,314	2,204,508		
Jointly owned assets	64,620,253	23,373,766			64,620,253	23,373,766	14,850,401	3,438,917
Water production and distribution facilities			5,569,481	10,606,096	5,569,481	10,606,096		
Machinery and Equipment			5,388,684		5,388,684			
Infrastructure			43,817,190	32,127,462	43,817,190	32,127,462		
Less Accumulated Depreciation	(15,832,599)	(14,144,945)	(5,085,856)	(4,123,426)	(20,918,455)	(18,268,371)	(5,071,299)	(4,357,242)
	<u>\$ 88,256,002</u>	<u>\$ 88,561,790</u>	<u>\$ 69,150,933</u>	<u>\$ 55,437,889</u>	<u>\$ 157,406,935</u>	<u>\$ 143,999,679</u>	<u>\$ 16,644,561</u>	<u>\$ 11,398,286</u>

Additional information on the County's capital assets can be found in note 6 of this report.

## LONG-TERM DEBT

At the end of the current fiscal year, New Kent County (including School Board debt incurred by the County) had a total outstanding debt of \$85,046,203. Of this amount, \$14,953,146 comprises debt backed by the full faith and credit of the government and \$67,334,662 represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The remainder of New Kent County's debt is accrued vacation and sick leave (\$719,670) and bond premium (\$2,038,725). Details are summarized in the following table:

### Long-Term Debt June 30, 2010 and 2009

	Governmental Activities				Business-type Activities		Total Primary Government	
	Incurred By County		Incurred By School Board					
	2010	2009	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$ 120,727	\$ 133,732	\$ 14,832,419	\$ 15,951,766			\$ 14,953,146	\$ 16,085,498
Bond premium	149,844	163,315	1,888,881	2,074,511			2,038,725	2,237,826
Accrued vacation/sick	647,772	644,428	-	-	71,898	64,988	719,670	709,416
Lease Revenue Bonds	<u>7,426,237</u>	<u>8,639,894</u>	<u>43,353,425</u>	<u>45,713,197</u>	<u>16,555,000</u>	<u>16,940,000</u>	<u>67,334,662</u>	<u>71,293,091</u>
	<u>\$ 8,344,580</u>	<u>\$ 9,581,369</u>	<u>\$ 60,074,725</u>	<u>\$ 63,739,474</u>	<u>\$ 16,626,898</u>	<u>\$ 17,004,988</u>	<u>\$ 85,046,203</u>	<u>\$ 90,325,831</u>

New Kent County's total debt obligations including the School Board debt incurred by the County decreased by \$5,279,628 or 5.85%. Debt obligations of Governmental Activities (the County and School Board debt incurred by the County) decreased by \$4,901,538 and the Enterprise debt obligation decreased by \$378,090.

- The County's portion of governmental activities debt obligation has a net decrease of \$1,236,789 of 12.9%, while the School Board portion of governmental activities debt decreased by \$3,664,749 or 5.75%. The County's governmental activities debt obligation decrease is a combination of FY 2010 debt payments, a net increase in compensating absences in the amount of \$3,344 in addition to the early retirement of the Series 2005 EDA Public Facility Lease Revenue Bond in the amount of \$879,572 for County related debt. The majority of the School Board governmental activities debt decrease is due to the early retirement of the Series 2005 EDA Public Facility Lease Revenue Bond in the amount of \$879,572. School Board governmental activities debt also decreased due to the early retirement of the 1999 General Obligation Refunding Bond (VRS Obligation) in the amount of \$221,554.

The primary factor in the decrease in the business-type activities was the pay down of principal during the year.

Additional information on the County's long-term liabilities can be found in note 8 of this report.

#### **OTHER INFORMATION**

The Budget Management Team developed a FY2011 General Fund budget that emphasized the following priorities the Board of Supervisors identified at the beginning of the budget process:

- Maintaining an equivalent real estate tax rate or lower per \$100 of assessed values
- No increases to other rates (excluding utilities)
- Preparing a budget where revenues initially exceed expenditures by \$1 million
- Protecting local education funding

Severe cuts to educational revenue from the Commonwealth of Virginia were a major challenge during the FY 2011 budget process. In order to overcome this challenge and meet the priorities outlined by the Board of Supervisors, the FY 2011 Budget Management Team identified moderate operational cuts to some County departments and agencies funded by the County, as well as a major cut to the amount funded in Contingency in the General Fund for FY 2011. Additionally, local revenues were projected to increase by about 5.4% or \$1.4 million. This is primarily due to budgeting at a 96% collection rate for real estate taxes instead of the 93% budgeted for in FY 2010. The significant downturn in the economy prompted the Budget Management Team to budget the collection rate at 93% in FY 2010.

The FY 2011 General Fund approved budget is \$14.9 million, which is a 2.0% increase over the FY 2010 budget. The majority of this increase is due to Fire-Rescue Revenue recovery/expenditures being budgeted for instead of appropriated as they are received. Fire-Rescue Revenue Recovery began in FY 2008. Fees are recovered from citizens' insurance companies for Ambulance and Rescue Services. If a citizen does not have insurance he/she may have payment responsibility waived. Since FY 2009, these revenues have been appropriated as they were received due to not having a firm history of the revenue

source. Now that the County has two and a half years of history, we are projecting \$351,500 in charges related to Fire-Rescue for FY 2011. Offsetting personnel expenditures are found in the Fire & Emergency Management budget in the General Fund. There was a \$0.01 tax rate decrease for calendar year 2010.

The FY 2011 School Operating Budget was approved at \$25 million, which is a 2.5% decrease over the FY 2010 budget. The County was able to increase the contribution to the Schools for FY 2011 to the level provided in FY 2009. This was an increase in local funding for the Schools of over \$1 million from FY 2010. However, a decrease to the Schools' state revenue of \$2.1 million offset by increases to Federal and other miscellaneous revenue still reflects the School operating budget decreasing by 2.5% for FY 2011. The Schools were able to absorb this cut because of reductions to the VRS rates and reduction of positions through attrition.

The FY 2011 budget was constructed in one of the most challenging economic environments in recent history. There are significant national and international trends that have real and immediate local impacts including rising energy and health care costs, record high unemployment rates, a system-wide credit crunch, and unstable real estate and stock markets. Despite this, New Kent County is in a strong financial position because of responsible fiscal management. The FY 2011 budget meets the guidance provided by the Board and provides for responsible fiscal planning. Additionally, it allows the County to cope with these difficult times with little or no impact to County services or programs.

The current economic climate is expected to continue into fiscal year 2013.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives. 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 New Kent, P. O. Box 50, New Kent, VA 23124 or via email at [MFAItemus@co.newkent.state.va.us](mailto:MFAItemus@co.newkent.state.va.us). Additional financial information can be found on our web-site [www.co.new-kent.va.us](http://www.co.new-kent.va.us).

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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, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
<b>ASSETS</b>					
Cash and cash equivalents	\$ 23,107,514	\$ 18,401,832	\$ 41,509,346	\$ 1,336,038	\$ 779,459
Receivables (net of allowance for uncollectibles):					
Taxes receivable	1,274,736	8,928	1,283,664	-	-
Accounts receivable	367,013	1,079,236	1,446,249	8,259	-
Internal balances	74,931	(74,931)	-	-	-
Due from other governmental units	866,851	2,674,708	3,541,559	2,116,813	-
Inventories	-	-	-	-	721,508
Prepaid expenses	208,708	29,968	238,676	-	-
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents (in custody of others)	4,413,234	-	4,413,234	-	-
Other assets:					
Unamortized bond issue costs	828,566	-	828,566	-	-
Capital assets (net of accumulated depreciation):					
Land	3,578,529	2,691,535	6,270,064	2,022,600	-
Buildings and system	77,298,387	5,872,309	83,170,696	13,371,707	-
Machinery and equipment	4,744,470	-	4,744,470	1,250,254	-
Infrastructure	-	43,817,190	43,817,190	-	-
Construction in progress	2,634,616	16,769,899	19,404,515	-	-
Total assets	<u>\$ 119,397,555</u>	<u>\$ 91,270,674</u>	<u>\$ 210,668,229</u>	<u>\$ 20,105,671</u>	<u>\$ 1,500,967</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 2,395,370	\$ 2,500,783	\$ 4,896,153	\$ 771,837	\$ -
Accrued liabilities	89,190	-	89,190	2,299,301	-
Accrued interest payable	1,344,294	181,857	1,526,151	-	-
Unearned revenue	180,861	-	180,861	632	-
Deposits held in escrow	377,503	184,132	561,635	-	-
Long-term liabilities:					
Due within one year	3,466,537	466,898	3,933,435	201,751	-
Due in more than one year	64,952,768	16,160,000	81,112,768	275,241	-
Total liabilities	<u>\$ 72,806,523</u>	<u>\$ 19,493,670</u>	<u>\$ 92,300,193</u>	<u>\$ 3,548,762</u>	<u>\$ -</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	\$ 24,889,762	\$ 52,595,933	\$ 77,485,695	\$ 16,644,561	\$ -
Unrestricted (deficit)	21,701,270	19,181,071	40,882,341	(87,652)	1,500,967
Total net assets	<u>\$ 46,591,032</u>	<u>\$ 71,777,004</u>	<u>\$ 118,368,036</u>	<u>\$ 16,556,909</u>	<u>\$ 1,500,967</u>

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

COUNTY OF NEW KENT, VIRGINIA

Statement of Activities  
 For the Year Ended June 30, 2010

<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>
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 3,178,178	\$ -	\$ 234,767	\$ -
Judicial administration	1,281,668	351,749	479,166	-
Public safety	6,974,536	437,179	1,379,975	-
Public works	2,111,602	45,231	-	-
Health and welfare	2,470,269	-	1,428,809	-
Education	15,413,852	-	-	-
Parks, recreation, and cultural	707,331	294,890	4,500	2,289
Community development	1,017,515	87,478	13,803	24,162
Interest on long-term debt	3,141,450	-	-	-
Total governmental activities	<u>\$ 36,296,401</u>	<u>\$ 1,216,527</u>	<u>\$ 3,541,020</u>	<u>\$ 26,451</u>
Business-type activities:				
Water and sewer	\$ 2,665,738	\$ 4,155,390	\$ -	\$ 3,798,166
Bottom's Bridge	1,053,599	98,928	-	-
Total business-type activities	<u>\$ 3,719,337</u>	<u>\$ 4,254,318</u>	<u>\$ -</u>	<u>\$ 3,798,166</u>
Total primary government	<u>\$ 40,015,738</u>	<u>\$ 5,470,845</u>	<u>\$ 3,541,020</u>	<u>\$ 3,824,617</u>
<b>COMPONENT UNITS:</b>				
School Board	\$ 24,634,653	\$ 598,907	\$ 15,177,274	\$ -
Economic Development Authority	29,206	-	-	-
Total component units	<u>\$ 24,663,859</u>	<u>\$ 598,907</u>	<u>\$ 15,177,274</u>	<u>\$ -</u>

General revenues:  
 General property taxes  
 Local sales and use tax  
 Consumer utility tax  
 Other local taxes  
 Unrestricted revenues from use of money and property  
 Miscellaneous  
 Grants and contributions not restricted to specific programs  
 Payment from New Kent 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.

<b>Net (Expense) Revenue and Changes in Net Assets</b>					
<b>Primary Government</b>			<b>Component Units</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>School Board</b>	<b>EDA</b>	
\$ (2,943,411)	\$ -	\$ (2,943,411)	\$ -	\$ -	
(450,753)	-	(450,753)	-	-	
(5,157,382)	-	(5,157,382)	-	-	
(2,066,371)	-	(2,066,371)	-	-	
(1,041,460)	-	(1,041,460)	-	-	
(15,413,852)	-	(15,413,852)	-	-	
(405,652)	-	(405,652)	-	-	
(892,072)	-	(892,072)	-	-	
(3,141,450)	-	(3,141,450)	-	-	
<u>\$ (31,512,403)</u>	<u>\$ -</u>	<u>\$ (31,512,403)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ 5,287,818	\$ 5,287,818	\$ -	\$ -	
-	(954,671)	(954,671)	-	-	
<u>\$ -</u>	<u>\$ 4,333,147</u>	<u>\$ 4,333,147</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (31,512,403)</u>	<u>\$ 4,333,147</u>	<u>\$ (27,179,256)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	(8,858,472)	\$ -	
-	-	-	-	(29,206)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(8,858,472)</u>	<u>(29,206)</u>	
\$ 22,330,764	\$ 112,973	\$ 22,443,737	\$ -	\$ -	
956,832	-	956,832	-	-	
200,623	-	200,623	-	-	
2,507,755	-	2,507,755	-	-	
872,932	63,610	936,542	11,970	4,607	
858,794	-	858,794	246,306	2,000	
6,635,296	-	6,635,296	-	-	
-	-	-	13,992,460	-	
560	(560)	-	-	-	
<u>\$ 34,363,556</u>	<u>\$ 176,023</u>	<u>\$ 34,539,579</u>	<u>\$ 14,250,736</u>	<u>\$ 6,607</u>	
\$ 2,851,153	\$ 4,509,170	\$ 7,360,323	\$ 5,392,264	\$ (22,599)	
43,739,879	67,267,834	111,007,713	11,164,645	1,523,566	
<u>\$ 46,591,032</u>	<u>\$ 71,777,004</u>	<u>\$ 118,368,036</u>	<u>\$ 16,556,909</u>	<u>\$ 1,500,967</u>	

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*FUND FINANCIAL STATEMENTS*

Balance Sheet  
 Governmental Funds  
 June 30, 2010

	<u>General</u>	<u>Airport</u>	<u>Debt Service</u>	<u>County Capital Improvements</u>	<u>School Construction</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 7,880,895	\$ 45,085	\$ 3,865,042	\$ 10,948,769	\$ -	\$ 378,431	\$ 23,118,222
Receivables (net of allowance for uncollectibles):							
Taxes receivable	1,274,736	-	-	-	-	-	1,274,736
Accounts receivable	330,207	18,847	-	17,959	-	-	367,013
Due from other funds	74,931	-	-	-	-	-	74,931
Due from other governmental units	761,553	10,593	-	2,829	-	91,876	866,851
Prepaid items	176,974	21,897	9,733	-	-	104	208,708
Temporarily restricted:							
Cash and cash equivalents	-	-	-	-	4,413,234	-	4,413,234
<b>Total assets</b>	<b>\$ 10,499,296</b>	<b>\$ 96,422</b>	<b>\$ 3,874,775</b>	<b>\$ 10,969,557</b>	<b>\$ 4,413,234</b>	<b>\$ 470,411</b>	<b>\$ 30,323,695</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 232,805	\$ 841	\$ 2,043,892	\$ 28,619	\$ 7,941	\$ 81,272	\$ 2,395,370
Accrued liabilities	88,587	603	-	-	-	-	89,190
Reconciled overdraft payable	-	-	-	-	-	10,708	10,708
Deferred revenue	1,362,102	-	-	-	-	-	1,362,102
Deposits held in escrow	110,087	1,200	-	266,216	-	-	377,503
<b>Total liabilities</b>	<b>\$ 1,793,581</b>	<b>\$ 2,644</b>	<b>\$ 2,043,892</b>	<b>\$ 294,835</b>	<b>\$ 7,941</b>	<b>\$ 91,980</b>	<b>\$ 4,234,873</b>
Fund balances:							
Reserved for:							
Construction	\$ -	\$ -	\$ -	\$ -	\$ 4,405,293	\$ -	\$ 4,405,293
Prepaid items	176,974	21,897	9,733	-	-	104	208,708
E-911 wireless	15,219	-	-	-	-	-	15,219
Litter control	434	-	-	-	-	-	434
Asset forfeiture - Sheriff	9,814	-	-	-	-	-	9,814
Asset forfeiture - Comm. Atty.	14,098	-	-	-	-	-	14,098
Computer replacement	80,161	-	-	-	-	-	80,161
Unreserved, reported in:							
General fund	8,409,015	-	-	-	-	-	8,409,015
Special revenue funds	-	71,881	-	-	-	378,327	450,208
Debt service funds	-	-	1,821,150	-	-	-	1,821,150
Capital projects funds	-	-	-	10,674,722	-	-	10,674,722
<b>Total fund balances</b>	<b>\$ 8,705,715</b>	<b>\$ 93,778</b>	<b>\$ 1,830,883</b>	<b>\$ 10,674,722</b>	<b>\$ 4,405,293</b>	<b>\$ 378,431</b>	<b>\$ 26,088,822</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,499,296</b>	<b>\$ 96,422</b>	<b>\$ 3,874,775</b>	<b>\$ 10,969,557</b>	<b>\$ 4,413,234</b>	<b>\$ 470,411</b>	<b>\$ 30,323,695</b>

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, 2010

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	26,088,822	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, cost	\$	104,088,601	
Less: accumulated depreciation		<u>(15,832,599)</u>	88,256,002
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
			1,181,241
Long-term liabilities and related assets, including unamortized bond issue costs and bonds payable. Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.			
Bonds and loans payable	\$	(65,732,808)	
Bond issuance premium		(2,038,725)	
Interest payable		(1,344,294)	
Unamortized bond issue costs		828,566	
Compensated absences		<u>(647,772)</u>	<u>(68,935,033)</u>
Net assets of governmental activities	\$		<u><u>46,591,032</u></u>

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, 2010

	General	Airport	Debt Service	County Capital Improvements	School Construction	Other Governmental Funds	Total
<b>REVENUES</b>							
General property taxes	\$ 22,222,442	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,222,442
Other local taxes	3,153,669	-	-	-	-	511,541	3,665,210
Permits, privilege fees, and regulatory licenses	430,902	-	-	-	-	-	430,902
Fines and forfeitures	191,841	-	-	-	-	-	191,841
Revenue from the use of money and property	786,270	85,440	-	-	1,222	-	872,932
Charges for services	508,796	84,988	-	-	-	-	593,784
Miscellaneous	649,452	-	-	209,342	-	-	858,794
Recovered costs	594,960	-	-	-	-	-	594,960
Intergovernmental revenues:							
Commonwealth	4,298,762	3,843	-	-	-	566,694	4,869,299
Federal	988,479	-	-	2,289	-	-	990,768
Total revenues	<u>\$ 33,825,573</u>	<u>\$ 174,271</u>	<u>\$ -</u>	<u>\$ 211,631</u>	<u>\$ 1,222</u>	<u>\$ 1,078,235</u>	<u>\$ 35,290,932</u>
<b>EXPENDITURES</b>							
Current:							
General government administration	\$ 2,892,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,892,335
Judicial administration	1,271,058	-	-	-	-	-	1,271,058
Public safety	6,223,255	-	-	-	-	-	6,223,255
Public works	1,635,140	189,932	-	-	-	-	1,825,072
Health and welfare	1,379,578	-	-	-	-	1,108,388	2,487,966
Education	9,292,122	-	-	-	-	-	9,292,122
Parks, recreation, and cultural	668,412	-	-	-	-	-	668,412
Community development	964,421	-	-	-	-	-	964,421
Capital projects	-	1,500	-	2,758,629	713,309	-	3,473,438
Debt service:							
Principal retirement	-	-	4,705,781	-	-	-	4,705,781
Interest and other fiscal charges	-	-	3,369,345	-	-	-	3,369,345
Total expenditures	<u>\$ 24,326,321</u>	<u>\$ 191,432</u>	<u>\$ 8,075,126</u>	<u>\$ 2,758,629</u>	<u>\$ 713,309</u>	<u>\$ 1,108,388</u>	<u>\$ 37,173,205</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 9,499,252	\$ (17,161)	\$ (8,075,126)	\$ (2,546,998)	\$ (712,087)	\$ (30,153)	\$ (1,882,273)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	\$ 255,919	\$ 120,805	\$ 7,496,887	\$ 4,678,378	\$ 99,410	\$ 541,694	\$ 13,193,093
Transfers out	(10,201,935)	(19,466)	-	(2,559,305)	-	(411,827)	(13,192,533)
Total other financing sources (uses)	<u>\$ (9,946,016)</u>	<u>\$ 101,339</u>	<u>\$ 7,496,887</u>	<u>\$ 2,119,073</u>	<u>\$ 99,410</u>	<u>\$ 129,867</u>	<u>\$ 560</u>
Net change in fund balances	\$ (446,764)	\$ 84,178	\$ (578,239)	\$ (427,925)	\$ (612,677)	\$ 99,714	\$ (1,881,713)
Fund balances - beginning	9,152,479	9,600	2,409,122	11,102,647	5,017,970	278,717	27,970,535
Fund balances - ending	<u>\$ 8,705,715</u>	<u>\$ 93,778</u>	<u>\$ 1,830,883</u>	<u>\$ 10,674,722</u>	<u>\$ 4,405,293</u>	<u>\$ 378,431</u>	<u>\$ 26,088,822</u>

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, 2010

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

Net change in fund balances - total governmental funds \$ (1,881,713)

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	\$ 1,612,582	
Depreciation expense	<u>(1,787,401)</u>	(174,819)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. (130,969)

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

Increase (decrease) in deferred property taxes	\$ <u>108,322</u>	108,322
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments	\$ 4,705,781	
Amortization of Issuance costs	(51,785)	
Premium amortization	<u>199,101</u>	4,853,097

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

(Increase) decrease in compensated absences	\$ (3,344)	
(Increase) decrease in interest payable	<u>80,579</u>	<u>77,235</u>

Change in net assets of governmental activities		\$ <u><u>2,851,153</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Assets  
 Proprietary Fund  
 June 30, 2010

	Enterprise Funds		
	Water & Sewer	Bottom's Bridge	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 17,905,074	\$ 496,758	\$ \$ 18,401,832
Taxes receivable, net of allowances for uncollectibles	-	8,928	8,928
Accounts receivable, net of allowance for uncollectibles	1,079,236	-	1,079,236
Due from other governmental units	2,674,708	-	2,674,708
Prepaid expenses	29,968	-	29,968
Total current assets	\$ 21,688,986	\$ 505,686	\$ 22,194,672
Noncurrent assets:			
Capital assets:			
Infrastructure	\$ 23,083,342	\$ 20,733,848	\$ 43,817,190
Land	1,438,494	1,253,041	2,691,535
Water production and distribution facilities	10,958,165	-	10,958,165
Construction in progress	16,769,899	-	16,769,899
Less accumulated depreciation	(4,447,892)	(637,964)	(5,085,856)
Total capital assets	\$ 47,802,008	\$ 21,348,925	\$ 69,150,933
Total noncurrent assets	\$ 47,802,008	\$ 21,348,925	\$ 69,150,933
Total assets	\$ 69,490,994	\$ 21,854,611	\$ 91,345,605
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 2,500,783	\$ -	\$ 2,500,783
Accrued interest payable	-	181,857	181,857
Due to other funds	74,931	-	74,931
Compensated absences	71,898	-	71,898
Deposits held in escrow	184,132	-	184,132
Bonds payable - current portion	-	395,000	395,000
Total current liabilities	\$ 2,831,744	\$ 576,857	\$ 3,408,601
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ -	\$ 16,160,000	\$ 16,160,000
Total noncurrent liabilities	\$ -	\$ 16,160,000	\$ 16,160,000
Total liabilities	\$ 2,831,744	\$ 16,736,857	\$ 19,568,601
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 47,802,008	\$ 4,793,925	\$ 52,595,933
Unrestricted	18,857,242	323,829	19,181,071
Total net assets	\$ 66,659,250	\$ 5,117,754	\$ 71,777,004

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, 2010

	Enterprise Funds		
	Water & Sewer	Bottom's Bridge	Total
<b>OPERATING REVENUES</b>			
Charges for services:			
Water and sewer revenues	\$ 2,308,761	\$ -	\$ 2,308,761
Other revenues	21,039	-	21,039
Total operating revenues	<u>\$ 2,329,800</u>	<u>\$ -</u>	<u>\$ 2,329,800</u>
<b>OPERATING EXPENSES</b>			
Personal services	\$ 806,698	\$ -	\$ 806,698
Fringe benefits	264,899	-	264,899
Contractual services	438,088	-	438,088
Other charges	512,604	-	512,604
Depreciation	643,449	318,982	962,431
Total operating expenses	<u>\$ 2,665,738</u>	<u>\$ 318,982</u>	<u>\$ 2,984,720</u>
Operating income (loss)	<u>\$ (335,938)</u>	<u>\$ (318,982)</u>	<u>\$ (654,920)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Connection and reconnection fees	\$ 1,559,922	\$ 98,928	\$ 1,658,850
Investment earnings	59,245	4,365	63,610
Intergovernmental revenues	3,798,166	-	3,798,166
Availability fees	265,668	-	265,668
Taxes	-	112,973	112,973
Interest expense	-	(734,617)	(734,617)
Total nonoperating revenues (expenses)	<u>\$ 5,683,001</u>	<u>\$ (518,351)</u>	<u>\$ 5,164,650</u>
Income before contributions and transfers	<u>\$ 5,347,063</u>	<u>\$ (837,333)</u>	<u>\$ 4,509,730</u>
Transfers in	-	835,149	835,149
Transfers out	(835,709)	-	(835,709)
Change in net assets	<u>\$ 4,511,354</u>	<u>\$ (2,184)</u>	<u>\$ 4,509,170</u>
Total net assets - beginning, as restated	<u>62,147,896</u>	<u>5,119,938</u>	<u>67,267,834</u>
Total net assets - ending	<u><u>\$ 66,659,250</u></u>	<u><u>\$ 5,117,754</u></u>	<u><u>\$ 71,777,004</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, 2010

	Enterprise Funds		
	Water & Sewer	Bottom's Bridge	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,690,955	\$ -	\$ 1,690,955
Receipts for miscellaneous items	21,039	-	21,039
Payments to suppliers	(1,166,274)	-	(1,166,274)
Payments to employees	(1,064,687)	-	(1,064,687)
Net cash provided (used) by operating activities	<u>\$ (518,967)</u>	<u>\$ -</u>	<u>\$ (518,967)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	\$ (835,709)	\$ -	\$ (835,709)
Transfers from other funds	-	835,149	835,149
Tax revenue	-	112,675	112,675
Net cash provided (used) by noncapital financing activities	<u>\$ (835,709)</u>	<u>\$ 947,824</u>	<u>\$ 112,115</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Additions to capital assets	\$ (12,233,229)	\$ -	\$ (12,233,229)
Loan proceeds from general fund	74,931	-	74,931
Principal payments on bonds	-	(385,000)	(385,000)
Capital contributions and construction grants	1,123,458	-	1,123,458
Connection and availability fees	1,825,590	98,928	1,924,518
Interest payments	-	(737,359)	(737,359)
Net cash provided (used) by capital and related financing activities	<u>\$ (9,209,250)</u>	<u>\$ (1,023,431)</u>	<u>\$ (10,232,681)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends received	\$ 59,245	\$ 4,365	\$ 63,610
Net cash provided (used) by investing activities	<u>\$ 59,245</u>	<u>\$ 4,365</u>	<u>\$ 63,610</u>
Net increase (decrease) in cash and cash equivalents	\$ (10,504,681)	\$ (71,242)	\$ (10,575,923)
Cash and cash equivalents - beginning	28,409,755	568,000	28,977,755
Cash and cash equivalents - ending	<u>\$ 17,905,074</u>	<u>\$ 496,758</u>	<u>\$ 18,401,832</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (335,938)	\$ (318,982)	\$ (654,920)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	\$ 643,449	\$ 318,982	\$ 962,431
(Increase) decrease in accounts receivable	(487,293)	-	(487,293)
(Increase) decrease in prepaid expenses	8,530	-	8,530
Increase (decrease) in customer deposits	(130,513)	-	(130,513)
Increase (decrease) in accounts payable and accrued liabilities	(224,112)	-	(224,112)
Increase (decrease) in compensated absences	6,910	-	6,910
Total adjustments	<u>\$ (183,029)</u>	<u>\$ 318,982</u>	<u>\$ 135,953</u>
Net cash provided (used) by operating activities	<u>\$ (518,967)</u>	<u>\$ -</u>	<u>\$ (518,967)</u>

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

Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2010

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 11,913
Total assets	<u>\$ 11,913</u>
<b>LIABILITIES</b>	
Amounts held for social services clients	\$ 11,913
Total liabilities	<u>\$ 11,913</u>

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

*NOTES TO THE FINANCIAL STATEMENTS*

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## COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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### **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The County of New Kent, Virginia (the "County") is governed by an elected five member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and volunteer and paid fire protection and rescue services; community and economic developments; judicial; recreational activities, cultural events, education, and social services.

The financial statements of the County of New Kent, 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 Activities 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. Interfund services provided and used are not eliminated in the process of consolidation. 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 NEW KENT, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 (CONTINUED)

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#### **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 New Kent (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, 2010.

*Discretely Presented Component Units.* The School Board members are elected by the citizens of New Kent 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, 2010.

## COUNTY OF NEW KENT, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 (CONTINUED)

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

##### **B. Individual Component Unit Disclosures: (Continued)**

The New Kent County Economic Development Authority is responsible for industrial and commercial development in the County. The Authority consists of five 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, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2010. The Authority does not issue a separate financial report.

##### **C. Other Related Organizations**

###### *The Central Virginia Waste Management Authority*

The Central Virginia Waste Management Authority (the Waste Authority) was established in December 1990 under the provision of the Virginia Water and Sewer Authorities Act (Ch. 31, Title 15.2, Code of VA). The Waste Authority's board is comprised of representatives from the cities of Petersburg, Hopewell, Colonial Heights and Richmond, the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George and the Town of Ashland. The 20 member board is comprised of no less than one and up to no more than three members from each of the participating jurisdictions, determined on a population basis. The County has one representative on the board. The Waste Authority is responsible for creating and implementing recycling and solid waste management programs for its local member jurisdictions in order to meet waste reduction mandates set by the Virginia General Assembly. Except for contribution requirements and direct payments for special projects, no participant has any ongoing financial interest or responsibility in the Waste Authority. The County's contribution and direct payments for special projects for years ended June 30, 2010 was \$329,880. Complete financial statements can be obtained from the Authority's office at 2100 West Laburnum Avenue, Suite 105, Richmond, Virginia 23227.

###### *Middle Peninsula Juvenile Detention Commission*

The Middle Peninsula Juvenile Detention Commission (the "Commission") is a political subdivision of the Commonwealth of Virginia and is governed by a separate board. The Commission was created to enhance the region for the protection of the citizens by the construction, equipping, maintenance and operation of a new juvenile detention facility (the "Center") serving the eighteen member jurisdictions of which the 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. Under the Service Agreement, the County is obligated to pay a per diem rate to be determined annually by the Commission for each day a juvenile from the County is held at the Center or in another detention facility secured by the Commission. If the sum of all per diem rates paid during the fiscal year is below \$2,500, the County shall pay the Commission the amount equal to the difference. Separate audited financial statements for the Commission can be obtained from the fiscal agent's office at James City County, P.O. Box 8784, Williamsburg, Virginia 23187.

## COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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

#### **C. Other Related Organizations (Continued)**

Other Agencies – Certain agencies and commissions service both the County of New Kent and surrounding localities. Board membership is allocated among the localities and their governing bodies appointments. These agencies include: Consortium Board of the Capital Region Workforce Partnership, Central Virginia Waste Management Authority, Chickahominy District Health Advisory Board, Colonial Community Criminal Justice Board, Metropolitan Planning Organization, Richmond Metropolitan Convention & Visitors Bureau – Board of Directors, and Richmond Regional Planning District Commission.

#### **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.

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

**COUNTY OF NEW KENT, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 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 of the 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.

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COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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**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, Airport Fund, Capital Improvements Fund and School Construction Fund as major governmental funds.

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, Meals Tax Fund, Capital Fund - proffers, and the Airport Fund.

Capital Projects Funds – accounts 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.

Airport Fund – accounts for the financial resources of the County Airport.

The County reports the following non-major governmental funds:

Special Revenue Funds – accounts 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: Human Services (Comprehensive Services Act) and Meals Tax.

Fiduciary Funds – (Trust and Agency Funds) – accounts for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. 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.

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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

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

2. Proprietary Funds – accounts 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 non-operating revenues and expenses. The County's Enterprise Funds consist of the Water and Sewer Fund and Bottom's Bridge Fund, which account for the operations of sewage pumping stations and collection systems, and the water distribution system, as well as, construction.

**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 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 "due 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 \$303,459 at June 30, 2010 and is comprised solely of property taxes.

**COUNTY OF NEW KENT, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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

**G. Receivables and Payables: (Continued)**

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	December 5	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

**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 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. There is no capitalized interest for the year June 30, 2010.

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>
Buildings	50
Capital improvements	20-50
Equipment and machinery	5-20
Infrastructure	65
Vehicles	5-8

**COUNTY OF NEW KENT, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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

**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.

**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>County Capital Improvements</u>	<u>Total</u>
Designated for:			
CDBG Plum Point	\$ 117,693	\$ -	\$ 117,693
Schools	777,417	498,827	1,276,244
Purchase of Development Rights	-	310,050	310,050
Criss Cross Park	-	302,896	302,896
Historic school rehabilitation	-	430,000	430,000
Future Operating Expenditures	93,295	-	93,295
Future Capital Expenditures	-	1,945,498	1,945,498
Total designated for specific purposes	<u>\$ 988,405</u>	<u>\$ 3,487,271</u>	<u>\$ 4,475,676</u>

## COUNTY OF NEW KENT, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 (CONTINUED)

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#### **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. Restricted Assets**

The County reports restricted assets on the balance sheet that represents bond proceeds that have not yet been expended. These assets in the amount of \$4,413,234 are to be used for future school construction.

#### **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. 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.

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 unless the transfer crosses functions.

## COUNTY OF NEW KENT, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 (CONTINUED)

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

4. 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.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units. Supplemental Appropriations are made as necessary throughout the year. Encumbrances and reserved fund balances outstanding at June 30 are reappropriated in the succeeding year on a case-by-case basis.

#### **Expenditures and Appropriations**

Expenditures did not exceed appropriations in any fund at June 30, 2010.

#### **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, 2010 were held by the County or in the County’s name by the County’s custodial banks. The investments also should have a credit rating no less than AA rated by Standard and Poor or Aa by Moody’s Investor Service.

##### **Credit Risk of Debt Securities**

The County’s rated debt investments as of June 30, 2010 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale. The County’s investment policy limits investments to those allowed by the Code of Virginia. The County may however restrict investments beyond the limits imposed by the Code of Virginia as such restrictions serve the purpose of further safeguarding County funds or are in the best interest of the County.

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

**NOTE 3—DEPOSITS AND INVESTMENTS: (Continued)**

<b>Locality's Rated Debt Investments' Values</b>		
<b>Rated Debt Investments</b>	<b>Fair Quality Ratings</b>	
	<b>AAAm</b>	
Local Government Investment Pool	\$	13,518,498
Virginia State Non-Arbitrage Pool		38,469
Money Market Funds		6,563,421
Total	\$	20,120,388

**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.

<b>Investment Maturities (in years)</b>		
<b>Investment Type</b>	<b>Fair Value</b>	<b>Less Than 1 Year</b>
Money Market Funds	\$ 6,563,421	\$ 6,463,421
Total	\$ 6,563,421	\$ 6,463,421

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

**COUNTY OF NEW KENT, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2010 (CONTINUED)

**NOTE 4—DUE FROM OTHER GOVERNMENTS:**

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Governmental Funds:		
Commonwealth of Virginia:		
State sales tax	\$ -	\$ 438,922
Motor vehicle carrier tax	49,336	-
Victim witness grant	10,921	-
Rental vehicle tax	179	-
E-911 wireless funds	31,508	-
Recordation tax	22,606	-
Comprehensive service	91,876	-
Welfare	22,706	-
Virginia domestic violence grant	9,957	-
DOAV funds	10,593	-
Communication sales tax	105,355	-
Constitutional officer reimbursements	124,303	-
Local sales tax	136,546	-
Emergency Services grant	20,500	-
Misc. reimbursement from state agencies	38	10
Federal Government:		
School fund grants	-	1,677,881
VPA funds	31,188	-
Other federal grants	175,077	-
Plum Point grant	24,162	-
Total due from other governments	<u>\$ 866,851</u>	<u>\$ 2,116,813</u>
Enterprise funds:		
Commonwealth of Virginia:		
Water grant	\$ 1,399,897	\$ -
Federal Government:		
Capitalization grant for clean water state revolving funds	<u>1,274,811</u>	<u>-</u>
Total due from other governments	<u>\$ 2,674,708</u>	<u>\$ -</u>

**COUNTY OF NEW KENT, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

**NOTE 5—INTERFUND OBLIGATIONS:**

Details of the Primary Government's interfund receivables and payables as of June 30, 2010, are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 74,931	\$ -
Water and sewer fund	-	74,931
Total Governmental Funds	<u>\$ 74,931</u>	<u>\$ 74,931</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, 2010:

**Primary Government:**

	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>
<b>Governmental activities:</b>				
Capital assets not subject to depreciation:				
Land	\$ 3,518,529	\$ 153,000	\$ 93,000	\$ 3,578,529
Construction in progress	5,305,320	1,078,668	3,749,372	2,634,616
Jointly owned assets	<u>46,415,894</u>	-	<u>46,415,894</u>	-
Total capital assets not subject to depreciation	<u>\$ 55,239,743</u>	<u>\$ 1,231,668</u>	<u>\$ 50,258,266</u>	<u>\$ 6,213,145</u>
Capital assets subject to depreciation:				
Buildings	\$ 12,263,389	\$ 7,440,097	\$ -	\$ 19,703,486
Machinery and equipment	9,625,329	1,348,790	137,716	10,836,403
Capital improvements	2,204,508	510,806	-	2,715,314
Jointly owned assets	<u>23,373,766</u>	<u>52,657,971</u>	<u>11,411,484</u>	<u>64,620,253</u>
Total capital assets being depreciated	<u>\$ 47,466,992</u>	<u>\$ 61,957,664</u>	<u>\$ 11,549,200</u>	<u>\$ 97,875,456</u>
Less accumulated depreciation for:				
Buildings	\$ 2,437,068	\$ 316,996	\$ -	\$ 2,754,064
Machinery and equipment	4,952,610	1,239,070	99,747	6,091,933
Capital improvements	442,277	109,916	-	552,193
Jointly owned assets	<u>6,312,990</u>	<u>585,201</u>	<u>463,782</u>	<u>6,434,409</u>
Total accumulated depreciation	<u>\$ 14,144,945</u>	<u>\$ 2,251,183</u>	<u>\$ 563,529</u>	<u>\$ 15,832,599</u>
Total capital assets being depreciated, net	<u>\$ 33,322,047</u>	<u>\$ 59,706,481</u>	<u>\$ 10,985,671</u>	<u>\$ 82,042,857</u>
Governmental capital assets, net	<u>\$ 88,561,790</u>	<u>\$ 60,938,149</u>	<u>\$ 61,243,937</u>	<u>\$ 88,256,002</u>

**COUNTY OF NEW KENT, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

**NOTE 6—CAPITAL ASSETS: (CONTINUED)**

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

**Component Unit—School Board:**

**Component Unit - School Board:**

	<u>Balance</u> <u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2010</u>
Capital assets not subject to depreciation:				
Land	\$ 736,300	\$ 1,394,300	\$ 108,000	\$ 2,022,600
Jointly owned assets	<u>6,829,041</u>	<u>-</u>	<u>6,829,041</u>	<u>-</u>
Total capital assets not subject to depreciation	<u>\$ 7,565,341</u>	<u>\$ 1,394,300</u>	<u>\$ 6,937,041</u>	<u>\$ 2,022,600</u>
Capital assets subject to depreciation:				
Jointly owned assets	\$ 3,438,917	\$ 11,411,484	\$ -	\$ 14,850,401
Machinery and equipment	<u>4,751,270</u>	<u>260,776</u>	<u>169,187</u>	<u>4,842,859</u>
Total capital assets being depreciated	<u>\$ 8,190,187</u>	<u>\$ 11,672,260</u>	<u>\$ 169,187</u>	<u>\$ 19,693,260</u>
Less accumulated depreciation for:				
Jointly owned assets	\$ 928,813	\$ 86,099	\$ (463,782)	\$ 1,478,694
Machinery and equipment	<u>3,428,429</u>	<u>333,363</u>	<u>169,187</u>	<u>3,592,605</u>
Total accumulated depreciation	<u>\$ 4,357,242</u>	<u>\$ 419,462</u>	<u>\$ (294,595)</u>	<u>\$ 5,071,299</u>
Total capital assets being depreciated, net	<u>\$ 3,832,945</u>	<u>\$ 11,252,798</u>	<u>\$ 463,782</u>	<u>\$ 14,621,961</u>
Component unit capital assets, net	<u>\$ 11,398,286</u>	<u>\$ 12,647,098</u>	<u>\$ 7,400,823</u>	<u>\$ 16,644,561</u>

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

Governmental activities:

General government	\$ 220,531
Judicial administration	47,756
Public safety	986,591
Public works	283,929
Health and welfare	12,855
Education	585,201
Parks, recreation and cultural	53,056
Community development	<u>\$ 61,264</u>
Total Governmental activities	<u>\$ 2,251,183</u>
Component Unit School Board	<u>\$ 419,462</u>
Business-Type Activities	<u>\$ 962,430</u>

**COUNTY OF NEW KENT, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (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 New Kent, Virginia for the year ended June 30, 2010, is that school financed assets in the amount of \$58,185,844 are reported in the Primary Government for financial reporting purposes.

A summary of proprietary fund property, plant, and equipment at June 30, 2010 follows:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>Enterprise activities:</b>				
<b>Enterprise Fund:</b>				
Capital assets not subject to depreciation:				
Land	\$ 2,552,641	\$ 138,894	\$ -	\$ 2,691,535
Construction in progress	<u>14,275,116</u>	<u>14,159,587</u>	<u>11,664,804</u>	<u>16,769,899</u>
Total capital assets not subject to depreciation	<u>\$ 16,827,757</u>	<u>\$ 14,298,481</u>	<u>\$ 11,664,804</u>	<u>\$ 19,461,434</u>
Capital assets subject to depreciation:				
Water production and distribution facilities	\$ 5,569,481	\$ -	\$ -	\$ 5,569,481
Machinery and equipment	5,036,615	352,069	-	5,388,684
Infrastructure	<u>32,127,462</u>	<u>11,689,728</u>	<u>-</u>	<u>43,817,190</u>
Total capital assets being depreciated	<u>\$ 42,733,558</u>	<u>\$ 12,041,797</u>	<u>\$ -</u>	<u>\$ 54,775,355</u>
Less accumulated depreciation for:				
Water production and distribution facilities	\$ 1,207,356	\$ 120,348	\$ -	\$ 1,327,704
Machinery and equipment	1,531,885	227,531	-	1,759,416
Infrastructure	<u>1,384,185</u>	<u>614,551</u>	<u>-</u>	<u>1,998,736</u>
Total accumulated depreciation	<u>\$ 4,123,426</u>	<u>\$ 962,430</u>	<u>\$ -</u>	<u>\$ 5,085,856</u>
Total capital assets being depreciated, net	<u>\$ 38,610,132</u>	<u>\$ 11,079,367</u>	<u>\$ -</u>	<u>\$ 49,689,499</u>
Enterprise capital assets, net	<u>\$ 55,437,889</u>	<u>\$ 25,377,848</u>	<u>\$ 11,664,804</u>	<u>\$ 69,150,933</u>

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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**NOTE 7—INTERFUND TRANSFERS:**

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General	\$ 255,919	\$ 10,201,935
Other Governmental	541,694	411,827
Capital Improvements	4,678,378	2,559,305
School Construction Fund	99,410	-
Debt Service	7,496,887	-
Airport	120,805	19,466
Total Governmental Funds	\$ 13,193,093	\$ 13,192,533
Enterprise Funds:		
Water and Sewer	\$ -	\$ 835,709
Bottom's Bridge	835,149	-
Total Enterprise Funds	835,149	835,709
Total-All Funds	\$ 14,028,242	\$ 14,028,242

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.

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**COUNTY OF NEW KENT, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

**NOTE 8—LONG-TERM OBLIGATIONS:**

**Details of Long-Term Indebtedness:**

**Primary Government:**

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

	<b>Amounts Payable at July 1, 2009</b>	<b>Increases</b>	<b>Decreases</b>	<b>Amounts Payable at June 30, 2010</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Obligations:</b>					
Incurred by County:					
Compensated absences payable	\$ 644,428	\$ 697,720	\$ 694,376	\$ 647,772	\$ 647,772
Lease revenue bonds	8,639,894	-	1,213,657	7,426,237	272,918
General obligation bonds	133,732	-	13,005	120,727	13,657
Bond premium	163,315	-	13,471	149,844	13,111
Total incurred by County	<u>\$ 9,581,369</u>	<u>\$ 697,720</u>	<u>\$ 1,934,509</u>	<u>\$ 8,344,580</u>	<u>\$ 947,458</u>
Incurred by School Board:					
General obligation bonds payable	\$ 15,951,766	-	\$ 1,119,347	\$ 14,832,419	\$ 877,472
Lease revenue bonds	45,713,197	-	2,359,772	43,353,425	1,462,818
Bond premium	2,074,511	-	185,630	1,888,881	178,789
Total incurred by School Board	<u>\$ 63,739,474</u>	<u>\$ -</u>	<u>\$ 3,664,749</u>	<u>\$ 60,074,725</u>	<u>\$ 2,519,079</u>
Total Governmental Obligations	<u>\$ 73,320,843</u>	<u>\$ 697,720</u>	<u>\$ 5,599,258</u>	<u>\$ 68,419,305</u>	<u>\$ 3,466,537</u>
<b>Enterprise Obligations:</b>					
Compensated absences payable	\$ 64,988	\$ 83,187	\$ 76,277	\$ 71,898	\$ 71,898
Lease revenue bonds payable	16,940,000	-	385,000	16,555,000	395,000
Total Enterprise Obligations	<u>\$ 17,004,988</u>	<u>\$ 83,187</u>	<u>\$ 461,277</u>	<u>\$ 16,626,898</u>	<u>\$ 466,898</u>

Note:

In fiscal year 2010, the Series 1999 General Obligation Refunding Bond (VRS Obligation) loan was retired early using surplus cash as a way to avoid long-term debt service expenditures. The remaining principal amount owed was \$221,554. The economic gain from this transaction was \$39,058 in net present value savings and \$40,653 in gross cash flow savings.

Also, in fiscal year 2010, the EDA Public Facility Lease Revenue Bond, Series 2005 (Vehicle Maintenance Garage) loan was retired early using surplus cash as a way to avoid long-term debt service expenditures. The remaining principal amount owed was \$1,759,143. The economic gain from this transaction was \$314,105 in net present value savings and \$338,735 in gross cash flow savings.

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2010 (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			
	General Obligation Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 13,657	\$ 5,809	\$ 272,918	\$ 331,514
2012	14,341	5,125	283,812	320,619
2013	15,060	4,406	295,382	309,290
2014	15,814	3,651	307,133	297,498
2015	16,607	2,859	321,070	283,412
2016	17,439	2,027	336,203	268,678
2017	18,312	1,152	351,540	253,241
2018	9,497	235	367,590	237,092
2019	-	-	384,360	220,197
2020	-	-	402,359	202,522
2021	-	-	420,597	184,009
2022	-	-	440,083	164,648
2023	-	-	458,331	146,404
2024	-	-	479,344	125,291
2025	-	-	501,634	103,200
2026	-	-	524,716	80,069
2027	-	-	548,599	55,862
2028	-	-	357,299	32,450
2029	-	-	373,267	16,578
Total	\$ <u>120,727</u>	\$ <u>25,264</u>	\$ <u>7,426,237</u>	\$ <u>3,632,574</u>

**COUNTY OF NEW KENT, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (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	School Obligations			
	General Obligation Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 877,472	\$ 710,886	\$ 1,462,818	\$ 2,049,717
2012	885,374	664,671	1,521,331	1,991,205
2013	893,490	618,242	1,584,344	1,930,352
2014	901,824	571,595	1,647,358	1,866,978
2015	910,950	524,157	1,728,376	1,784,610
2016	814,973	479,379	1,818,395	1,698,191
2017	821,510	437,649	1,908,415	1,607,271
2018	826,765	397,201	2,002,935	1,511,851
2019	830,897	357,876	2,101,957	1,411,704
2020	835,474	318,106	2,209,980	1,306,606
2021	840,284	278,104	2,318,004	1,196,107
2022	845,807	237,388	2,435,029	1,080,207
2023	850,329	197,672	2,538,552	976,718
2024	854,517	158,292	2,664,579	849,790
2025	860,264	117,352	2,799,609	716,561
2026	866,534	75,888	2,939,139	576,581
2027	742,966	37,034	3,083,170	429,624
2028	372,989	9,511	3,222,701	292,682
2029	-	-	3,366,733	149,538
Total	\$ <u>14,832,419</u>	\$ <u>6,191,003</u>	\$ <u>43,353,425</u>	\$ <u>23,426,293</u>

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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**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	Enterprise Obligations	
	Lease Revenue Bonds	
	Principal	Interest
2011	\$ 395,000	\$ 721,301
2012	405,000	708,395
2013	420,000	694,051
2014	435,000	678,661
2015	450,000	662,731
2016	470,000	644,171
2017	490,000	623,666
2018	505,000	603,269
2019	525,000	582,154
2020	550,000	560,116
2021	570,000	537,156
2022	600,000	512,796
2023	620,000	487,024
2024	650,000	459,789
2025	675,000	430,548
2026	705,000	397,468
2027	740,000	360,620
2028	775,000	323,350
2029	815,000	285,593
2030	855,000	245,933
2031	895,000	205,045
2032	935,000	162,955
2033	980,000	118,910
2034	1,025,000	72,795
2035	1,070,000	24,610
Total	\$ 16,555,000	\$ 11,103,107

COUNTY OF NEW KENT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2010 (CONTINUED)

**NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Details of Long-Term Indebtedness: (Continued)**

**Primary Government: (Continued)**

Details of long-term indebtedness are as follows:

	<u>Year Issued</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
<b>Governmental Obligations:</b>			
<b>Incurred by County:</b>			
Lease revenue Bonds			
2006 lease revenue bonds	2007	4.00%-5.00%	\$ 4,806,575
2007 lease revenue bonds	2008	3.98%	2,619,662
General obligation bonds			
VRA loan	2008	4.85%	120,727
Unamortized premium			149,844
Compensated absences (payable from the General Fund)			<u>647,772</u>
Total incurred by County			\$ <u>8,344,580</u>
<b>Incurred by School Board:</b>			
General obligation bonds			
2007 School bonds	2008	5.10%	\$ 6,271,595
2006 School bonds	2007	4.225%-5.10%	6,127,404
2005 School bonds - primary school	2006	4.60%-5.10%	1,955,210
1995 School bonds	1995	6.10%-6.60%	478,210
Lease revenue bonds			
2006 lease revenue bond	2007	4.00%-5.00%	43,353,425
Unamortized premium			<u>1,888,881</u>
Total incurred by School Board			\$ <u>60,074,725</u>
Total Governmental Obligations			\$ <u><u>68,419,305</u></u>
<b>Enterprise Obligations:</b>			
Lease revenue bond	2004	2.30-4.60%	\$ 16,555,000
Compensated absences (payable from the Enterprise Fund)			<u>71,898</u>
Total Enterprise Obligations			\$ <u><u>16,626,898</u></u>

**COUNTY OF NEW KENT, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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**NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Details of Long-Term Indebtedness: (Continued)**

**Primary Government: (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, 2010:

	<u>Amounts Payable at July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2010</u>	<u>Amounts Due Within One Year</u>
Compensated absences payable (payable from the School Fund)	\$ 267,648	\$ 223,009	\$ 166,665	\$ 323,992	\$ 201,751
OPEB Liability	<u>111,000</u>	<u>153,000</u>	<u>111,000</u>	<u>153,000</u>	<u>-</u>
Total Component Unit School Board	<u>\$ 378,648</u>	<u>\$ 376,009</u>	<u>\$ 277,665</u>	<u>\$ 476,992</u>	<u>\$ 201,751</u>

**NOTE 9—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 \$1,362,102 is comprised of the following:

Deferred Property Tax Revenue: Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$1,181,241 at June 30, 2010.

Prepaid Property Taxes: Property taxes due subsequent to June 30, 2010, but paid in advance by the tax payers totaled \$95,963 at June 30, 2010.

Deferred Other Revenue: Other miscellaneous unearned revenue items totaled \$84,898 at June 30, 2010.

**COUNTY OF NEW KENT, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2010 (CONTINUED)

**NOTE 10—COMMITMENTS AND CONTINGENCIES:**

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

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

The following construction contracts were outstanding at June 30, 2010:

<u>Fund</u>	<u>Project</u>	<u>Contractor</u>	<u>Amount Of Contract</u>	<u>Contract Outstanding At June 30, 2010</u>
County Capital Improvements	County Facility Rehab Project	Charles E. Moss Company	\$ 238,450	\$ 133,950
County Capital Improvements	Main Administration Building Generator	Rudy L. Hawkins Electrical Contractor, Inc	201,375	10,069
County Capital Improvements	Emergency Complex Generators	Rudy L. Hawkins Electrical Contractor, Inc	76,100	3,805
Utility	Wastewater Treatment Plant Expansion	Malcolm Pirnie, Inc.	2,477,071	260,614
Utility	Parham Landing Reclaimed Water	Godsey & Son, Inc	2,922,776	1,128,240
Utility	Kenwood #1 Well Replacement	Malcolm Pirnie, Inc.	39,244	9,419
Utility	Parham Landing Reclaimed Water Force Main	Malcolm Pirnie, Inc.	588,355	52,194
Utility	Chickahominy WWTP Reuse Storage and Distribution System Upgrades	Malcolm Pirnie, Inc.	171,691	12,334
Utility	Chickahominy Reuse System Modification	Enviroscape, Inc	1,166,598	504,494
Utility	Parham Landing WWTP Upgrade	English Construction	22,789,800	12,284,316
Utility	SCADA Phase 2	E. merge Systems, Inc.	229,000	28,920

## COUNTY OF NEW KENT, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 (CONTINUED)

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#### **NOTE 11—LITIGATION:**

At June 30, 2010, there was a matter of litigation involving the County which could materially affect the County's financial position. The court ordered the County to build a paved taxi way that will cost somewhere between \$5,000 and \$3,000,000.

#### **NOTE 12—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. Through this coverage, the County obtains general liability coverage of \$3,000,000 per occurrence, auto liability coverage of \$3,000,000 per occurrence, property coverage at functional replacement up to policy limits for real and personal property, workers' compensation up to the statutory limits, public officials/excess general liability of \$1,000,000 per occurrence and crime blanket coverage of \$250,000. Settlements have not exceeded coverage for each of the past three fiscal years.

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.

#### **NOTE 13—DEFINED BENEFIT PENSION PLAN:**

##### **A. Plan Description**

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

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

**COUNTY OF NEW KENT, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

**NOTE 13—DEFINED BENEFIT PENSION PLAN: (CONTINUED)**

**A. Plan Description (Continued)**

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

**B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County’s and School’s non-professional employee contribution rates for the fiscal year ended 2010 were 5.89% and 5.14% of annual covered payroll, respectively.

The School Board’s contributions for professional employees were \$838,554, \$1,242,914, and \$1,356,137 to the teacher cost-sharing pool for the fiscal years ended June 30, 2010, 2009, and 2008 respectively and these contributions represented 8.81% for July 2009 through March 2010 and 0.00% for April through June 2010, 10.3%, and 9.20%, respectively, of current covered payroll.

**C. Annual Pension Cost**

For fiscal year 2010, the County’s annual pension cost of \$389,219 (which does not include the employee portion assumed by the County of \$330,407) was equal to the County’s required and actual contributions.

For the fiscal year 2010, the County School Board’s annual pension cost for the Board’s non-professional employees was \$59,929 (which does not include the employee portion assumed by the School Board of \$58,297), was equal to the Board’s required and actual contributions.

**Three-Year Trend Information**

<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, 2008	\$ 526,858	100%	\$ -
June 30, 2009	384,293	100%	-
June 30, 2010	389,219	100%	-
School Board:			
Non-Professional:			
June 30, 2008	\$ 57,279	100%	\$ -
June 30, 2009	79,263	100%	-
June 30, 2010	59,929	100%	-

(1) Employer portion only

**COUNTY OF NEW KENT, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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**NOTE 13—DEFINED BENEFIT PENSION PLAN: (CONTINUED)**

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

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

**D. Funded Status and Funding Progress**

As of June 30, 2009, the most recent actuarial valuation date, the Primary Government plan was 89.36 % funded. The actuarial accrued liability for benefits was \$14,112,133, and the actuarial value of assets was \$12,609,974, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,502,159. The covered payroll (annual payroll of active employees covered by the plan) was \$6,728,020, and the ratio of the UAAL to the covered payroll was 22.33%.

As of June 30, 2009, the most recent actuarial valuation date, the School Board's Non-Professional plan was 94.94% funded. The actuarial accrued liability for benefits was \$3,656,004, and the actuarial value of assets was \$3,471,163, resulting in an unfunded actuarial accrued liability (UAAL) of \$184,841. The covered payroll (annual payroll of active employees covered by the plan) was \$1,498,197, and the ratio of the UAAL to the covered payroll was 12.34%.

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.

**NOTE 14—DEFERRED COMPENSATION PLAN:**

Eligible employees of the County may participate in a deferred compensation plan in accordance with Internal Revenue Code section 457. The plan permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination of employment, retirement, death or unforeseen emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts deferred and all income attributable to those amounts, property or rights are held in trust for the participants.

**COUNTY OF NEW KENT, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)**

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**NOTE 15—CONDUIT DEBT:**

The Economic Development Authority for New Kent County has issued industrial and economic development revenue bonds pursuant to Bond Purchase and Financing Agreements. All responsibility for the payment of this debt rests with the Borrower. The Economic Development Authority, as issuer, has no responsibility for the payment of this debt.

Outstanding conduit debt obligations are as follows a June 30, 2010:

	<u>Original issue</u>	<u>Amount Outstanding</u>
Industrial Development Revenue Bond Series 2001	\$ 10,000,000	\$ 8,426,089
Economic Development Revenue Bond Series 2003	8,500,000	6,425,000

**NOTE 16—SURETY BONDS:**

	<u>Amount</u>
Commonwealth of Virginia - Division of Risk Management - Surety	
Karen A. Butler, Clerk of the Circuit Court	\$ 385,000
Herbert C. Jones, Jr., Treasurer	400,000
Laura M. Ecimovic, Commissioner of the Revenue	3,000
Farrar W. "Wakie" Howard, Jr., Sheriff	30,000
The above constitutional officer's employees blanket bond	50,000
VSBA Property and Casualty Pool	
Wanda F. Watkins, Clerk of the School Board	25,000
Edward R. Smith, Fiscal Agent	10,000
Valerie Bivans, Deputy Fiscal Agent	10,000
Dr. Robert F. Richardson, Jr., Deputy Clerk of the School Board	10,000
Fidelity and Deposit Company of Maryland - Surety	
G. Cabell Lawton, IV, County Administrator	1,000
William H. Whitley, Assistant County Administrator	1,000
Thomas W. Evelyn, Board of Supervisor	1,000
D. M. Sparks, Board of Supervisor	1,000
James H. Burrell, Board of Supervisor	1,000
Stran L. Trout, Board of Supervisor	1,000
W. R. Davis, Jr., Board of Supervisor	1,000
Thrift Insurance Corp. - Surety	
All Social Services Employees - Blanket Bond	100,000
VaRISK2 - Virginia Group Liability Self Insurance Plan - Surety	1,000,000
All Social Services Employees - Blanket Bond	

## COUNTY OF NEW KENT, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 (CONTINUED)

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#### **NOTE 17—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS:**

##### Background

Beginning in fiscal year 2009, the School Board implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) offered to retirees. The standard addresses how local governments should account for the report their costs related to post-employment health care and other non-pension benefits, such as the School Board retiree health benefit subsidy. Historically, the School Board subsidy was funded on a pay-as-you-go basis, but GASB Statement No. 45 requires that the School Board accrue the cost of the retiree health subsidy and other post-employment benefits during the period of the employees' active employment, while the benefits are being earned, and disclosed the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the School Board. This funding methodology mirrors the funding approach used for pension benefits.

##### Plan Description

New Kent County Public Schools retirees must meet one of the following requirements to be eligible for health benefits.

- retire with an immediate benefit from the Virginia Retirement System.
- has medical coverage prior to retirement.

Health benefits include medical and dental. The retirees are responsible for 100% of the premiums. Benefits end at the age of 65.

##### Funding Policy

The School Board's retirees pay 100% of the premiums. The Schools currently have 6 retirees on their plan.

##### Annual OPEB Cost and Net OPEB Obligation

The School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The School Board has 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 NEW KENT, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2010 (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 School Board. The following table shows the components of the School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the School Board's net OPEB obligation to the Retiree Health Plan:

		<u>SCHOOLS</u>
Annual required contribution	\$	153,000
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost (expense)	\$	<u>153,000</u>
Estimated Contributions made		<u>(111,000)</u>
Increase in net OPEB obligation		42,000
Net OPEB obligation-beginning of year		111,000
Net OPEB obligation-end of year	\$	<u><u>153,000</u></u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Schools:			
6/30/2010	\$ 153,000	72.55%	\$ 153,000
6/30/2009	169,000	34.32%	111,000

## COUNTY OF NEW KENT, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 (CONTINUED)

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#### **NOTE 17–POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS: (CONTINUED)**

##### Funded Status and Funding Progress

As of June 30, 2010 the School Board's actuarial accrued liability for benefits was \$1,153,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$15,650,081, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 7.37 percent.

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

##### 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.

##### Cost Method

In the June 30, 2008 actuarial valuation, the projected unit credit method, with linear pro-ratio to assumed benefit commencement was used. The unfunded liability is amortized over 30 years a level percentage of pay.

The following simplifying assumptions were made:

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

*Mortality*—Life expectancies were based on mortality tables from the RP-2000 Combined Healthy mortality tables for males and females.

*Coverage elections*—The actuarial assumed that 15% of eligible retirees who qualify will elect coverage.

Based on the historical and expected returns of the School Board's short-term investment portfolio, a discount of 4.0% 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, 2008 was thirty years.

**COUNTY OF NEW KENT, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)

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**NOTE 18—OTHER POST-EMPLOYMENT BENEFITS (OPEB):**

**A. Plan Description**

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

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 13.

**B. Funding Policy**

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.04% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2010, 2009, and 2008 were \$98,989, \$152,366, and \$152,730, respectively and equaled the required contributions for each year.

*REQUIRED SUPPLEMENTARY INFORMATION*

*NOTE TO REQUIRED SUPPLEMENTARY INFORMATION:*

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

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 20,743,727	\$ 20,743,727	\$ 22,222,442	\$ 1,478,715
Other local taxes	3,247,000	3,247,000	3,153,669	(93,331)
Permits, privilege fees, and regulatory licenses	428,577	443,105	430,902	(12,203)
Fines and forfeitures	221,000	221,000	191,841	(29,159)
Revenue from the use of money and property	619,110	619,110	786,270	167,160
Charges for services	406,094	414,494	508,796	94,302
Miscellaneous	584,300	676,323	649,452	(26,871)
Recovered costs	13,586	595,944	594,960	(984)
Intergovernmental revenues:				
Commonwealth	4,892,898	4,712,599	4,298,762	(413,837)
Federal	-	1,263,008	988,479	(274,529)
Total revenues	\$ 31,156,292	\$ 32,936,310	\$ 33,825,573	\$ 889,263
<b>EXPENDITURES</b>				
Current:				
General government administration	3,100,535	3,212,938	2,892,335	320,603
Judicial administration	1,268,258	1,336,501	1,271,058	65,443
Public safety	5,403,288	6,767,480	6,223,255	544,225
Public works	1,869,611	1,961,705	1,635,140	326,565
Health and welfare	1,467,417	1,532,695	1,379,578	153,117
Education	9,408,080	10,069,539	9,292,122	777,417
Parks, recreation, and cultural	697,156	717,786	668,412	49,374
Community development	1,088,342	1,490,749	964,421	526,328
Total expenditures	\$ 24,302,687	\$ 27,089,393	\$ 24,326,321	\$ 2,763,072
Excess (deficiency) of revenues over (under) expenditures	\$ 6,853,605	\$ 5,846,917	\$ 9,499,252	\$ 3,652,335
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 247,319	\$ 253,033	\$ 255,919	\$ 2,886
Transfers out	(6,161,573)	(6,208,227)	(10,201,935)	(3,993,708)
Total other financing sources and uses	\$ (5,914,254)	\$ (5,955,194)	\$ (9,946,016)	\$ (3,990,822)
Net change in fund balances	\$ 939,351	\$ (108,277)	\$ (446,764)	\$ (338,487)
Fund balances - beginning	-	998,662	9,152,479	8,153,817
Fund balances - ending	\$ 939,351	\$ 890,385	\$ 8,705,715	\$ 7,815,330

Airport Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 72,960	\$ 72,960	\$ 85,440	\$ 12,480
Charges for services	67,100	76,008	84,988	8,980
Miscellaneous	1,000	1,000	-	(1,000)
Intergovernmental revenues:				
Commonwealth	43,900	100,751	3,843	(96,908)
Federal	76,000	134,325	-	(134,325)
Total revenues	<u>\$ 260,960</u>	<u>\$ 385,044</u>	<u>\$ 174,271</u>	<u>\$ (210,773)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	\$ 201,839	\$ 202,677	\$ 189,932	\$ 12,745
Capital projects	151,000	283,706	1,500	282,206
Total expenditures	<u>\$ 352,839</u>	<u>\$ 486,383</u>	<u>\$ 191,432</u>	<u>\$ 294,951</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (91,879)</u>	<u>\$ (101,339)</u>	<u>\$ (17,161)</u>	<u>\$ 84,178</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 111,345	\$ 120,805	\$ 120,805	\$ -
Transfers out	(19,466)	(19,466)	(19,466)	-
Total other financing sources and uses	<u>\$ 91,879</u>	<u>\$ 101,339</u>	<u>\$ 101,339</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 84,178	\$ 84,178
Fund balances - beginning	-	-	9,600	9,600
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,778</u>	<u>\$ 93,778</u>

Schedule of Pension Funding Progress  
For the Year Ended June 30, 2010

**Primary Government:**  
**County Retirement Plan:**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (AVA)</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded (Excess Funded) Actuarial Accrued Liability (3-2)</b>	<b>Funded Ratio (2)/(3)</b>	<b>Annual Covered Payroll</b>	<b>UAAL as % of Payroll (4)/(6)</b>
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2009	\$ 12,609,974	\$ 14,112,133	\$ 1,502,159	89.36%	\$ 6,728,020	22.33%
6/30/2008	11,851,051	12,111,513	260,462	97.85%	6,216,604	4.19%
6/30/2007	10,225,353	10,470,645	245,292	97.66%	5,603,563	4.38%
6/30/2006	8,792,953	8,831,512	38,559	99.56%	4,820,405	0.80%
6/30/2005	8,116,622	8,888,230	771,608	91.32%	4,038,948	19.10%
6/30/2004	7,769,908	7,647,288	(122,620)	101.60%	3,768,750	-3.25%

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (AVA)</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded (Excess Funded) Actuarial Accrued Liability (3-2)</b>	<b>Funded Ratio (2)/(3)</b>	<b>Annual Covered Payroll</b>	<b>UAAL as % of Payroll (4)/(6)</b>
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2009	\$ 3,471,163	\$ 3,656,004	\$ 184,841	94.94%	\$ 1,498,197	12.34%
6/30/2008	3,401,956	3,407,483	5,527	99.84%	1,373,364	0.40%
6/30/2007	3,092,110	2,959,380	(132,730)	104.49%	1,325,866	-10.01%
6/30/2006	2,768,432	2,649,750	(118,682)	104.48%	1,270,527	-9.34%
6/30/2005	2,558,984	2,587,772	28,788	98.89%	1,230,847	2.34%
6/30/2004	2,438,021	2,352,626	(85,395)	103.63%	1,079,581	-7.91%

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

Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Annual Covered Payroll * (c)	UAAL as % of Payroll ((b-a)/c)
School Board: 6/30/2008 \$	-	\$ 1,153,000	\$ 1,153,000	0.00%	\$ 15,650,081	7.37%

\* based on annual payroll reported to the Virginia Retirement System

*OTHER SUPPLEMENTARY INFORMATION*

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*COMBINING AND INDIVIDUAL FUND STATEMENTS AND  
SCHEDULES*

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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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	\$ 2,725,945	\$ 4,705,786	\$ 4,705,781	\$ 5
Interest and other fiscal charges	3,306,838	3,370,893	3,369,345	1,548
Total expenditures	<u>\$ 6,032,783</u>	<u>\$ 8,076,679</u>	<u>\$ 8,075,126</u>	<u>\$ 1,553</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (6,032,783)</u>	<u>\$ (8,076,679)</u>	<u>\$ (8,075,126)</u>	<u>\$ 1,553</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 5,452,142	7,496,038	7,496,887	\$ 849
Total other financing sources and uses	<u>\$ 5,452,142</u>	<u>\$ 7,496,038</u>	<u>\$ 7,496,887</u>	<u>\$ 849</u>
Net change in fund balances	\$ (580,641)	\$ (580,641)	\$ (578,239)	\$ 2,402
Fund balances - beginning	580,641	580,641	2,409,122	1,828,481
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,830,883</u>	<u>\$ 1,830,883</u>

County Capital Improvements Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ 29,149	\$ 209,342	\$ 180,193
Intergovernmental revenues:				
Federal	-	344,060	2,289	(341,771)
Total revenues	\$ -	\$ 373,209	\$ 211,631	\$ (161,578)
<b>EXPENDITURES</b>				
Capital projects	\$ 1,154,571	\$ 5,775,949	\$ 2,758,629	\$ 3,017,320
Total expenditures	\$ 1,154,571	\$ 5,775,949	\$ 2,758,629	\$ 3,017,320
Excess (deficiency) of revenues over (under) expenditures	\$ (1,154,571)	\$ (5,402,740)	\$ (2,546,998)	\$ 2,855,742
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 125,000	\$ 321,137	\$ 4,678,378	\$ 4,357,241
Transfers out	(401,419)	(2,559,309)	(2,559,305)	4
Total other financing sources and uses	\$ (276,419)	\$ (2,238,172)	\$ 2,119,073	\$ 4,357,245
Net change in fund balances	\$ (1,430,990)	\$ (7,640,912)	\$ (427,925)	\$ 7,212,987
Fund balances - beginning	1,430,990	8,855,740	11,102,647	2,246,907
Fund balances - ending	\$ -	\$ 1,214,828	\$ 10,674,722	\$ 9,459,894

School Construction Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 1,222	\$ 1,222
Total revenues	\$ -	\$ -	\$ 1,222	\$ 1,222
<b>EXPENDITURES</b>				
Capital projects	\$ -	\$ 1,170,422	\$ 713,309	\$ 457,113
Total expenditures	\$ -	\$ 1,170,422	\$ 713,309	\$ 457,113
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (1,170,422)	\$ (712,087)	\$ 458,335
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 99,410	\$ 99,410	\$ -
Total other financing sources and uses	\$ -	\$ 99,410	\$ 99,410	\$ -
Net change in fund balances	\$ -	\$ (1,071,012)	\$ (612,677)	\$ 458,335
Fund balances - beginning	-	1,071,012	5,017,970	3,946,958
Fund balances - ending	\$ -	\$ -	\$ 4,405,293	\$ 4,405,293

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2010

	<b>Human Services Fund</b>	<b>Meals Tax Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 378,431	\$ 378,431
Receivables (net of allowance for uncollectibles):			
Accounts receivable			-
Due from other governmental units	91,876	-	91,876
Prepaid items	104	-	104
Total assets	<u>\$ 91,980</u>	<u>\$ 378,431</u>	<u>\$ 470,411</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 81,272	\$ -	\$ 81,272
Reconciled overdraft payable	10,708	-	10,708
Total liabilities	<u>\$ 91,980</u>	<u>\$ -</u>	<u>\$ 91,980</u>
Fund balances:			
Reserved for:			
Prepaid items	\$ 104	\$ -	\$ 104
Unreserved:			
Undesignated	\$ (104)	\$ 378,431	\$ 378,327
Total fund balances	<u>\$ -</u>	<u>\$ 378,431</u>	<u>\$ 378,431</u>
Total liabilities and fund balances	<u>\$ 91,980</u>	<u>\$ 378,431</u>	<u>\$ 470,411</u>

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2010

	<b>Human Services Fund</b>	<b>Meals Tax Fund</b>	<b>Total</b>
<b>REVENUES</b>			
Other local taxes	\$ -	\$ 511,541	\$ 511,541
Intergovernmental revenues:			
Commonwealth	566,694	-	566,694
Total revenues	<u>\$ 566,694</u>	<u>\$ 511,541</u>	<u>\$ 1,078,235</u>
<b>EXPENDITURES</b>			
Current:			
Health and welfare	\$ 1,108,388	\$ -	\$ 1,108,388
Total expenditures	<u>\$ 1,108,388</u>	<u>\$ -</u>	<u>\$ 1,108,388</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (541,694)</u>	<u>\$ 511,541</u>	<u>\$ (30,153)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 541,694	\$ -	\$ 541,694
Transfers out	-	(411,827)	(411,827)
Total other financing sources and uses	<u>\$ 541,694</u>	<u>\$ (411,827)</u>	<u>\$ 129,867</u>
Net change in fund balances	\$ -	\$ 99,714	\$ 99,714
Fund balances - beginning	-	278,717	278,717
Fund balances - ending	<u>\$ -</u>	<u>\$ 378,431</u>	<u>\$ 378,431</u>

**COUNTY OF NEW KENT, VIRGINIA**

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2010

	<b>Human Services Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Other local taxes	\$ -	\$ -	\$ -	-
Intergovernmental revenues:				
Commonwealth	1,450,004	1,450,004	566,694	(883,310)
Total revenues	<u>\$ 1,450,004</u>	<u>\$ 1,450,004</u>	<u>\$ 566,694</u>	<u>\$ (883,310)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ 2,596,656	\$ 2,608,489	\$ 1,108,388	\$ 1,500,101
Total expenditures	<u>\$ 2,596,656</u>	<u>\$ 2,608,489</u>	<u>\$ 1,108,388</u>	<u>\$ 1,500,101</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,146,652)</u>	<u>\$ (1,158,485)</u>	<u>\$ (541,694)</u>	<u>\$ 616,791</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,146,652	\$ 1,158,485	\$ 541,694	\$ (616,791)
Transfers out	-	-	-	-
Total other financing sources and uses	<u>\$ 1,146,652</u>	<u>\$ 1,158,485</u>	<u>\$ 541,694</u>	<u>\$ (616,791)</u>
Net change in fund balances	\$ -	\$ -	\$ -	-
Fund balances - beginning	-	-	11	11
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11</u></u>	<u><u>\$ 11</u></u>

Exhibit 20

<b>Meals Tax Fund</b>			
<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
<b>Original</b>	<b>Final</b>	<b>Actual</b>	
\$ 500,000	\$ 508,658	\$ 511,541	\$ 2,883
-	-	-	-
<u>\$ 500,000</u>	<u>\$ 508,658</u>	<u>\$ 511,541</u>	<u>\$ 2,883</u>
\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 500,000</u>	<u>\$ 508,658</u>	<u>\$ 511,541</u>	<u>\$ 2,883</u>
\$ -	\$ -	\$ -	\$ -
<u>(500,000)</u>	<u>(670,003)</u>	<u>(411,827)</u>	<u>258,176</u>
<u>\$ (500,000)</u>	<u>\$ (670,003)</u>	<u>\$ (411,827)</u>	<u>\$ 258,176</u>
\$ -	\$ (161,345)	\$ 99,714	\$ 261,059
-	161,345	278,717	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 378,431</u>	<u>\$ 261,059</u>

Combining Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 June 30, 2010

	<u>Agency Funds</u>		
	<u>Special Welfare</u>	<u>SSI Dedicated</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,000	\$ 1,913	\$ 11,913
Total assets	<u>\$ 10,000</u>	<u>\$ 1,913</u>	<u>\$ 11,913</u>
<b>LIABILITIES</b>			
Amounts held for social services clients	\$ 10,000	\$ 1,913	\$ 11,913
Total liabilities	<u>\$ 10,000</u>	<u>\$ 1,913</u>	<u>\$ 11,913</u>

Fiduciary Funds  
 Statement of Changes in Assets and Liabilities - Agency Funds  
 Year Ended June 30, 2010

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b>Special Welfare Fund:</b>				
Assets:				
Cash	\$ 9,750	\$ 3,583	\$ 3,333	\$ 10,000
Total assets	<u>\$ 9,750</u>	<u>\$ 3,583</u>	<u>\$ 3,333</u>	<u>\$ 10,000</u>
Liabilities:				
Amounts held for social services clients	<u>\$ 9,750</u>	<u>\$ 3,583</u>	<u>\$ 3,333</u>	<u>\$ 10,000</u>
<b>SSI Dedicated Fund:</b>				
Assets:				
Cash	\$ 10,875	\$ 18,445	\$ 27,407	\$ 1,913
Total assets	<u>\$ 10,875</u>	<u>\$ 18,445</u>	<u>\$ 27,407</u>	<u>\$ 1,913</u>
Liabilities:				
Amounts held for social services clients	<u>\$ 10,875</u>	<u>\$ 18,445</u>	<u>\$ 27,407</u>	<u>\$ 1,913</u>
Total liabilities	<u>\$ 10,875</u>	<u>\$ 18,445</u>	<u>\$ 27,407</u>	<u>\$ 1,913</u>
<b>Totals -- All Agency Funds</b>				
Assets:				
Cash	\$ 20,625	\$ 22,028	\$ 30,740	\$ 11,913
Total assets	<u>\$ 20,625</u>	<u>\$ 22,028</u>	<u>\$ 30,740</u>	<u>\$ 11,913</u>
Liabilities:				
Amounts held for social services clients	<u>\$ 20,625</u>	<u>\$ 22,028</u>	<u>\$ 30,740</u>	<u>\$ 11,913</u>
Total liabilities	<u>\$ 20,625</u>	<u>\$ 22,028</u>	<u>\$ 30,740</u>	<u>\$ 11,913</u>

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*DISCRETELY PRESENTED COMPONENT UNIT  
SCHOOL BOARD*

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Combining Balance Sheet  
 Discretely Presented Component Unit - School Board  
 June 30, 2010

	<u>School Operating Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 928,892	\$ 407,146	\$ 1,336,038
Receivables (net of allowance for uncollectibles):			
Accounts receivable	8,259	-	8,259
Due from other governmental units	2,072,295	44,518	2,116,813
Total assets	<u>\$ 3,009,446</u>	<u>\$ 451,664</u>	<u>\$ 3,461,110</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 759,882	\$ 11,955	\$ 771,837
Accrued liabilities	2,248,932	50,369	2,299,301
Deferred revenue	632	-	632
Total liabilities	<u>\$ 3,009,446</u>	<u>\$ 62,324</u>	<u>\$ 3,071,770</u>
Fund balances:			
Unreserved:			
Undesignated	\$ -	\$ 389,340	\$ 389,340
Total fund balances	<u>\$ -</u>	<u>\$ 389,340</u>	<u>\$ 389,340</u>
Total liabilities and fund balances	<u>\$ 3,009,446</u>	<u>\$ 451,664</u>	<u>\$ 3,461,110</u>

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Total fund balances per above	\$ 389,340
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital outlay	\$ 21,715,860	
Less: accumulated depreciation	<u>(5,071,299)</u>	16,644,561

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

Compensated absences	\$ (323,992)	
OPEB Liability	<u>(153,000)</u>	<u>(476,992)</u>
Net assets of governmental activities		<u>\$ 16,556,909</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, 2010

	<u>School Operating Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 7,979	\$ 3,991	\$ 11,970
Charges for services	30,550	568,357	598,907
Miscellaneous	236,042	10,264	246,306
Intergovernmental revenues:			
Local government	9,288,598	-	9,288,598
Commonwealth	12,422,506	12,082	12,434,588
Federal	2,470,108	272,578	2,742,686
Total revenues	<u>\$ 24,455,783</u>	<u>\$ 867,272</u>	<u>\$ 25,323,055</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 24,289,783	\$ 788,939	\$ 25,078,722
Total expenditures	<u>\$ 24,289,783</u>	<u>\$ 788,939</u>	<u>\$ 25,078,722</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 166,000</u>	<u>\$ 78,333</u>	<u>\$ 244,333</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ -	\$ 166,000	\$ 166,000
Transfers out	<u>(166,000)</u>	<u>-</u>	<u>(166,000)</u>
Total other financing sources and uses	<u>\$ (166,000)</u>	<u>\$ 166,000</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 244,333	\$ 244,333
Fund balances - beginning	-	<u>145,007</u>	<u>145,007</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 389,340</u>	<u>\$ 389,340</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	\$ 244,333
--	------------

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.

Joint tenancy allocation	\$ 4,703,862	
Depreciation expense	<u>650,413</u>	5,354,275

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

(Increase) decrease in compensated absences	\$ (56,344)	
(Increase) decrease in OPEB liability	<u>(42,000)</u>	<u>(98,344)</u>

Change in net assets of governmental activities	<u>\$ 5,392,264</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, 2010

	<b>School Operating Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 5,000	\$ 5,000	\$ 7,979	\$ 2,979
Charges for services	18,000	18,000	30,550	12,550
Miscellaneous	68,000	74,000	236,042	162,042
Intergovernmental revenues:				
Local government	9,404,556	10,066,015	9,288,598	(777,417)
Commonwealth	13,217,296	13,209,858	12,422,506	(787,352)
Federal	2,087,709	2,394,234	2,470,108	75,874
Total revenues	<u>\$ 24,800,561</u>	<u>\$ 25,767,107</u>	<u>\$ 24,455,783</u>	<u>\$ (1,311,324)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 24,800,561	\$ 25,601,107	\$ 24,289,783	\$ 1,311,324
Total expenditures	<u>\$ 24,800,561</u>	<u>\$ 25,601,107</u>	<u>\$ 24,289,783</u>	<u>\$ 1,311,324</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 166,000</u>	<u>\$ 166,000</u>	<u>\$ -</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ -	\$ (166,000)	\$ (166,000)	\$ -
Total other financing sources and uses	<u>\$ -</u>	<u>\$ (166,000)</u>	<u>\$ (166,000)</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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, 2010

	School Cafeteria Fund				Textbook Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Revenue from the use of money and property	\$ -	\$ -	\$ 3,991	\$ 3,991	\$ -	\$ -	\$ -	\$ -
Charges for services	650,000	650,000	568,357	(81,643)	-	-	-	-
Miscellaneous	-	-	10,264	10,264	-	-	-	-
Intergovernmental revenues:								
Commonwealth	13,354	13,354	12,082	(1,272)	-	-	-	-
Federal	150,000	150,000	272,578	122,578	-	-	-	-
Total revenues	\$ 813,354	\$ 813,354	\$ 867,272	\$ 53,918	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>								
Current:								
Education	\$ 813,354	\$ 813,354	\$ 788,939	\$ 24,415	\$ -	\$ 166,000	\$ -	\$ 166,000
Total expenditures	\$ 813,354	\$ 813,354	\$ 788,939	\$ 24,415	\$ -	\$ 166,000	\$ -	\$ 166,000
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 78,333	\$ 78,333	\$ -	\$ (166,000)	\$ -	\$ 166,000
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 166,000	\$ 166,000	\$ -
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 166,000	\$ 166,000	\$ -
Net change in fund balances	\$ -	\$ -	\$ 78,333	\$ 78,333	\$ -	\$ -	\$ 166,000	\$ 166,000
Fund balances - beginning	-	-	145,007	145,007	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 223,340	\$ 223,340	\$ -	\$ -	\$ 166,000	\$ 166,000

*DISCRETELY PRESENTED COMPONENT UNIT  
ECONOMIC DEVELOPMENT AUTHORITY*

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Statement of Net Assets  
Discretely Presented Component Unit - Economic Development Authority  
June 30, 2010

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**ASSETS**

Current assets:

Cash and cash equivalents	\$	779,459
Land held for resale		<u>721,508</u>
Total current assets	\$	<u>1,500,967</u>
Total assets	\$	<u>1,500,967</u>

**NET ASSETS**

Unrestricted	\$	<u>1,500,967</u>
Total net assets	\$	<u><u>1,500,967</u></u>

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

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**OPERATING REVENUES**

Charges for services:

Other revenues	\$ 2,000
Total operating revenues	<u>\$ 2,000</u>

**OPERATING EXPENSES**

Contractual services	\$ 11,756
Other charges	17,450
Total operating expenses	<u>\$ 29,206</u>

Operating income (loss)	<u>\$ (27,206)</u>
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**NONOPERATING REVENUES (EXPENSES)**

Interest earnings	\$ 4,607
Total nonoperating revenues (expenses)	<u>\$ 4,607</u>

Change in net assets	\$ (22,599)
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Total net assets - beginning	<u>1,523,566</u>
Total net assets - ending	<u><u>\$ 1,500,967</u></u>

Statement of Cash Flows  
 Discretely Presented Component Unit - Economic Development Authority  
 For the Year Ended June 30, 2010

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts for miscellaneous items	\$ 2,000
Payments for operating activities	<u>(29,206)</u>
Net cash provided (used) by operating activities	<u>\$ (27,206)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest and dividends received	<u>\$ 4,607</u>
Net increase (decrease) in cash and cash equivalents	\$ (22,599)
Cash and cash equivalents - beginning	<u>802,058</u>
Cash and cash equivalents - ending	<u><u>\$ 779,459</u></u>

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

Operating income (loss)	<u>\$ (27,206)</u>
Net cash provided (used) by operating activities	<u><u>\$ (27,206)</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, 2010

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 17,040,303	\$ 17,040,303	\$ 17,910,235	\$ 869,932
Real and personal public service corporation taxes	540,000	540,000	598,966	58,966
Personal property taxes	2,956,890	2,956,890	3,358,767	401,877
Mobile home taxes	13,279	13,279	31,793	18,514
Machinery and tools taxes	255	255	44,921	44,666
Penalties	132,000	132,000	165,054	33,054
Interest	61,000	61,000	112,706	51,706
Total general property taxes	<u>\$ 20,743,727</u>	<u>\$ 20,743,727</u>	<u>\$ 22,222,442</u>	<u>\$ 1,478,715</u>
Other local taxes:				
Local sales and use taxes	\$ 1,000,000	\$ 1,000,000	\$ 956,832	\$ (43,168)
Communication sales tax	630,000	630,000	625,451	(4,549)
Consumers' utility taxes	190,000	190,000	200,623	10,623
Electric consumption taxes	55,000	55,000	62,513	7,513
Business license taxes	637,500	637,500	481,408	(156,092)
Motor vehicle licenses	465,000	465,000	485,257	20,257
Bank stock taxes	18,500	18,500	32,458	13,958
Taxes on recordation and wills	240,000	240,000	293,439	53,439
Hotel and motel room taxes	10,000	10,000	13,363	3,363
Admissions tax	1,000	1,000	2,325	1,325
Total other local taxes	<u>\$ 3,247,000</u>	<u>\$ 3,247,000</u>	<u>\$ 3,153,669</u>	<u>\$ (93,331)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 22,000	\$ 22,000	\$ 25,490	\$ 3,490
Transfer fees	600	600	687	87
Permits and other licenses	405,977	420,505	404,725	(15,780)
Total permits, privilege fees, and regulatory licenses	<u>\$ 428,577</u>	<u>\$ 443,105</u>	<u>\$ 430,902</u>	<u>\$ (12,203)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 221,000	\$ 221,000	\$ 191,841	\$ (29,159)
Total fines and forfeitures	<u>\$ 221,000</u>	<u>\$ 221,000</u>	<u>\$ 191,841</u>	<u>\$ (29,159)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 390,000	\$ 390,000	\$ 537,409	\$ 147,409
Revenue from use of property	229,110	229,110	248,861	19,751
Total revenue from use of money and property	<u>\$ 619,110</u>	<u>\$ 619,110</u>	<u>\$ 786,270</u>	<u>\$ 167,160</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Charges for services:				
Excess fees of clerk	\$ 10,000	\$ 10,000	\$ 20,615	\$ 10,615
Charges for law enforcement and traffic control	3,978	3,978	3,734	(244)
Charges for circuit court	56,266	56,266	56,509	243
Charges for courthouse security	80,000	80,000	82,290	2,290
Charges for Commonwealth's Attorney	650	650	494	(156)
Charges for other protection	3,200	3,200	2,543	(657)
Charges for sanitation and waste removal	15,500	15,500	45,231	29,731
Charges for parks and recreation	233,500	241,900	294,890	52,990
Charges for sale of publications and commemorative material	3,000	3,000	2,490	(510)
Total charges for services	<u>\$ 406,094</u>	<u>\$ 414,494</u>	<u>\$ 508,796</u>	<u>\$ 94,302</u>
Miscellaneous revenue:				
Miscellaneous	\$ 10,000	\$ 102,023	\$ 127,801	\$ 25,778
Off-track betting proceeds	574,300	574,300	521,651	(52,649)
Total miscellaneous revenue	<u>\$ 584,300</u>	<u>\$ 676,323</u>	<u>\$ 649,452</u>	<u>\$ (26,871)</u>
Recovered costs:				
Plum point loan repay-program income	\$ -	\$ 9,598	\$ 9,598	\$ -
Extension program sponsorship	-	4,787	5,237	450
9th judicial court/localities	13,586	13,586	12,874	(712)
Colonial Downs - fire/rescue standby	-	87,415	89,775	2,360
Fire suppression	-	8,250	8,249	(1)
Other recovered costs	-	113,302	110,939	(2,363)
Ambulance and rescue service	-	359,006	358,288	(718)
Total recovered costs	<u>\$ 13,586</u>	<u>\$ 595,944</u>	<u>\$ 594,960</u>	<u>\$ (984)</u>
Total revenue from local sources	<u>\$ 26,263,394</u>	<u>\$ 26,960,703</u>	<u>\$ 28,538,332</u>	<u>\$ 1,577,629</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 35,866	\$ 35,866	\$ 49,336	\$ 13,470
Mobile home titling tax	2,000	2,000	9,975	7,975
Motor vehicle rental tax	1,000	1,000	959	(41)
State recordation tax	82,805	82,805	105,076	22,271
Personal property tax relief funds	2,217,883	2,217,883	2,217,883	-
Reduction in state aid to local governments	(90,583)	(90,583)	(90,583)	-
Total noncategorical aid	<u>\$ 2,248,971</u>	<u>\$ 2,248,971</u>	<u>\$ 2,292,646</u>	<u>\$ 43,675</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 232,185	\$ 232,185	\$ 217,081	\$ (15,104)
Sheriff	915,400	915,400	801,215	(114,185)
Commissioner of revenue	105,400	105,400	96,080	(9,320)
Treasurer	104,200	104,200	95,203	(8,997)
Registrar/electoral board	42,650	42,650	41,909	(741)
Clerk of the Circuit Court	188,000	232,557	218,536	(14,021)
Total shared expenses	<u>\$ 1,587,835</u>	<u>\$ 1,632,392</u>	<u>\$ 1,470,024</u>	<u>\$ (162,368)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 838,681	\$ 381,092	\$ 293,796	\$ (87,296)
Four for life grant	9,372	18,744	18,744	-
Emergency services grants	62,992	20,500	20,500	-
Virginia commission for the arts	4,500	4,500	4,500	-
VDH-OEMS grant	-	5,766	5,764	(2)
Other state grants	-	1,000	1,073	73
E-911 wireless	40,000	190,000	61,597	(128,403)
Forfeited assets	-	-	1,370	1,370
Va. Domestic Violence grant	20,000	40,000	39,852	(148)
Victim-witness grant	39,408	44,287	43,549	(738)
Fire programs	34,802	37,140	37,140	-
EPA grant	-	80,000	-	(80,000)
Litter control	6,337	5,125	5,125	-
Virginia sheriff's association grant	-	2,580	2,580	-
DMV animal friendly plates	-	502	502	-
Total other categorical aid	<u>\$ 1,056,092</u>	<u>\$ 831,236</u>	<u>\$ 536,092</u>	<u>\$ (295,144)</u>
Total categorical aid	<u>\$ 2,643,927</u>	<u>\$ 2,463,628</u>	<u>\$ 2,006,116</u>	<u>\$ (457,512)</u>
Total revenue from the Commonwealth	<u>\$ 4,892,898</u>	<u>\$ 4,712,599</u>	<u>\$ 4,298,762</u>	<u>\$ (413,837)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ -	\$ 496,059	\$ 568,319	\$ 72,260
Plum point grant	-	230,257	24,162	(206,095)
VDH-OEMS - SHSP grant	-	40,150	40,150	-
DCJS grant	-	17,000	-	(17,000)
DMV - Smart, Safe and Sober	-	36,041	32,139	(3,902)

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Sheriff's JAG funds	\$ -	\$ -	\$ 39,801	\$ 39,801
Emergency management and response	-	187,560	30,655	(156,905)
Justice assistance grants - ARRA	-	16,742	16,741	(1)
Bulletproof vest partnership program	-	2,726	2,468	(258)
Chesapeake bay implementation grant	-	5,000	4,835	(165)
FEMA safer grant - fire/rescue	-	231,473	229,209	(2,264)
Total categorical aid	<u>\$ -</u>	<u>\$ 1,263,008</u>	<u>\$ 988,479</u>	<u>\$ (274,529)</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 1,263,008</u>	<u>\$ 988,479</u>	<u>\$ (274,529)</u>
Total General Fund	<u>\$ 31,156,292</u>	<u>\$ 32,936,310</u>	<u>\$ 33,825,573</u>	<u>\$ 889,263</u>
<b>Special Revenue Funds:</b>				
<b>Airport Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	<u>\$ 72,960</u>	<u>\$ 72,960</u>	<u>\$ 85,440</u>	<u>\$ 12,480</u>
Total revenue from use of money and property	<u>\$ 72,960</u>	<u>\$ 72,960</u>	<u>\$ 85,440</u>	<u>\$ 12,480</u>
Charges for services:				
Fuel/oil sales	\$ 66,500	\$ 75,408	\$ 83,898	\$ 8,490
Airport access fees	600	600	1,090	490
Total charges for services	<u>\$ 67,100</u>	<u>\$ 76,008</u>	<u>\$ 84,988</u>	<u>\$ 8,980</u>
Miscellaneous revenue:				
Other miscellaneous	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ (1,000)</u>
Total miscellaneous revenue	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ (1,000)</u>
Total revenue from local sources	<u>\$ 141,060</u>	<u>\$ 149,968</u>	<u>\$ 170,428</u>	<u>\$ 20,460</u>
Revenue from the Commonwealth:				
Categorical aid:				
Department of Aviation grants	<u>\$ 43,900</u>	<u>\$ 100,751</u>	<u>\$ 3,843</u>	<u>\$ (96,908)</u>
Total categorical aid	<u>\$ 43,900</u>	<u>\$ 100,751</u>	<u>\$ 3,843</u>	<u>\$ (96,908)</u>
Total revenue from the Commonwealth	<u>\$ 43,900</u>	<u>\$ 100,751</u>	<u>\$ 3,843</u>	<u>\$ (96,908)</u>
Revenue from the federal government:				
Categorical aid:				
Airport improvement program	<u>\$ 76,000</u>	<u>\$ 134,325</u>	<u>\$ -</u>	<u>\$ (134,325)</u>
Total categorical aid	<u>\$ 76,000</u>	<u>\$ 134,325</u>	<u>\$ -</u>	<u>\$ (134,325)</u>
Total revenue from the federal government	<u>\$ 76,000</u>	<u>\$ 134,325</u>	<u>\$ -</u>	<u>\$ (134,325)</u>
Total Airport Fund	<u>\$ 260,960</u>	<u>\$ 385,044</u>	<u>\$ 174,271</u>	<u>\$ (210,773)</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds: (Continued)</b>				
<b>Human Services Fund:</b>				
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive services act	\$ 1,450,004	\$ 1,450,004	\$ 566,694	\$ (883,310)
Total categorical aid	<u>\$ 1,450,004</u>	<u>\$ 1,450,004</u>	<u>\$ 566,694</u>	<u>\$ (883,310)</u>
Total revenue from the Commonwealth	<u>\$ 1,450,004</u>	<u>\$ 1,450,004</u>	<u>\$ 566,694</u>	<u>\$ (883,310)</u>
Total Human Services Fund	<u><u>\$ 1,450,004</u></u>	<u><u>\$ 1,450,004</u></u>	<u><u>\$ 566,694</u></u>	<u><u>\$ (883,310)</u></u>
<b>Meals Tax Fund:</b>				
Revenue from local sources:				
Other local taxes:				
Meals tax	\$ 500,000	\$ 508,658	\$ 511,541	\$ 2,883
Total other local taxes	<u>\$ 500,000</u>	<u>\$ 508,658</u>	<u>\$ 511,541</u>	<u>\$ 2,883</u>
Total revenue from local sources	<u>\$ 500,000</u>	<u>\$ 508,658</u>	<u>\$ 511,541</u>	<u>\$ 2,883</u>
Total Meals tax Fund	<u><u>\$ 500,000</u></u>	<u><u>\$ 508,658</u></u>	<u><u>\$ 511,541</u></u>	<u><u>\$ 2,883</u></u>
<b>Capital Projects Funds:</b>				
<b>County Capital Improvements Fund:</b>				
Miscellaneous revenue:				
Cash proffers	\$ -	\$ 9,733	\$ 189,926	\$ 180,193
Other miscellaneous	-	19,416	19,416	-
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ 29,149</u>	<u>\$ 209,342</u>	<u>\$ 180,193</u>
Total revenue from local sources	<u><u>\$ -</u></u>	<u><u>\$ 29,149</u></u>	<u><u>\$ 209,342</u></u>	<u><u>\$ 180,193</u></u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Capital Projects Funds: (Continued)</b>				
<b>County Capital Improvements Fund: (Continued)</b>				
Revenue from the federal government:				
Categorical aid:				
ISTEA - bicycle route	\$ -	\$ 34,460	\$ 2,289	\$ (32,171)
ISTEA - village improvement grant	-	159,600	-	(159,600)
VDACS PDR grant	-	150,000	-	(150,000)
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 344,060</u>	<u>\$ 2,289</u>	<u>\$ (341,771)</u>
Total County Capital Improvements Fund	<u>\$ -</u>	<u>\$ 373,209</u>	<u>\$ 211,631</u>	<u>\$ (161,578)</u>
<b>School Construction Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,222	\$ 1,222
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,222</u>	<u>\$ 1,222</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,222</u>	<u>\$ 1,222</u>
Total School Construction Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,222</u>	<u>\$ 1,222</u>
Total Primary Government	<u>\$ 33,367,256</u>	<u>\$ 35,653,225</u>	<u>\$ 35,290,932</u>	<u>\$ (362,293)</u>
<b>Discretely Presented Component Unit-School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 5,000	\$ 5,000	\$ 7,979	\$ 2,979
Total revenue from use of money and property	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 7,979</u>	<u>\$ 2,979</u>
Charges for services:				
Tuition and payments from other divisions	\$ 18,000	\$ 18,000	\$ 30,550	\$ 12,550
Total charges for services	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ 30,550</u>	<u>\$ 12,550</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 68,000	\$ 74,000	\$ 236,042	\$ 162,042
Total miscellaneous revenue	<u>\$ 68,000</u>	<u>\$ 74,000</u>	<u>\$ 236,042</u>	<u>\$ 162,042</u>
Total revenue from local sources	<u>\$ 91,000</u>	<u>\$ 97,000</u>	<u>\$ 274,571</u>	<u>\$ 177,571</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit-School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of New Kent, Virginia	\$ 9,404,556	\$ 10,066,015	\$ 9,288,598	\$ (777,417)
Total revenues from local governments	<u>\$ 9,404,556</u>	<u>\$ 10,066,015</u>	<u>\$ 9,288,598</u>	<u>\$ (777,417)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,708,816	\$ 2,708,816	\$ 2,497,178	\$ (211,638)
Basic school aid	7,599,578	7,599,578	7,162,044	(437,534)
ISAEF (GED program)	7,859	7,859	7,859	-
Regular foster care	35,745	35,745	10,520	(25,225)
Gifted and talented	72,712	72,712	74,406	1,694
Remedial education	61,401	61,401	62,832	1,431
English as a second language	7,639	7,639	4,068	(3,571)
Special education	1,177,939	1,177,939	1,205,382	27,443
Textbook payment	191,508	191,508	87,670	(103,838)
Vocational education	56,554	56,554	57,872	1,318
Social security fringe benefits	423,347	423,347	433,210	9,863
Retirement fringe benefits	544,534	544,534	418,329	(126,205)
Group life insurance fringe benefits	14,542	14,542	11,574	(2,968)
State lottery payments			190,894	190,894
Early reading intervention	32,771	32,771	30,950	(1,821)
Homebound education	4,138	4,138	2,523	(1,615)
Vocational education equipment	4,471	4,471	3,151	(1,320)
At risk payments	17,288	17,288	17,365	77
Technology	154,000	154,000	131,757	(22,243)
Standards of Learning algebra readiness	7,438	-	7,438	7,438
Mentor teacher program	2,004	2,004	5,337	3,333
Other state funds	93,012	93,012	147	(92,865)
Total categorical aid	<u>\$ 13,217,296</u>	<u>\$ 13,209,858</u>	<u>\$ 12,422,506</u>	<u>\$ (787,352)</u>
Total revenue from the Commonwealth	<u>\$ 13,217,296</u>	<u>\$ 13,209,858</u>	<u>\$ 12,422,506</u>	<u>\$ (787,352)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 218,688	\$ 218,688	\$ 207,236	\$ (11,452)
Title I - ARRA	-	136,444	103,137	(33,307)
Title VI-B, special education flow-through	847,254	847,254	646,295	(200,959)
Title VI-B, special education flow-through - ARRA	-	150,000	217,585	67,585
Vocational education	27,270	27,270	29,817	2,547
Title VI-B, special education preschool	15,464	15,464	15,302	(162)
Title VI-B, special education preschool - ARRA	-	20,081	3,448	(16,633)
Technology literacy challenge	4,055	4,055	2,227	(1,828)
Technology - ARRA	-	-	1,018	1,018
Title II - teacher quality	69,401	69,401	59,419	(9,982)

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For The Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit-School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Drug free school	\$ 7,577	\$ 7,577	\$ 3,239	\$ (4,338)
State fiscal stabilization funds	898,000	898,000	1,181,385	283,385
Total categorical aid	<u>\$ 2,087,709</u>	<u>\$ 2,394,234</u>	<u>\$ 2,470,108</u>	<u>\$ 75,874</u>
Total revenue from the federal government	<u>\$ 2,087,709</u>	<u>\$ 2,394,234</u>	<u>\$ 2,470,108</u>	<u>\$ 75,874</u>
Total School Operating Fund	<u>\$ 24,800,561</u>	<u>\$ 25,767,107</u>	<u>\$ 24,455,783</u>	<u>\$ (1,311,324)</u>
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 3,991	\$ 3,991
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,991</u>	<u>\$ 3,991</u>
Charges for services:				
Cafeteria sales	\$ 650,000	\$ 650,000	\$ 568,357	\$ (81,643)
Total charges for services	<u>\$ 650,000</u>	<u>\$ 650,000</u>	<u>\$ 568,357</u>	<u>\$ (81,643)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 10,264	\$ 10,264
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,264</u>	<u>\$ 10,264</u>
Total revenue from local sources	<u>\$ 650,000</u>	<u>\$ 650,000</u>	<u>\$ 582,612</u>	<u>\$ (67,388)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 13,354	\$ 13,354	\$ 12,082	\$ (1,272)
Total categorical aid	<u>\$ 13,354</u>	<u>\$ 13,354</u>	<u>\$ 12,082</u>	<u>\$ (1,272)</u>
Total revenue from the Commonwealth	<u>\$ 13,354</u>	<u>\$ 13,354</u>	<u>\$ 12,082</u>	<u>\$ (1,272)</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 150,000	\$ 150,000	\$ 223,516	\$ 73,516
Commodities	-	-	49,062	49,062
Total categorical aid	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 272,578</u>	<u>\$ 122,578</u>
Total revenue from the federal government	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 272,578</u>	<u>\$ 122,578</u>
Total School Cafeteria Fund	<u>\$ 813,354</u>	<u>\$ 813,354</u>	<u>\$ 867,272</u>	<u>\$ 53,918</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 25,613,915</u>	<u>\$ 26,580,461</u>	<u>\$ 25,323,055</u>	<u>\$ (1,257,406)</u>

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 105,378	\$ 122,852	\$ 109,686	\$ 13,166
General and financial administration:				
County administrator	\$ 435,975	\$ 413,748	\$ 340,510	\$ 73,238
Legal services	303,360	314,027	282,845	31,182
Central switchboard	26,247	26,078	24,697	1,381
Commissioner of revenue	458,916	458,686	439,417	19,269
Treasurer	353,459	371,378	369,280	2,098
Financial services	449,640	447,462	433,408	14,054
Department of information technology	428,079	477,270	399,548	77,722
Human Resources	148,682	162,490	139,540	22,950
Purchasing	216,911	215,059	186,245	28,814
Other general and financial administration	-	33,302	18,842	14,460
Total general and financial administration	\$ 2,821,269	\$ 2,919,500	\$ 2,634,332	\$ 285,168
Board of elections:				
Electoral board and officials	\$ 173,888	\$ 170,586	\$ 148,317	\$ 22,269
Total board of elections	\$ 173,888	\$ 170,586	\$ 148,317	\$ 22,269
Total general government administration	\$ 3,100,535	\$ 3,212,938	\$ 2,892,335	\$ 320,603
Judicial administration:				
Courts:				
Circuit court	\$ 79,821	\$ 79,821	\$ 76,922	\$ 2,899
General district court	9,705	16,929	16,927	2
Sheriff	501,910	496,823	484,165	12,658
Magistrate	2,732	2,732	1,070	1,662
Juvenile and domestic relations district court	6,400	7,050	6,221	829
Clerk of the circuit court	308,138	352,695	312,054	40,641
Victim and witness assistance	42,854	44,587	43,584	1,003
Total courts	\$ 951,560	\$ 1,000,637	\$ 940,943	\$ 59,694
Commonwealth's attorney:				
Commonwealth's attorney	\$ 316,698	\$ 335,864	\$ 330,115	\$ 5,749
Total commonwealth's attorney	\$ 316,698	\$ 335,864	\$ 330,115	\$ 5,749
Total judicial administration	\$ 1,268,258	\$ 1,336,501	\$ 1,271,058	\$ 65,443
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,934,374	\$ 2,082,907	\$ 2,024,907	\$ 58,000
Grants programs	-	78,673	57,770	20,903
School resource officer	120,787	121,453	115,743	5,710
Total law enforcement and traffic control	\$ 2,055,161	\$ 2,283,033	\$ 2,198,420	\$ 84,613

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer rescue squads	\$ 83,532	\$ 94,295	\$ 86,982	\$ 7,313
State forestry service	8,449	7,179	7,178	1
Fire and emergency management	<u>1,331,090</u>	<u>2,347,742</u>	<u>2,140,360</u>	<u>207,382</u>
Total fire and rescue services	<u>\$ 1,423,071</u>	<u>\$ 2,449,216</u>	<u>\$ 2,234,520</u>	<u>\$ 214,696</u>
Correction and detention:				
Confinement and care of prisoners	\$ 476,180	\$ 557,705	\$ 555,827	\$ 1,878
Probation & pretrial	<u>171,693</u>	<u>157,268</u>	<u>117,651</u>	<u>39,617</u>
Total correction and detention	<u>\$ 647,873</u>	<u>\$ 714,973</u>	<u>\$ 673,478</u>	<u>\$ 41,495</u>
Inspections:				
Building	\$ 392,758	\$ 339,184	\$ 316,010	\$ 23,174
Total inspections	<u>\$ 392,758</u>	<u>\$ 339,184</u>	<u>\$ 316,010</u>	<u>\$ 23,174</u>
Other protection:				
Animal control	\$ 226,720	\$ 245,519	\$ 210,857	\$ 34,662
E-911	<u>657,705</u>	<u>735,555</u>	<u>589,970</u>	<u>145,585</u>
Total other protection	<u>\$ 884,425</u>	<u>\$ 981,074</u>	<u>\$ 800,827</u>	<u>\$ 180,247</u>
Total public safety	<u>\$ 5,403,288</u>	<u>\$ 6,767,480</u>	<u>\$ 6,223,255</u>	<u>\$ 544,225</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 990,153	\$ 1,078,286	\$ 886,423	\$ 191,863
Total sanitation and waste removal	<u>\$ 990,153</u>	<u>\$ 1,078,286</u>	<u>\$ 886,423</u>	<u>\$ 191,863</u>
Maintenance of general buildings and grounds:				
General properties	\$ 879,458	\$ 883,419	\$ 748,717	\$ 134,702
Total maintenance of general buildings and grounds	<u>\$ 879,458</u>	<u>\$ 883,419</u>	<u>\$ 748,717</u>	<u>\$ 134,702</u>
Total public works	<u>\$ 1,869,611</u>	<u>\$ 1,961,705</u>	<u>\$ 1,635,140</u>	<u>\$ 326,565</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 164,893	\$ 171,825	\$ 167,533	\$ 4,292
Total health	<u>\$ 164,893</u>	<u>\$ 171,825</u>	<u>\$ 167,533</u>	<u>\$ 4,292</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Health and welfare: (Continued)				
Mental health and mental retardation:				
Community services board	\$ 97,645	\$ 97,645	\$ 97,645	\$ -
Total mental health and mental retardation	<u>\$ 97,645</u>	<u>\$ 97,645</u>	<u>\$ 97,645</u>	<u>\$ -</u>
Welfare:				
Public assistance and welfare administration	\$ 1,110,994	\$ 1,169,340	\$ 1,020,515	\$ 148,825
Area agency on aging	4,083	4,083	4,083	-
Meals on wheels	3,500	3,500	3,500	-
Transportation for the elderly	52,582	52,582	52,582	-
Social service agency donations	33,720	33,720	33,720	-
Total welfare	<u>\$ 1,204,879</u>	<u>\$ 1,263,225</u>	<u>\$ 1,114,400</u>	<u>\$ 148,825</u>
Total health and welfare	<u>\$ 1,467,417</u>	<u>\$ 1,532,695</u>	<u>\$ 1,379,578</u>	<u>\$ 153,117</u>
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 3,524	\$ 3,524	\$ 3,524	-
Contribution to County School Board	9,404,556	10,066,015	9,288,598	777,417
Total education	<u>\$ 9,408,080</u>	<u>\$ 10,069,539</u>	<u>\$ 9,292,122</u>	<u>\$ 777,417</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 503,626	\$ 524,256	\$ 474,882	\$ 49,374
Total parks and recreation	<u>\$ 503,626</u>	<u>\$ 524,256</u>	<u>\$ 474,882</u>	<u>\$ 49,374</u>
Cultural enrichment:				
Fine arts center	\$ 9,000	\$ 9,000	\$ 9,000	-
Total cultural enrichment	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ -</u>
Library:				
Contribution to regional library	\$ 184,530	\$ 184,530	\$ 184,530	-
Total library	<u>\$ 184,530</u>	<u>\$ 184,530</u>	<u>\$ 184,530</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 697,156</u>	<u>\$ 717,786</u>	<u>\$ 668,412</u>	<u>\$ 49,374</u>
Community development:				
Planning and community development:				
Community development	\$ 174,172	\$ 173,804	\$ 159,917	\$ 13,887
Zoning board	3,540	2,865	698	2,167
Planning commission	38,179	35,883	34,100	1,783
Plum Point housing rehab	-	351,694	27,905	323,789
Planning and zoning	264,666	316,222	206,938	109,284
Economic development	262,083	261,313	245,002	16,311
Historic commission	16,075	16,025	824	15,201
Total planning and community development	<u>\$ 758,715</u>	<u>\$ 1,157,806</u>	<u>\$ 675,384</u>	<u>\$ 482,422</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Environmental management:				
Contribution to soil and water conservation district	\$ 13,525	\$ 13,525	\$ 13,525	\$ -
Environmental management	233,732	239,277	212,830	26,447
Wetlands board	4,665	4,215	2,353	1,862
Litter control	6,337	5,319	4,958	361
Cooperative forestry and reforestation	4,975	4,975	4,836	139
Total environmental management	<u>\$ 263,234</u>	<u>\$ 267,311</u>	<u>\$ 238,502</u>	<u>\$ 28,809</u>
Cooperative extension program:				
Extension office	\$ 66,393	\$ 65,632	\$ 50,535	\$ 15,097
Total cooperative extension program	<u>\$ 66,393</u>	<u>\$ 65,632</u>	<u>\$ 50,535</u>	<u>\$ 15,097</u>
Total community development	<u>\$ 1,088,342</u>	<u>\$ 1,490,749</u>	<u>\$ 964,421</u>	<u>\$ 526,328</u>
Total General Fund	<u><u>\$ 24,302,687</u></u>	<u><u>\$ 27,089,393</u></u>	<u><u>\$ 24,326,321</u></u>	<u><u>\$ 2,763,072</u></u>
<b>Special Revenue Funds:</b>				
<b>Airport Fund:</b>				
Current:				
Public Works:				
Salaries and fringes	\$ 94,426	\$ 94,426	\$ 93,606	\$ 820
Contractual services	24,000	13,074	7,501	5,573
Electricity	7,000	7,000	5,720	1,280
Miscellaneous	76,413	88,177	83,105	5,072
Total public works	<u>\$ 201,839</u>	<u>\$ 202,677</u>	<u>\$ 189,932</u>	<u>\$ 12,745</u>
Capital projects expenditures:				
Airport improvement	\$ 151,000	\$ 283,706	\$ 1,500	\$ 282,206
Total capital projects	<u>\$ 151,000</u>	<u>\$ 283,706</u>	<u>\$ 1,500</u>	<u>\$ 282,206</u>
Total Airport Fund	<u><u>\$ 352,839</u></u>	<u><u>\$ 486,383</u></u>	<u><u>\$ 191,432</u></u>	<u><u>\$ 294,951</u></u>
<b>Human Services Fund:</b>				
Health and welfare:				
Welfare and social services:				
Comprehensive services act	\$ 2,589,906	\$ 2,587,989	\$ 1,101,638	\$ 1,486,351
Virginia juvenile crime control act	6,750	20,500	6,750	13,750
Total welfare and social services	<u>\$ 2,596,656</u>	<u>\$ 2,608,489</u>	<u>\$ 1,108,388</u>	<u>\$ 1,500,101</u>
Total health and welfare	<u>\$ 2,596,656</u>	<u>\$ 2,608,489</u>	<u>\$ 1,108,388</u>	<u>\$ 1,500,101</u>
Total Human Services Fund	<u><u>\$ 2,596,656</u></u>	<u><u>\$ 2,608,489</u></u>	<u><u>\$ 1,108,388</u></u>	<u><u>\$ 1,500,101</u></u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Debt Service Fund:</b>				
Debt service:				
Principal retirement	\$ 2,725,945	\$ 4,705,786	\$ 4,705,781	\$ 5
Interest and other fiscal charges	3,306,838	3,370,893	3,369,345	1,548
Total Debt Service Fund	<u>\$ 6,032,783</u>	<u>\$ 8,076,679</u>	<u>\$ 8,075,126</u>	<u>\$ 1,553</u>
<b>Capital Projects Funds:</b>				
<b>County Capital Improvements Fund:</b>				
Capital projects expenditures:				
County capital projects	\$ 899,226	\$ 5,547,103	\$ 2,529,783	\$ 3,017,320
School buses	255,345	228,846	228,846	-
Total capital projects	<u>\$ 1,154,571</u>	<u>\$ 5,775,949</u>	<u>\$ 2,758,629</u>	<u>\$ 3,017,320</u>
Total County Capital Improvements Fund	<u>\$ 1,154,571</u>	<u>\$ 5,775,949</u>	<u>\$ 2,758,629</u>	<u>\$ 3,017,320</u>
<b>School Construction Fund:</b>				
Capital projects expenditures:				
School projects	\$ -	\$ 1,170,422	\$ 713,309	\$ 457,113
Total capital projects	<u>\$ -</u>	<u>\$ 1,170,422</u>	<u>\$ 713,309</u>	<u>\$ 457,113</u>
Total School Construction Fund	<u>\$ -</u>	<u>\$ 1,170,422</u>	<u>\$ 713,309</u>	<u>\$ 457,113</u>
Total Primary Government	<u>\$ 34,439,536</u>	<u>\$ 45,207,315</u>	<u>\$ 37,173,205</u>	<u>\$ 8,034,110</u>
<b>Discretely Presented Component Unit-School Board</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
School board	\$ 36,308	\$ 36,308	\$ 35,128	\$ 1,180
Executive administration services	479,475	463,590	425,609	37,981
Total administration of schools	<u>\$ 515,783</u>	<u>\$ 499,898</u>	<u>\$ 460,737</u>	<u>\$ 39,161</u>
Instruction costs:				
Elementary and secondary schools	\$ 18,226,862	\$ 18,395,930	\$ 17,927,879	\$ 468,051
Total instruction costs	<u>\$ 18,226,862</u>	<u>\$ 18,395,930</u>	<u>\$ 17,927,879</u>	<u>\$ 468,051</u>
Operating costs:				
Attendance and health services	\$ 1,477,642	\$ 1,484,522	\$ 1,380,775	\$ 103,747
Pupil transportation	2,142,704	2,201,617	2,215,730	(14,113)
Operation and maintenance of school plant	2,437,570	2,962,810	2,248,332	714,478
Facilities	-	56,330	56,330	-
Total operating costs	<u>\$ 6,057,916</u>	<u>\$ 6,705,279</u>	<u>\$ 5,901,167</u>	<u>\$ 804,112</u>
Total education	<u>\$ 24,800,561</u>	<u>\$ 25,601,107</u>	<u>\$ 24,289,783</u>	<u>\$ 1,311,324</u>
Total School Fund	<u>\$ 24,800,561</u>	<u>\$ 25,601,107</u>	<u>\$ 24,289,783</u>	<u>\$ 1,311,324</u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2010 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit-School Board (Continued)</b>				
<b>Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 813,354	\$ 813,354	\$ 739,877	\$ 73,477
Commodities	-	-	49,062	(49,062)
Total school food services	<u>\$ 813,354</u>	<u>\$ 813,354</u>	<u>\$ 788,939</u>	<u>\$ 24,415</u>
Total Cafeteria Fund	<u>\$ 813,354</u>	<u>\$ 813,354</u>	<u>\$ 788,939</u>	<u>\$ 24,415</u>
<b>Textbook:</b>				
Education:				
Instruction	\$ -	\$ 166,000	\$ -	\$ 166,000
Total Textbook	<u>\$ -</u>	<u>\$ 166,000</u>	<u>\$ -</u>	<u>\$ 166,000</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 25,613,915</u>	<u>\$ 26,580,461</u>	<u>\$ 25,078,722</u>	<u>\$ 1,501,739</u>

*STATISTICAL SECTION*

## 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.

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#### 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.

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#### 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.

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#### 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.

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#### Operating Information

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate 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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**COUNTY OF NEW KENT, VIRGINIA**  
**Net Assets by Component**  
**Last Eight Fiscal Years (1)**  
(accrual basis of accounting)

Table 1

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities								
Invested in capital assets, net of related debt	\$ 8,387,629	\$ 9,820,196	\$ 12,228,885	\$ 15,038,906	\$ 9,438,366	\$ 16,407,609	\$ 15,885,375	\$ 24,889,762
Restricted	124,409	286,512	529,641	823,127	-	-	5,017,970	-
Unrestricted	11,557,580	12,205,461	12,306,601	16,968,552	17,196,160	17,921,278	22,836,534	21,701,270
Total governmental activities net assets	<u>\$ 20,069,618</u>	<u>\$ 22,312,169</u>	<u>\$ 25,065,127</u>	<u>\$ 32,830,585</u>	<u>\$ 26,634,526</u>	<u>\$ 34,328,887</u>	<u>\$ 43,739,879</u>	<u>\$ 46,591,032</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 9,444,454	\$ 11,615,019	\$ 13,004,622	\$ 12,838,155	\$ 19,983,157	\$ 35,637,527	\$ 38,497,889	\$ 52,595,933
Unrestricted	1,963,202	3,411,101	5,204,171	11,624,152	43,534,175	31,615,532	28,769,945	19,181,071
Total business-type activities net assets	<u>\$ 11,407,656</u>	<u>\$ 15,026,120</u>	<u>\$ 18,208,793</u>	<u>\$ 24,462,307</u>	<u>\$ 63,517,332</u>	<u>\$ 67,253,059</u>	<u>\$ 67,267,834</u>	<u>\$ 71,777,004</u>
Primary Government								
Invested in capital assets, net of related debt	\$ 17,832,083	\$ 21,435,215	\$ 25,233,507	\$ 27,877,061	\$ 29,421,523	\$ 52,045,136	\$ 54,383,264	\$ 77,485,695
Restricted	124,409	286,512	529,641	823,127	-	-	5,017,970	-
Unrestricted	13,520,782	15,616,562	17,510,772	28,592,704	60,730,335	49,536,810	51,606,479	40,882,341
Total Primary government net assets	<u>\$ 31,477,274</u>	<u>\$ 37,338,289</u>	<u>\$ 43,273,920</u>	<u>\$ 57,292,892</u>	<u>\$ 90,151,858</u>	<u>\$ 101,581,946</u>	<u>\$ 111,007,713</u>	<u>\$ 118,368,036</u>

**Note:**

(1) Data is presented from fiscal year 2003 when the County implemented GASB Statement 34. Ultimately this schedule will contain information for the last ten fiscal years.

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>								
Governmental activities								
General government administration	\$ 1,772,644	\$ 1,266,621	\$ 1,447,448	\$ 2,135,653	\$ 2,467,397	\$ 1,897,867	\$ 3,112,985	\$ 3,178,178
Judicial administration	542,644	557,455	573,244	1,148,168	1,414,736	1,369,100	1,340,241	1,281,668
Public safety	3,724,372	4,960,805	5,939,781	4,797,876	5,669,671	5,941,239	6,448,840	6,974,536
Public works	1,347,566	1,389,480	2,079,328	634,629	1,562,298	1,821,422	2,029,548	2,111,602
Health and welfare	1,775,012	1,967,934	2,035,533	2,001,494	2,730,201	2,789,425	2,549,020	2,470,269
Community development	721,495	1,060,039	58,215	820,618	998,293	7,691,487	5,617,649	15,413,852
Parks, Recreation and cultural	141,314	146,726	404,051	375,468	138,908	680,412	764,787	707,331
Education	6,869,308	8,398,078	9,216,426	8,606,853	23,299,435	1,728,272	1,389,121	1,017,515
Interest and other financial charges	138,065	123,893	138,407	292,157	2,632,446	3,334,033	3,211,074	3,141,450
<b>Total governmental activities</b>	<b>\$ 17,032,420</b>	<b>\$ 19,871,031</b>	<b>\$ 21,892,433</b>	<b>\$ 20,812,916</b>	<b>\$ 40,913,385</b>	<b>\$ 27,253,257</b>	<b>\$ 26,463,265</b>	<b>\$ 36,296,401</b>
Business-type activities								
Water and Sewer	\$ 1,858,732	\$ 1,050,475	\$ 1,512,621	\$ 1,847,797	\$ 2,373,385	\$ 2,396,236	\$ 2,892,413	\$ 2,665,738
Bottoms Bridge	-	-	143,985	598,797	538,689	-	932,255	1,053,599
<b>Total business-type activities</b>	<b>\$ 1,858,732</b>	<b>\$ 1,050,475</b>	<b>\$ 1,656,606</b>	<b>\$ 2,446,594</b>	<b>\$ 2,912,074</b>	<b>\$ 2,396,236</b>	<b>\$ 3,824,668</b>	<b>\$ 3,719,337</b>
<b>Total primary government expenses</b>	<b>\$ 18,891,152</b>	<b>\$ 20,921,506</b>	<b>\$ 23,549,039</b>	<b>\$ 23,259,510</b>	<b>\$ 43,825,459</b>	<b>\$ 29,649,493</b>	<b>\$ 30,287,933</b>	<b>\$ 40,015,738</b>
<b>Program Revenues</b>								
Governmental activities								
Charges for services:								
General government	\$ 459,965	\$ 515,998	\$ 854,141	\$ 976,674	\$ -	\$ -	\$ -	\$ -
Judicial administration	96,268	100,828	100,630	108,277	401,236	386,857	393,169	351,749
Public safety	69,306	14,978	14,638	118,371	694,944	670,915	467,676	437,179
Public works	141,390	150,040	131,431	160,223	112,478	69,744	110,879	45,231
Health and welfare	982	-	-	-	-	-	-	-
Parks, recreation and cultural	59,941	-	64,347	74,350	125,355	247,457	238,455	294,890
Community development	-	-	-	-	328	6,462	2,440	87,478
Education	-	-	55,875	208,170	-	-	-	-
Operating grants and contributions	4,639,646	4,858,074	5,290,164	3,121,241	3,760,077	3,940,686	3,534,316	3,541,020
Capital Grants and contributions	39,060	239,954	952,147	421,375	311,342	700,673	428,223	26,451
<b>Total business-type activities</b>	<b>\$ 5,506,558</b>	<b>\$ 5,879,872</b>	<b>\$ 7,463,373</b>	<b>\$ 5,188,681</b>	<b>\$ 5,405,760</b>	<b>\$ 6,022,794</b>	<b>\$ 5,175,158</b>	<b>\$ 4,783,998</b>
Business-type activities								
Charges for services:								
Water and Sewer	\$ 1,286,095	\$ 2,511,216	\$ 2,629,494	\$ 7,427,792	\$ 37,719,032	\$ 2,993,759	\$ 3,094,791	\$ 4,155,390
Bottoms Bridge	-	-	27,918	382,589	492,327	599,004	271,412	98,928
Operating grants and contributions	441,000	-	-	-	44,289	-	-	-
Capital grants and contributions	44,375	670,748	1,769,979	141,200	1,021,455	947,934	-	3,798,166
<b>Total business-type activities</b>	<b>\$ 1,771,470</b>	<b>\$ 3,181,964</b>	<b>\$ 4,427,391</b>	<b>\$ 7,951,581</b>	<b>\$ 39,277,103</b>	<b>\$ 4,540,697</b>	<b>\$ 3,366,203</b>	<b>\$ 8,052,484</b>
<b>Total primary government program revenues</b>	<b>\$ 7,278,028</b>	<b>\$ 9,061,836</b>	<b>\$ 11,890,764</b>	<b>\$ 13,140,262</b>	<b>\$ 44,682,863</b>	<b>\$ 10,563,491</b>	<b>\$ 8,541,361</b>	<b>\$ 12,836,482</b>

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Net (Expense)/Revenue</b>								
Governmental activities	\$ (11,525,962)	\$ (13,991,159)	\$ (14,429,060)	\$ (15,624,235)	\$ (35,504,705)	\$ (21,230,463)	\$ (21,258,107)	\$ (31,512,403)
Business-type activities	(87,262)	2,131,489	2,770,785	5,504,987	36,365,029	2,144,461	(458,465)	4,333,147
<b>Total primary government net expense</b>	<b>\$ (11,613,224)</b>	<b>\$ (11,859,670)</b>	<b>\$ (11,658,275)</b>	<b>\$ (10,119,248)</b>	<b>\$ 860,324</b>	<b>\$ (19,086,002)</b>	<b>\$ (21,716,572)</b>	<b>\$ (27,179,256)</b>
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental Activities:								
Taxes								
Property taxes	\$ 10,328,886	\$ 11,501,765	\$ 12,870,154	\$ 13,891,200	\$ 17,808,606	\$ 18,678,094	\$ 22,352,347	\$ 22,330,764
Other local taxes	2,410,149	2,746,469	2,861,365	3,972,970	4,095,757	4,305,199	4,093,622	3,665,210
Proffer revenues	59,205	128,789	243,902	-	-	-	-	-
Investment earnings	203,020	189,284	322,551	390,396	2,717,504	2,427,528	1,631,096	872,932
Miscellaneous	697,245	1,061,389	885,652	1,422,398	1,523,291	1,144,452	305,112	858,794
Non-categorical aid from the Commonwealth	-	-	-	2,404,781	2,515,587	2,375,270	2,286,922	6,635,296
Loss on disposal of net assets	-	-	-	-	-	(5,719)	-	-
Transfers	-	-	(1,606)	(18,773)	12,001	-	-	560
<b>Total governmental activities</b>	<b>\$ 13,698,505</b>	<b>\$ 15,627,696</b>	<b>\$ 17,182,018</b>	<b>\$ 22,062,972</b>	<b>\$ 28,672,746</b>	<b>\$ 28,924,824</b>	<b>\$ 30,669,099</b>	<b>\$ 34,363,556</b>
Business-type activities								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 30,542	\$ 52,012	\$ 94,877	\$ 112,973
Investment earnings	3,176	2,340	195,955	729,754	1,681,641	1,539,254	378,363	63,610
Miscellaneous	10,000	-	-	-	-	-	-	-
Transfers	-	-	1,606	18,733	(12,001)	-	-	(560)
<b>Total business-type activities</b>	<b>\$ 13,176</b>	<b>\$ 2,340</b>	<b>\$ 197,561</b>	<b>\$ 748,487</b>	<b>\$ 1,700,182</b>	<b>\$ 1,591,266</b>	<b>\$ 473,240</b>	<b>\$ 176,023</b>
<b>Total primary government</b>	<b>\$ 13,711,681</b>	<b>\$ 15,630,036</b>	<b>\$ 17,379,579</b>	<b>\$ 22,811,459</b>	<b>\$ 30,372,928</b>	<b>\$ 30,516,090</b>	<b>\$ 31,142,339</b>	<b>\$ 34,539,579</b>
<b>Changes in Net Assets</b>								
Governmental activities	\$ 2,172,543	\$ 1,636,537	\$ 2,752,958	\$ 6,438,737	\$ (6,831,959)	\$ 7,694,361	\$ 9,410,992	\$ 2,851,153
Business-type activities	(74,086)	2,133,829	2,968,346	6,253,474	38,065,211	3,735,727	14,775	4,509,170
<b>Total primary government</b>	<b>\$ 2,098,457</b>	<b>\$ 3,770,366</b>	<b>\$ 5,721,304</b>	<b>\$ 12,692,211</b>	<b>\$ 31,233,252</b>	<b>\$ 11,430,088</b>	<b>\$ 9,425,767</b>	<b>\$ 7,360,323</b>

**Note:**  
(1) Data is presented from fiscal year 2003 when the County implemented GASB Statement 34. Ultimately this schedule will contain information for the last ten years.

Fund Balances of Governmental Funds  
 Last Eight Fiscal Years (1)  
 (modified accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>General fund</b>								
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 38,111	\$ 42,394	\$ 324,244	\$ 296,700
Unreserved	4,027,560	4,494,567	4,649,809	5,561,288	7,489,255	8,365,163	8,828,235	8,409,015
<b>Total general fund</b>	<b>\$ 4,027,560</b>	<b>\$ 4,494,567</b>	<b>\$ 4,649,809</b>	<b>\$ 5,561,288</b>	<b>\$ 7,527,366</b>	<b>\$ 8,407,557</b>	<b>\$ 9,152,479</b>	<b>\$ 8,705,715</b>
<b>All other governmental funds</b>								
Reserved for:	\$ -	\$ -	\$ -	\$ -	\$ 34,577,687	\$ 11,635,215	\$ 5,017,970	\$ 4,405,293
Construction	-	-	-	-	-	-	1,629,190	31,734
Prepaid items								
Unreserved, reported in:								
Special revenue funds	-	9,600	9,600	1,817,891	420,906	514,657	275,033	450,208
Capital projects funds	8,027,668	7,811,791	7,512,308	14,001,281	14,227,604	13,488,892	10,802,647	10,674,722
Debt service funds	-	-	-	-	3,255,757	2,784,806	1,093,216	1,821,150
<b>Total all other governmental funds</b>	<b>\$ 8,027,668</b>	<b>\$ 7,821,391</b>	<b>\$ 7,521,908</b>	<b>\$ 15,819,172</b>	<b>\$ 52,481,954</b>	<b>\$ 28,423,570</b>	<b>\$ 18,818,056</b>	<b>\$ 17,383,107</b>

Note:

(1) Data is presented from fiscal year 2003, consistent with earlier schedules from when the County implemented GASB statement 34. Ultimately this schedule will contain information for the last ten fiscal years.

Changes in Fund Balances of Governmental Funds  
Last Eight Fiscal Years (1)  
(modified accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>								
General property taxes	\$ 10,287,896	\$ 11,552,349	\$ 12,705,548	\$ 14,146,386	\$ 17,523,220	\$ 18,678,094	\$ 22,029,662	\$ 22,222,442
Other local taxes	2,410,149	2,746,469	2,861,365	3,972,970	4,095,757	4,305,199	4,093,622	3,665,210
Permits, privilege fees and regulatory licenses	426,524	504,554	671,713	689,055	669,615	660,112	459,232	430,902
Fines and Forfeitures	98,588	154,322	180,150	239,856	221,938	212,547	219,372	191,841
Revenue from use of money and property	233,428	217,099	360,183	688,101	2,624,902	2,259,565	1,631,096	872,932
Charges for services	253,542	277,290	312,774	716,023	445,708	508,776	564,015	593,784
Miscellaneous	826,341	1,003,548	1,131,483	992,979	1,523,291	1,144,452	1,011,475	858,794
Recovered costs	3,475	4,493	16,864	147,995	509,553	533,865	736,896	594,960
Intergovernmental:								
Commonwealth	3,485,155	4,141,660	4,526,958	4,748,765	5,535,817	5,685,369	5,384,875	4,869,299
Federal	808,688	956,368	1,715,353	896,803	984,524	1,331,260	864,586	990,768
<b>Total revenues</b>	<b>\$ 18,833,786</b>	<b>\$ 21,558,152</b>	<b>\$ 24,482,391</b>	<b>\$ 27,238,933</b>	<b>\$ 34,134,325</b>	<b>\$ 35,319,239</b>	<b>\$ 36,994,831</b>	<b>\$ 35,290,932</b>
<b>Expenditures</b>								
General government administration	\$ 1,695,880	\$ 1,742,309	\$ 1,931,326	\$ 1,992,187	\$ 2,298,557	\$ 2,838,389	\$ 2,966,220	\$ 2,892,335
Judicial administration	484,227	517,043	594,240	1,096,622	1,333,063	1,334,679	1,271,699	1,271,058
Public Safety	3,258,851	3,988,242	4,828,250	4,678,449	5,349,980	5,875,647	5,803,309	6,223,255
Public works	1,322,235	1,537,519	2,334,661	1,682,663	1,623,329	1,693,001	1,797,806	1,825,072
Health and welfare	1,782,126	1,983,080	2,066,373	1,983,586	2,718,814	2,804,957	2,536,125	2,487,966
Education	7,059,977	7,327,368	8,389,668	8,168,710	8,356,402	9,674,192	10,199,591	9,292,122
Community development	820,170	1,007,176	752,097	834,077	1,090,833	615,715	656,906	668,412
Parks, recreation and cultural	98,811	100,140	387,751	362,439	475,968	1,410,997	1,290,168	964,421
Capital projects	2,688,742	1,530,016	2,057,914	7,604,394	20,382,379	39,636,653	12,079,368	3,473,438
Debt service								
Principal	271,867	750,069	774,354	762,357	903,226	2,124,007	3,697,636	4,705,781
Interest and other fiscal charges	138,065	123,893	138,407	292,157	2,533,194	3,098,123	3,556,595	3,369,345
Bond issuance costs	-	-	-	-	-	109,899	-	-
<b>Total Expenditures</b>	<b>\$ 19,620,951</b>	<b>\$ 20,606,855</b>	<b>\$ 24,255,041</b>	<b>\$ 29,457,641</b>	<b>\$ 47,065,745</b>	<b>\$ 71,216,259</b>	<b>\$ 45,855,423</b>	<b>\$ 37,173,205</b>
Excess of revenues over (under) expenditures	\$ (787,165)	\$ 951,297	\$ 227,350	\$ (2,218,708)	\$ (12,931,420)	\$ (35,897,020)	\$ (8,860,592)	\$ (1,882,273)
<b>Other financing sources (uses)</b>								
Transfers in	\$ 2,420,743	\$ 2,388,343	\$ 2,170,296	\$ 5,337,482	\$ 6,996,327	\$ 6,872,077	\$ 11,739,565	\$ 13,193,093
Transfers out	(2,420,743)	(3,078,911)	(2,171,902)	(5,356,255)	(6,984,326)	(6,872,077)	(11,739,565)	(13,192,533)
Issuance of bonds	-	-	-	12,212,201	56,862,447	9,859,103	-	-
Bond issuance premium	-	-	-	133,832	2,185,831	388,337	-	-
Refunding of bonds	-	-	-	(2,596,515)	(7,500,000)	2,395,106	-	-
Sale of capital asset	-	-	-	-	-	76,281	-	-
<b>Total other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ (690,568)</b>	<b>\$ (1,606)</b>	<b>\$ 9,730,745</b>	<b>\$ 51,560,279</b>	<b>\$ 12,718,827</b>	<b>\$ -</b>	<b>\$ 560</b>
<b>Net change in fund balances</b>	<b>\$ (787,165)</b>	<b>\$ 260,729</b>	<b>\$ 225,744</b>	<b>\$ 7,512,037</b>	<b>\$ 38,628,859</b>	<b>\$ (23,178,193)</b>	<b>\$ (8,860,592)</b>	<b>\$ (1,881,713)</b>
Debt service as a percentage of noncapital expenditures	2.50%	5.10%	4.60%	4.83%	13.07%	17.50%	25.33%	22.63%

Note:

(1) Data is presented from fiscal year 2003, consistent with earlier schedules from when the County implemented GASB statement 34. Ultimately this schedule will contain information for the last ten fiscal years.

COUNTY OF NEW KENT, VIRGINIA  
Principal Real Property Taxpayers  
Current and Nine Years Ago

Table 5

Taxpayer	2010			2001		
	Rank	Assessed Valuation (1)	Percentage of Total Assessed Valuation	Rank	Assessed Valuation (2)	Percentage of Total Assessed Valuation
New Kent Farms LLC	1	\$ 57,618,300	2.310%			
City of Newport News	2	25,191,700	1.010%	1	\$ 25,733,100	2.788%
Colonial Downs Holdings Inc	3	24,859,900	0.997%	2	25,370,909	2.748%
NKP LB5 LLC	4	19,087,200	0.765%			
Kinney Jonathan C. Trustee	5	18,069,800	0.725%			
NKP LB4 LLC	6	15,446,000	0.619%			
Kentland Investments LLC	7	12,971,100	0.520%			
Patriot's Landing Mgmt Corp.	8	11,021,200	0.442%			
The Stitzer - INGO Co.	9	9,660,700	0.387%			
Terry/Peterson Residential	10	8,287,600	0.332%			
Chesapeake Forest Products				3	22,739,000	2.463%
Golf Trust of America, LP				4	8,318,500	0.901%
Goodall, Marjorie R				5	5,712,100	0.619%
Healthcare Virginia, Inc.				6	5,483,800	0.594%
Bluegreen Properties of Virginia				7	4,122,500	
Shannon, Elizabeth R				8	3,884,900	0.421%
Oaklawn Plaza, Inc				9	3,646,000	0.395%
Ylonen, Charles S				10	3,213,200	0.348%
Allied Finance Co LTD Partnership III						
Total		<u>\$ 202,213,500</u>	<u>8.108%</u>		<u>\$ 82,490,909</u>	<u>8.936%</u>
Total Assessed Valuation of RE		<u>\$ 2,494,012,256</u>	<u>100.000%</u>		<u>\$ 923,131,600</u>	<u>100.000%</u>

Notes:

(1) Based on January 1, 2009 Real Estate Assessments Less Land Use

(2) Based on January 1, 2000 Real Estate Assessments Less Land Use

COUNTY OF NEW KENT, VIRGINIA  
 Property Tax Levies and Collections  
 Last Ten Fiscal Years

Table 6

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Adjustments to Levy in Subsequent Years	Total Adjusted Levy	Collections In Subsequent Years	Total Collections to Date	
		Amount (1)	Percentage of Levy				Amount (1)	Percentage of Levy
2010	\$ 18,150,753	\$ 17,481,715	96.31%	\$ -	\$ 18,150,753	\$ -	\$ 17,481,715	96.31%
2009	17,543,105	16,927,583	96.49%	(7,501)	17,535,605	364,478	17,292,061	98.61%
2008	14,683,271	14,228,315	96.90%	6,381	14,689,652	379,720	14,608,035	99.44%
2007	13,684,954	13,233,449	96.70%	(135)	13,684,819	431,637	13,665,085	99.86%
2006	10,871,475	10,576,954	97.29%	40,571	10,912,046	325,686	10,902,640	99.91%
2005	9,769,591	9,544,778	97.70%	13,879	9,783,469	233,911	9,778,689	99.95%
2004	8,790,161	8,531,094	97.05%	4,535	8,794,696	261,619	8,792,713	99.98%
2003	8,030,689	7,780,025	96.88%	4,896	8,035,585	253,643	8,033,668	99.98%
2002	7,435,561	7,213,919	97.02%	7,243	7,442,804	227,667	7,441,586	99.98%
2001	7,077,293	6,939,073	98.05%	6,425	7,083,717	143,506	7,082,579	99.98%

**Notes:**

(1) Exclusive of penalties and interest.

\*Includes data for Real Estate taxes only. Personal Property not included.

\*Notes are presented on a fiscal year and cash basis.

COUNTY OF NEW KENT, VIRGINIA  
 Assessed and Estimated Actual Value of Real Property  
 Last Ten Fiscal Years

Table 7

Fiscal Year	Residential/ Agricultural Property (4) (5)	Commercial Property (4)	Total Assessed Value	Less: Land-Use Property (4)	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Value (1)	Taxable Assessed Value as a % of Actual Taxable Value
2010	\$ 2,372,385,106	\$ 188,049,050	\$ 2,560,434,156	\$ 66,421,900	\$ 2,494,012,256	\$ 0.73	\$ 2,454,736,472	101.60% (2)
2009	2,249,924,409	171,828,270	2,421,752,679	58,656,600	2,363,096,079	0.73	2,325,881,968	101.60% (2)
2008	1,485,801,900	127,861,119	1,613,663,019	42,639,800	1,571,023,219	0.93	1,626,318,032	96.60% (2)
2007	1,370,706,073	118,498,742	1,489,204,815	43,772,100	1,445,432,715	0.93	2,409,054,525	60.00% (2)
2006	1,268,710,900	113,057,998	1,381,768,898	43,690,200	1,338,078,698	0.81	1,760,629,866	76.00% (2)
2005	1,200,737,250	118,947,531	1,319,684,781	41,611,100	1,278,073,681	0.76	1,431,213,529	89.30% (2)
2004	994,033,200	111,266,313	1,105,299,513	36,598,900	1,068,700,613	0.81	1,064,442,842	100.40% (2)
2003	944,125,500	98,381,790	1,042,507,290	36,074,100	1,006,433,190	0.79	1,216,968,791	82.70% (2)
2002	901,636,300	94,133,895	995,770,195	36,079,900	959,690,295	0.77	1,123,759,128	85.40% (2)
2001	866,938,500	91,471,100	958,409,600	35,278,000	923,131,600	0.72	1,043,086,554	88.50% (3)

Notes:

Real property is the County's primary local source revenue. Assessment information for other property taxes is provided on the Table 8

(1) Estimated value of real estate based on sales ratio percentage for the corresponding tax years as computed by the Virginia Department of Taxation

(2) Ratios Based on Estimations provided by the State Department of Taxation

(3) Tax rate per \$100 of assessed value.

(4) Source, Real Estate Assessments from Commissioner of Revenue.

(5) Includes Land Use Exemptions.

**COUNTY OF NEW KENT, VIRGINIA**  
**Assessed Value of Taxable Property Other than Real Property**  
**Last Ten Fiscal Years**

**Table 8**

<b>Fiscal Year</b>	<b>Personal Property (1)</b>	<b>Machinery &amp; Tools (1)</b>	<b>Aircraft (1)</b>	<b>Public Service (2,3)</b>	<b>Total</b>
2010	\$ 155,957,292	\$ 18,000	\$ 1,352,404	\$ 82,047,884	\$ 239,375,580
2009	170,220,143	18,000	1,271,150	74,410,649	245,919,942
2008	156,913,939	18,000	1,298,750	44,828,759	203,059,448
2007	145,406,962	21,600	971,000	52,291,778	198,691,340
2006	138,448,093	21,600	1,018,500	62,909,522	202,397,715
2005	118,496,255	31,699	1,072,000	71,062,752	190,662,706
2004	113,096,654	2,117,755	642,600	58,674,214	174,531,223
2003	99,611,366	38,188	719,600	66,114,328	166,483,482
2002	103,628,115	38,188	719,600	60,897,685	165,283,588
2001	97,584,495	3,500	778,020	66,391,934	164,757,949

**Notes:**

Real property shown on Table 7 is the County's primary local source revenue. Assessment information for other property taxes is provided above for additional reference.

(1) Source, Assessments from Commissioner of Revenue.

(2) Public Service Corporation property assessments performed by the State Corporation Commission.

(3) Includes Real Estate

**COUNTY OF NEW KENT, VIRGINIA**  
**Direct Property Tax Rates**  
**Last Ten Fiscal Years**

**Table 9**

---

Fiscal Year	Public Service		Machinery & Tools	Aircraft
	Real Estate	Personal Property		
2010	\$ 0.73	\$ 3.75	\$ 1.50	\$ 0.75
2009	0.73	3.75	1.50	0.75
2008	0.93	3.75	3.00	0.75
2007	0.93	3.75	3.00	0.75
2006	0.81	3.75	3.00	0.75
2005	0.76	3.75	3.00	0.50
2004	0.81	3.75	3.00	0.50
2003	0.79	3.75	3.00	0.50
2002	0.77	3.75	3.00	0.50
2001	0.72	3.75	3.00	1.25

**Notes:**

Per \$100 of assessed value. There are no overlapping property tax rates with other governments.

COUNTY OF NEW KENT, VIRGINIA  
Ratio of Outstanding Debt by Type  
Last Ten Fiscal Years

Table 10

Fiscal Year	Governmental Activities					Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita Personal Income (1)
	General Obligation Bonds	State Literary Funds Loans	Capital Lease Obligations	Lease Revenue Bond	Notes Payable	Revenue Bonds				
2001	\$ 2,899,333	\$ 800,000	\$ 398,216	\$ 2,165,000	\$ 126,304	\$ -	\$ 6,388,853	1.54%	\$ 29,961	
2002	2,628,690	700,000	365,309	1,975,000	94,728	-	5,763,728	1.36%	29,865	
2003	2,254,495	600,000	330,019	1,770,000	63,152	-	5,017,666	1.11%	30,581	
2004	3,268,850	500,000	292,170	175,000	31,576	-	4,267,597	0.89%	31,433	
2005	2,721,663	400,000	251,579	120,000	2,596,515	17,675,000	23,764,757	4.59%	32,476	
2006	4,575,039	300,000	208,047	2,360,000	7,500,000	17,675,000	32,618,086	5.93%	33,000	
2007	11,530,439	200,000	378,222	51,897,177	-	17,675,000	81,680,838	13.61%	34,813	
2008	17,076,570	100,000	-	56,959,655	-	17,310,000	91,446,225	14.77%	34,927	
2009	16,085,397	-	-	54,353,091	-	16,940,000	87,378,489	N/A	N/A	
2010	14,953,146	-	-	50,779,662	-	16,555,000	82,287,808	N/A	N/A	

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

(1) Population data for 2001 through 2009, and personal income and per capita personal income data for 2001 through 2008 is obtained from the Bureau of Economic Analysis, U. S. Department of Commerce

The population estimate for 2010 was obtained from the Virginia Employment Commission

**COUNTY OF NEW KENT, VIRGINIA**  
**Ratio of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

**Table 11**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>State Literary Fund Loans</b>	<b>Total General Bonded Debt</b>	<b>General Bonded Debt Per Capita</b>	<b>Percent of General Bonded Debt to Assessed Real Property Value</b>
2001	\$ 2,899,333	\$ 800,000	\$ 3,699,333	\$ 209	0.39%
2002	2,628,690	700,000	3,328,690	185	0.33%
2003	2,254,495	600,000	2,854,495	153	0.27%
2004	3,268,850	500,000	3,768,850	213	0.34%
2005	2,721,663	400,000	3,121,663	171	0.24%
2006	4,575,039	300,000	4,875,039	275	0.35%
2007	11,530,439	200,000	11,730,439	669	0.79%
2008	17,076,570	100,000	17,176,570	963	1.06%
2009	16,085,398	-	16,085,398	901	0.66%
2010	14,953,146	-	14,953,146	800	0.60%

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 12

COUNTY OF NEW KENT, VIRGINIA  
Demographic and Economic Statistics  
Last Ten Calendar Years

Table 12

Year	Population (1)	Personal Income (in thousands) (1)	Per Capita Personal Income (1)	Unemployment Rate (2)	School Enrollment (3)
2001	13,883	\$ 415,951	\$ 29,961	2.9	2,403
2002	14,194	423,904	29,865	3.8	2,455
2003	14,761	451,412	30,581	3.8	2,546
2004	15,314	481,367	29,315	3.6	2,626
2005	15,939	517,636	32,476	3.3	2,637
2006	16,659	549,740	33,000	3.0	2,721
2007	17,245	600,351	34,813	2.9	2,781
2008	17,731	619,296	34,927	3.3	2,784
2009 (Provisional) <b>(6)</b>	17,857	N/A	N/A	6.9 <b>(4)</b>	2,854
2010 <b>(7)</b>	18,681	N/A	N/A	7.2 <b>(5)</b>	2,769

(1) Bureau of Economic Analysis

(2) U.S. Department of Labor Statistics - Unemployment Rate by County, Not Seasonally Adjusted at June of each year

(3) Virginia Department of Education Fall Membership Reports (division totals by grade)

Fall Membership is the number of students enrolled in public school on September 30th of each year

(4) Revised 8-12-10 by the Virginia Department of Education Fall Membership Reports (divisions totals by grade)

(5) New Kent County School Board

(6) Weldon Cooper Center for Public Service, Demographics and Workforce Section

(7) Virginia Employment Commission

N/A - This information was unavailable.

**COUNTY OF NEW KENT, VIRGINIA  
Principal Employers  
Current and Nine Years Ago**

**Table 13**

<b>Employer</b>	<b>2010*</b>			<b>2001*</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment**</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment**</b>
New Kent County School Board	250 to 499	1		250 to 499	1	
AHS Cumberland Hospital	100 to 249	2		250 to 499	2	
County of New Kent	100 to 249	3		100 to 249	3	
Food Lion	100 to 249	4		50 to 99	5	
County of Henrico	100 to 249	6				
CCC Transportation LLC	50 to 99	5				
Curtis Contracting Incorporated	50 to 99	7				
Bruce Howard Contracting Inc.	50 to 99	8				
Comfort Keepers 160	50 to 99	9				
McDonald's	50 to 99	10		20 to 49	9	
Winn Dixie				50 to 99	4	
Allied Pallet Company (formerly VA Carolina Pallet)				50 to 99	6	
Impact Management Service				50 to 99	7	
Basic Construction Co LLC				20 to 49	8	
Direct Wood Products				20 to 49	10	

Source: Virginia Employment Commission

\*Quarterly Census of Employment and Wages (QCEW)

Data for 2010: 1st Quarter 2010

Data for 2001: 1st Quarter 2001

\*\*The Virginia Employment Commission is precluded from disclosing the actual number of employees per the Confidential Information Protection and Statistical Efficiency Act - Title V of Public Law 107-347.

**COUNTY OF NEW KENT, VIRGINIA**  
**Full-Time Equivalent County Government Employees by Function/Program**  
**Last Seven Fiscal Years**

**Table 14**

	<b>Full-time Equivalent Employees as of June 30</b>						
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>General government:</b>							
Clerk of the Board	4.5	4.5	4	3.5	3	2	2
Commissioner of the Revenue	6	6	6	4	4	4	4
Treasurer	4	4	4	4	4	4	4
Finance	4	4	6	6.5	5	4	4
Human Resources	2	2	1	1	0	0	0
Information Technologies	3	3	3	2	2	2	1
Registrar	2	2	2	1	1	1	1
County Attorney	2	2.5	2	2	2	0	0
<b>Total General Government</b>	<u>27.5</u>	<u>28</u>	<u>28</u>	<u>24</u>	<u>21</u>	<u>17</u>	<u>16</u>
<b>Judicial Administration:</b>							
Clerk of the Circuit Court	4	4	4	4	4	4	4
General District Court				0	1	1	1
Victim's Witness	1	1	1	1	1	1	1
Commonwealth Attorney	3.5	3.5	3.5	3.5	2	2	2
<b>Total Judicial Administration</b>	<u>8.5</u>	<u>8.5</u>	<u>8.5</u>	<u>8.5</u>	<u>8</u>	<u>8</u>	<u>8</u>
<b>Public Safety:</b>							
Sheriff and Animal Control	39	39	37	45	36	35	35
Fire and Emergency Mgmt.	16	13	10	10	8	8	8
<b>Total Public Safety</b>	<u>55</u>	<u>52</u>	<u>47</u>	<u>55</u>	<u>44</u>	<u>43</u>	<u>43</u>
<b>Public Works:</b>							
Airport	1	1	1	1	1	1	1
Refuse	10	10	10	9	1	1	1
Other Public Works	8	8	8	5	6	6	6
<b>Total Public Works</b>	<u>19</u>	<u>19</u>	<u>19</u>	<u>15</u>	<u>8</u>	<u>8</u>	<u>8</u>
<b>Health and Welfare:</b>							
Social Services	12.5	12.5	13.5	13.5	10	10	10
Human Services				0	1	1	1
<b>Total Health and Welfare</b>	<u>12.5</u>	<u>12.5</u>	<u>13.5</u>	<u>13.5</u>	<u>11</u>	<u>11</u>	<u>11</u>
<b>Community Development</b>							
Planning/Environmental/Permitting	9	9	11	8	8	5	5
Building Inspections	5	5	7	7	8	6	5
Extension	0	0	0	0	0	0	0
Economic Development	2	2	1	1	1	1	0
<b>Total Community Development</b>	<u>16</u>	<u>16</u>	<u>19</u>	<u>16</u>	<u>17</u>	<u>12</u>	<u>10</u>
<b>Parks, Recreation and Cultural</b>							
Parks and Recreation	4	4	4	4	1	2	2
<b>Total Parks, Recreation and Cul</b>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>1</u>	<u>2</u>	<u>2</u>
<b>Total Governmental</b>	<u>142.5</u>	<u>140</u>	<u>139</u>	<u>136</u>	<u>110</u>	<u>101</u>	<u>98</u>
<b>Public Utilities</b>							
Water/Sewer	16	16	13	13	11	9	6
<b>Total Public Utilities</b>	<u>16</u>	<u>16</u>	<u>13</u>	<u>13</u>	<u>11</u>	<u>9</u>	<u>6</u>
<b>Total Other</b>	<u>16</u>	<u>16</u>	<u>13</u>	<u>13</u>	<u>11</u>	<u>9</u>	<u>6</u>
<b>Total County</b>	<u><u>158.5</u></u>	<u><u>156</u></u>	<u><u>152</u></u>	<u><u>149</u></u>	<u><u>121</u></u>	<u><u>110</u></u>	<u><u>104</u></u>

Source: Human Resources Department, Human Resource Specialist  
 Only seven years of data is available. Ultimately this schedule will contain information for the last ten fiscal years

**COUNTY OF NEW KENT, VIRGINIA**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years (where available)**

**Table 15**

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Public Safety (1)										
Fire and rescue companies	1	1	1	1	1	1	1	1	1	1
Number of Stations	4	3	3	3	3	3	3	3	3	3
Public Utilities (2)										
Active Vehicles	17	17	9	9	9	5	6	*	*	*
Refuse Collection (3)										
Refuse collected (tons per year)	6,195	6,449	7,202	7,801	8,474	*	*	*	*	*
Number of refuse sites	4	4	4	4	4	4	4	*	*	*
Recyclables Collected (tons per year)	432	946	549	468	460	*	*	*	*	*
Parks, Recreation & Cultural (4)										
Land acres	275	275	275	259	159	158	158	158	158	0
Trails (miles)	5	5	5	5	3	3	3	3	3	3
Number of visitors	24,750	24,750	22,620	4,325	*	*	*	*	*	*
Library (5)										
Material circulated	43,230	41,589	47,850	60,435	55,958	48,860	43,013	40,036	34,282	32,207
Library patrons	25,937	24,123	24,160	5,750	*	*	*	*	*	*
Education (6)										
Elementary Schools										
Buildings	2	2	2	1	1	1	1	1	1	1
Primary Schools										
Buildings	0	0	0	1	1	1	1	1	1	1
Middle Schools										
Buildings	1	1	1	1	1	1	1	1	1	1
Capacity	750	750	522	522	522	522	522	522	522	522
High Schools										
Buildings	1	1	1	1	1	1	1	1	1	1
Capacity	1200	1200	800	800	800	800	800	800	800	800
Number of school buses	60	60	63	60	60	57	54	47	47	45

Sources:

- (1) New Kent County Fire Department
- (2) Financial Services
- (3) New Kent County General Services
- (4) New Kent County Parks and Recreation
- (5) Heritage Public Library

The Heritage Public Library in the past has served two localities, New Kent County and Charles City County.  
FY09 is the first full year the library has recorded separate statistics for New Kent and Charles City County.

- (6) New Kent County Public Schools

\* - This information is not available.

COUNTY OF NEW KENT, VIRGINIA  
**Capital Asset Statistics by Function/Program**  
 Last Seven Fiscal Years

Table 16

	Fiscal Year						
	2010	2009	2008	2007	2006	2005	2004
Sheriff's Department (1)							
Stations	1	1	1	1	1	1	2
Patrol units	19	19	19	17	14	14	14
Total Calls Dispatched	31,094	34,087	38,302	31,604	25,712	19,667	18,052
Calls dispatched for traffic	4,043	3,503	3,298	3,368	2,863	2,850	3,132
Calls dispatched for rescue	1,707	1,620	1,353	1,106	1,701	2,776	2,060
Number of criminal warrants served	1,161	1,129	1,146	1,335	1,243	1,212	1,088
Number of civil warrants and traffic notices	7,165	8,424	8,576	9,215	7,639	6,989	5,192
Volunteer Fire and Rescue (2)							
Companies	1	1	1	1	1	1	1
Stations	4	3	3	3	3	3	3
Emergency responses	2,891	1,418	1453**	2,480	1,132	1,021	2,300
Fires extinguished	224	289	213**	886	557	732	945
Inspections	688	594	312	101	103	112	104
Parks and recreation (3)							
Number of parks maintained	7	7	6	6	N/A	N/A	N/A
Park acreage owned by the County	275	275	275	252	N/A	N/A	N/A
Park acreage leased	0	0	0	0	N/A	N/A	N/A
Library (4)							
Number of libraries	1	1	1*	1	1	1	1
Number of bookmobiles (non-operational)	0	1	1	1	1	1	1
Public Utilities (5)							
Water							
Daily average consumption (gallons)	572,212	697,149	811,600	694,000	648,000	344,568	380,000
Number of connections	1,990	1,918	1,887	1,732	1,576	1,384	1,200
Sewer							
Average daily sewage treatment (thousands of gallons)	320,000	340,000	328,000	256,000	188,000	135,000	200,000
Number of connections	809	733	725	579	422	268	125

\* For FY07-08 Heritage Public Library has been operating out of 2 branches. One in New Kent County and one in Charles City County.

\*\* Volunteer Fire & Rescue numbers have decreased due to a new Fire Record Management System. Historically, the county documented all calls at each station which gave credit multiple times for a single incident. This new Management System eliminates the double counting.

Sources:

- (1) New Kent County Sheriff's Office
- (2) New Kent County Fire Department
- (3) New Kent County Parks & Recreation
- (4) Heritage Public Library
- (5) New Kent County Public Utilities

Only seven years of data is available.

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*COMPLIANCE SECTION*

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of New Kent, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County of New Kent, Virginia's basic financial statements and have issued our report thereon dated November 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

We noted other matters that we have reported to management of the County of New Kent, Virginia, in a separate letter dated November 15, 2010.

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

*Robert J. Farn, Cox Associates*

Richmond, Virginia  
November 15, 2010

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

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

### **Compliance**

We have audited County of New Kent, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of New Kent, Virginia's major federal programs for the year ended June 30, 2010. The County of New Kent, 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 New Kent, Virginia's management. Our responsibility is to express an opinion on the County of New Kent, 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 New Kent, 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 New Kent, Virginia's compliance with those requirements.

In our opinion, the County of New Kent, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

### **Internal Control Over Compliance**

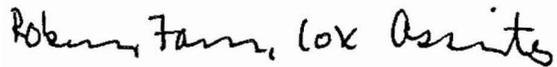
Management of the County of New Kent, Virginia, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of New Kent, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of New Kent, Virginia's internal control over compliance.

**Internal Control Over Compliance (Continued)**

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

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

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

Handwritten signature of Robert J. Cox in black ink.

Richmond, Virginia  
November 15, 2010

**COUNTY OF NEW KENT, VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2010**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	FY2010 Federal Expenditures
<b>Department of Agriculture:</b>			
Department of Social Services:			
Pass Through Payments:			
State admin matching grants for the supplemental nutrition assistance program	10.561	0010109/0010110	\$ 165,446
State admin matching grants for the supplemental nutrition assistance program - ARRA	10.561	0010109/0010110	5,186
Department of Agriculture and Consumer Services:			
Pass Through Payments:			
School breakfast program	10.553	17901-40591	48,829
National school lunch program	10.555	17901-40623	174,687
Commodities - National school lunch program	10.555	17901-45707	49,062
<b>Department of Homeland Security:</b>			
Direct Payments:			
Assistance to firefighter's grant	97.044		229,209
Recovery Act - emergency food & shelter national board program	97.114		5,059
Department of Emergency Services:			
Pass Through Payments:			
Emergency management performance grants	97.042	77501-52749	27,932
Emergency management and response-enhance current EOC	97.042	77501-52749	1,110
State homeland security program	97.073	77501-52707	40,150
Non-profit security program	97.008	77501	95
Nonprofit security program - training	97.008	77501	1,518
<b>Department of Justice</b>			
Direct Payments:			
Recovery Act - Edward Byrne memorial justice assistance grants to local governments	16.804		16,741
Bulletproof vest partnership program	16.607		2,468
Compensation Board:			
Pass Through Payments:			
Edward Byrne memorial justice assistance grant (JAG) program/grants to states and territories - recovery act	16.803	30712	39,801
<b>Department of Health and Human Services:</b>			
Department of Social Services:			
Pass Through Payments:			
Temporary assistance for needy families	93.558	0400109/0400110	88,810
Refugee and entrant assistance - state administered program	93.566	0500109/0500110	315
Low income home energy assistance	93.568	0600409/0600410	5,428
Child care and development block grant	93.575	0770109/0770110	35,297
Child care mandatory & matching funds of the child care & development fund	93.596	0760109/0760110	47,704
Foster care - Title IV-E	93.658	1100109/1100110	41,809
Adoption assistance	93.659	1120109/1120110	20,257
Social services block grant	93.667	1000109/1000110	29,841
Chafee foster care independence program	93.674	9150109/9150110	747
Medical assistance program	93.778	1200109/1200110	101,524
Promoting safe & stable families	93.556	0950109/0950110	991
Children's health insurance program	93.767	0540109/0540110	6,317
Child welfare services grant	93.645	0900109/090110	296
Chafee education & training program	93.599	9160108/9130109	120
Recovery Act - child care and development block grant	93.713	0740109/0780109	13,172

**COUNTY OF NEW KENT, VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2010**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	FY2010 Federal Expenditures
<b>Department of Education:</b>			
Department of Education:			
Pass Through Payments:			
Title I grants to local educational agencies	84.010	17901-42901	\$ 207,236
Special education - grants to states	84.027	17901-43071	646,295
Career and technical education - basic grants to states	84.048	17901-61095/61159	29,817
Special education - preschool grants	84.173	17901-62521	15,302
Improving teacher quality state grants	84.367	17901-61480	59,419
Safe and drug free schools and communities - state grants	84.186	17901-60511	3,239
Education technology state grants	84.318	17901-61600	2,227
Recovery Act - state fiscal stabilization funds - education state grants	84.394	17901-62532	1,181,385
Recovery Act - education technology state grants	84.386	17901-60897	1,018
Recovery Act - Title I grants to local educational agencies	84.389	17901-42913	103,137
Recovery Act - special education preschool grants	84.392	17901-61247	3,448
Recovery Act - special education grants	84.391	17901-61245	217,585
<b>Environmental Protection Agency:</b>			
Office of Water			
Pass Through Payments:			
Recovery Act - Capitalization Grant for Clean Water State Revolving Funds	66.458	51503-90301	2,393,269
Office of Water			
Pass Through Payments:			
Chesapeake Bay Program	66.466	51503	4,835
<b>Department of Housing &amp; Urban Development:</b>			
Department of Housing & Community Development:			
Pass Through Payments:			
Community Development Block Grants/State's Program	14.228	53305-50796	24,162
<b>Department of Transportation:</b>			
Department of Transportation:			
ISTEAGrant			
Highway Planning & Construction	20.205	60507	2,289
Department of Motor Vehicles:			
Pass Through Payments:			
State & Comm. Highway Safety (Section 402)	20.600	60507-59250/50192	<u>32,139</u>
Totals			<u>\$ 6,126,723</u>

See the accompanying notes to schedule of expenditures of federal awards.

**COUNTY OF NEW KENT, VIRGINIA**

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

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Note A - Basis of Presentation

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

Note B - Summary of Significant Accounting Policies

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

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

Note C - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	\$ 988,479
Capital Projects Funds:	
County Capital Improvements Fund	2,289
Proprietary Fund:	
Utilities Fund	<u>2,393,269</u>
Total primary government	<u>\$ 3,384,037</u>
Component Unit Public Schools:	
School Operating Fund	\$ 2,470,108
School Cafeteria Fund	<u>272,578</u>
Total component unit public schools	<u>\$ 2,742,686</u>
Total federal expenditures per basic financial statements	<u>\$ 6,126,723</u>
 Total federal expenditures per the Schedule of Expenditures of Federal Awards	 <u><u>\$ 6,126,723</u></u>

**COUNTY OF NEW KENT, VIRGINIA**

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

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

Financial Statements

Type of auditors’ report issued Unqualified

Internal control over financial reporting:

a. Material weakness(es) identified?        yes   X   no

b. Significant deficiency(ies) identified?        yes   X   none reported

Noncompliance material to financial statements noted?        yes   X   no

Federal Awards

Internal control over major programs

a. Material weakness(es) identified?        yes   X   no

b. Significant deficiency(ies) identified?        yes   X   none reported

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

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

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.027/84.173/84.391/84.392 84.010/84.389 84.394  66.458	Special Education Cluster Title I Cluster State Fiscal Stabilization Funds - Education State Grants - Recovery Act Capitalization Grant for Clean Water State Revolving Funds - Recovery Act

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 NEW KENT, VIRGINIA**

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

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There were no prior year findings and questioned costs.

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