# COMPREHENSIVE ANNUAL FINANCIAL REPORT

# COUNTY OF GLOUCESTER VIRGINIA

FOR THE FISAL YEAR ENDING JUNE 30, 2005

# COUNTY OF GLOUCESTER, VIRGINIA COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED JUNE 30, 2005

#### **Prepared By:**

Nickie C. Champion
Director of Financial Services

Theresa S. Owens Accounting Manager

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#### **Board of Supervisors**

John J. Adams, Sr., Chairperson Louise D. Theberge, Vice-Chairperson

Christian D. Rilee Teresa L. Altemus Michelle R. Ressler

Charles R. Allen, Jr. Burton M. Bland

#### **County School Board**

Alvin J. McGlohn, Jr., Chairperson E. Stanley Belvin, Jr., Vice-Chairperson

Ann F. Burruss Kevin M. Smith Michael D. Jenkins

Ronnie Cohen Dr. Jean E. Pugh

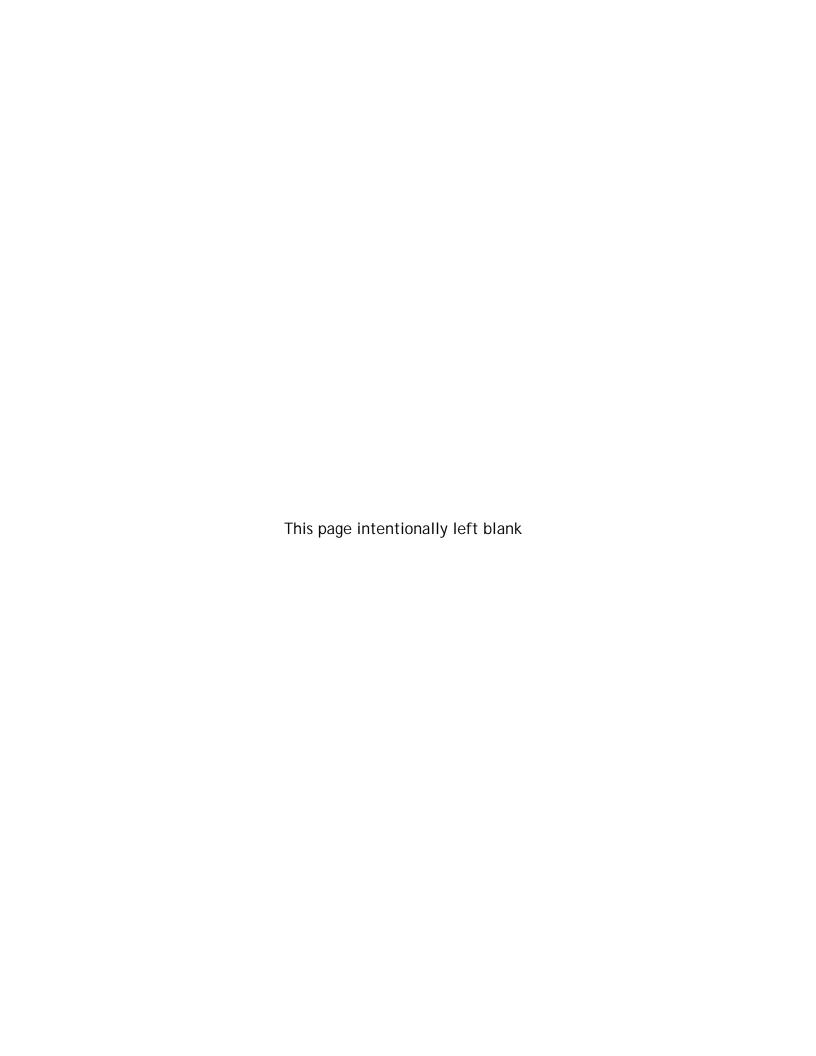
#### **Board of Social Services**

Fredericka S. Branch, Chairperson Nancy E. Warner, Vice-Chairperson

Charles R. Allen, Jr. Mary Ann Boon George T. Webster, III Patrick J. Cooney Luella H. Lemon Carlton N. Hogge

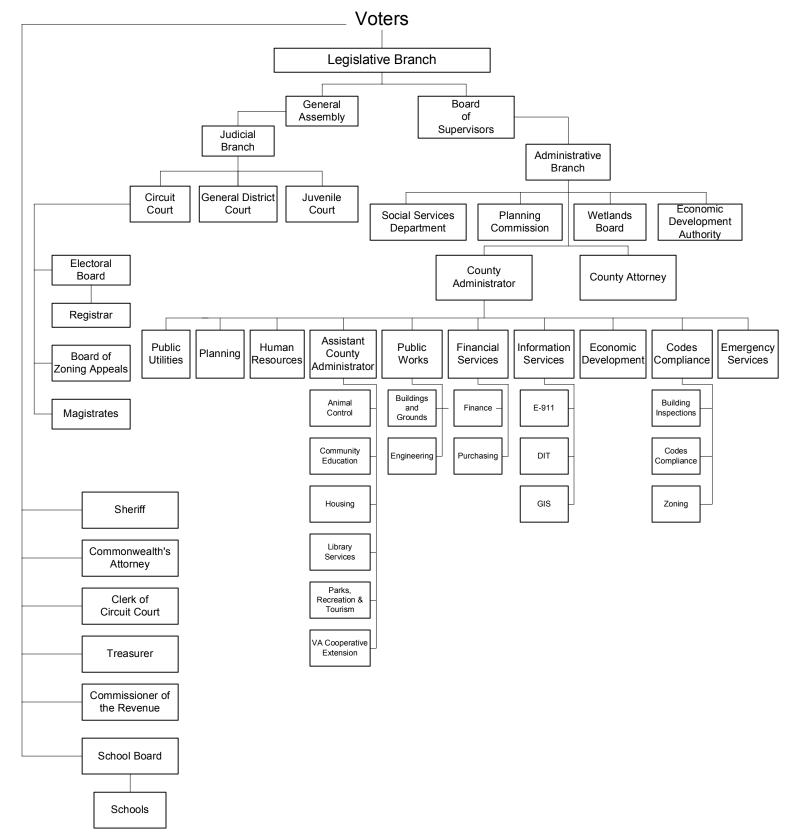
#### **Other Officials**

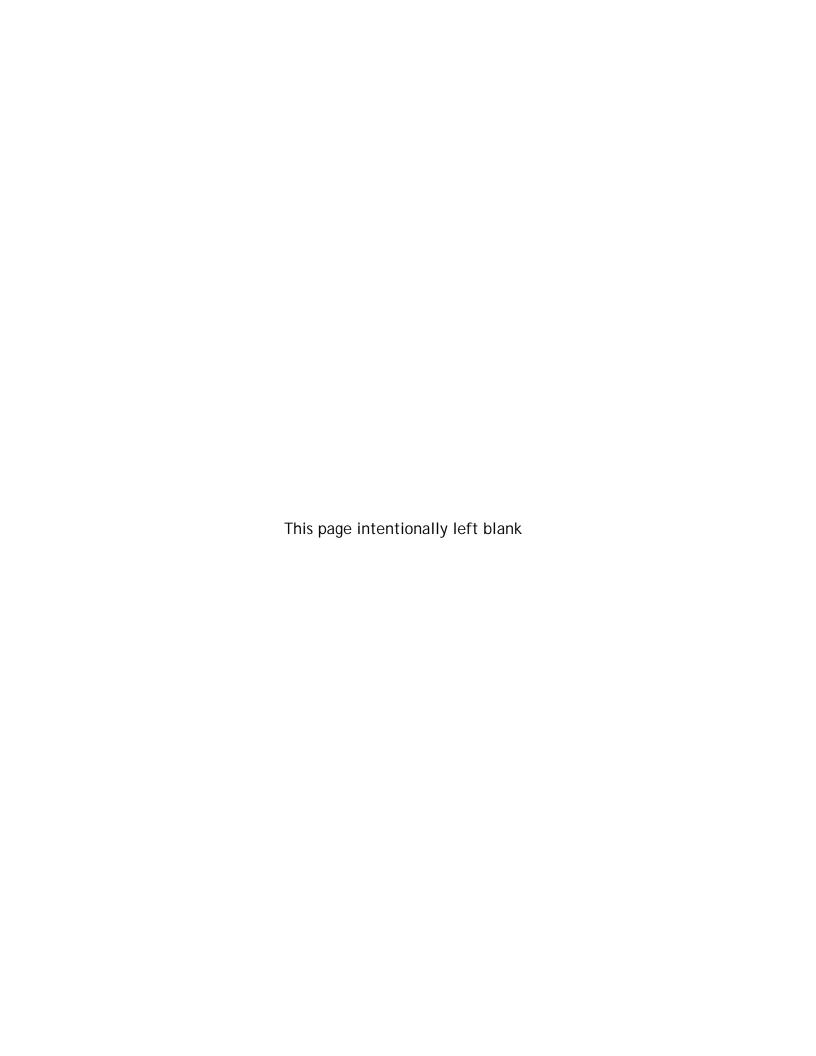
County Administrator	
Clerk of the Circuit Court	C. Ann Gentry
Commonwealth's Attorney	Robert D. Hicks
Commissioner of the Revenue	Kevin A. Wilson
Treasurer	Tara L. Thomas
Judge of the Juvenile and Domestic Relations Court	Honorable Isabel H. Atlee
Judge of the General District Court	Honorable R. Bruce Long
Sheriff	Robin P. Stanaway
Superintendent of Schools	Howard B. Kiser, Ed.D.
Director of Department of Social Services	Evins A. Goodwin
County Attorney	Daniel M. Stuck





#### **Gloucester County Organizational Chart**





# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## County of Gloucester, Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

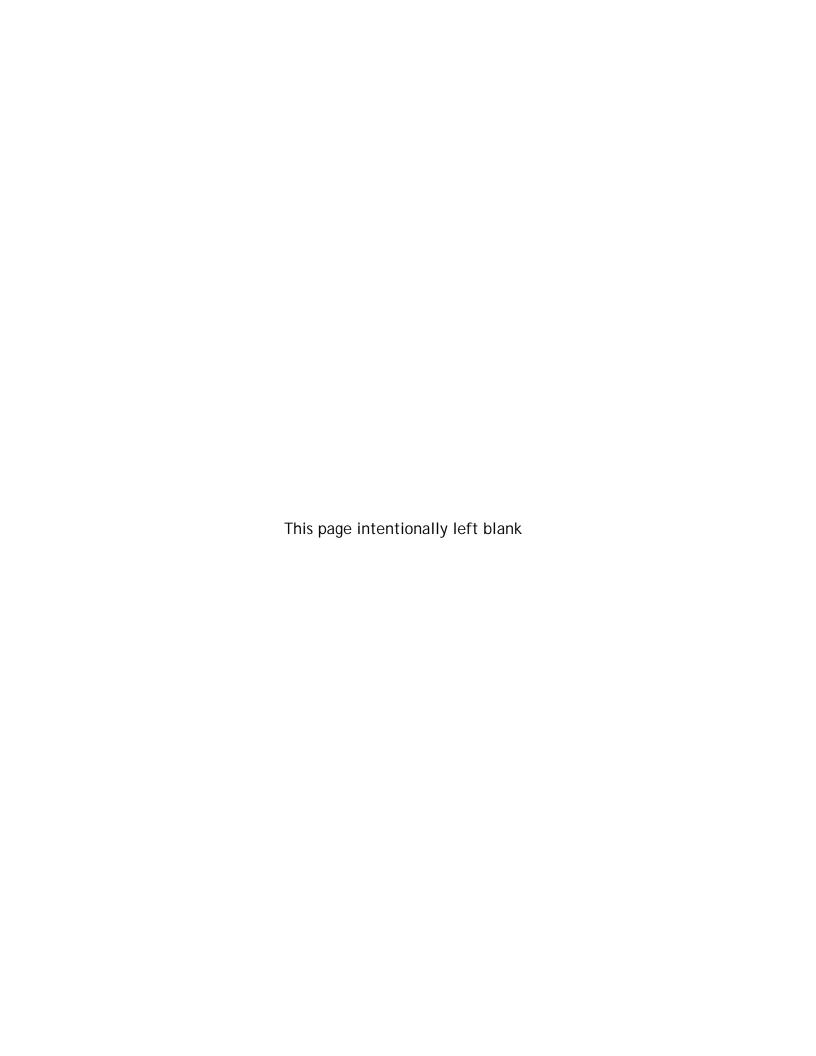
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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

WHITED STATES AND ACCORPORATION CORPORATION CORPORATIO

Manugh Zielle President

**Executive Director** 

Your R. Ener





# Gloucester County Administrator's Office

Post Office Box 329 6467 Main Street Gloucester, Virginia 23061

Fax: 804.693.6004

October 14, 2005

Phone: 804.693.4042

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

The Commonwealth of Virginia requires that local government publish within five months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the County of Gloucester (the County) for the fiscal year ended June 30, 2005.

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

Robinson, Farmer, Cox Associates, Certified Public Accountants have issued an unqualified opinion on the County's financial statements for the year ended June 30, 2005. The independent auditor's report is located at the front of the financial section of this report

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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). 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 Gloucester County**

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

The County of Gloucester has a County Administrator form of government with an elected seven member Board of Supervisors. The Administrator oversees the daily administration of the County.

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

The County provides a full range of services including police protection, social services, planning and inspections, public works and utilities, libraries, and general government administration. The Commonwealth of Virginia provides the construction and maintenance of highways, streets, and infrastructure located within the County. Local volunteer fire and rescue companies provide fire and rescue protection for the citizens, and the County provides support through cash contributions for operations and capital expenditures.

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

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

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

#### **Local Economy**

Because of its location in a region with a varied economic base, unemployment is relatively stable. During the past ten years, the unemployment rate dropped from 3.6% in 1996 to 3.4% in 2005. Unemployment is expected either to remain stable or to decrease still further in the near term as major businesses continue to open new facilities.

Infrastructure is a significant and critical factor in attracting new investment to the County. Beaverdam Reservoir, the Gloucester Water Treatment Plant, and becoming a member of the Hampton Roads Sanitation District for wastewater capacities have been essential in attaining growth dynamics. Accordingly, to meet continuing water utilization requirements and treatment parameters Gloucester completed expansion of its water system and treatment capacity. The expansion blends well water with surface water through a Reverse Osmosis process and has increased capacity to 4 million gallons per day.

In September 2005, the Virginia Institute of Marine Science at Gloucester Point dedicated a new estuarine research center, and the Chesapeake Bay National Estuarine Research Reserve in Virginia held a groundbreaking for a Marine Research Building Complex. The estuarine research center, the Catlett-Burruss Research and Education Laboratory, will support water quality monitoring of Chesapeake Bay coastal waters, watershed and shallow water habitat research and is named for the Catlett and Burruss families for their generous support over the years to the Reserve and to VIMS. The Marine Research Building will be known as Andrews Hall in honor of the Honorable Hunter B. Andrews, the late Senator, who was a staunch supporter of VIMS. The complex will be a state-of-the-art facility supporting biological, physical, and fisheries sciences and the Aquaculture Genetics and Breeding Technology Center.

The private investment in new service and retail continues within Gloucester. In the Courthouse area, the second round of construction in the Fox Mill Centre is nearing completion. Ruby Tuesday's will open in November 2005. Additionally, GB Games, Verizon Wireless and Quiznos Sandwich will locate in the new 5,000 square foot retail space adjacent to Applebee's. A franchisee for Arby's will open a new store in first quarter 2006.

The next series of developments for Fox Mill Centre will include a "lifestyle center" that will have shops facing each other, similar to a more conventional street setting with new in-line stores to be constructed to the rear portion of the development.

The Gloucester Business Park is being developed through the activities of the Economic Development Authority. In cooperation with the Gloucester Board of Supervisors, the Gloucester Business Park was constructed in 1997. This 70-acre-park is development ready with roads, water and sewer and storm water infrastructure in place to facilitate and expedite construction to help reduce development costs. Currently, there are three tenants within the park: Industrial Resource Technologies, Inc., Coastal Bioanalysts and Bay Design Group. Bay Design is a full service engineering, surveying and land planning firm. Industrial Resource Technologies is a joint venture between Canon U.S.A. and Canon Virginia, Inc., which recycles toner cartridges. Coastal Bioanalysts performs water quality tests and analysis for commercial and industrial businesses.

In June 2005, Sentara Ventures, a subsidiary of Sentara Hospitals, purchased 10.6 acres in the Gloucester Business Park. Sentara Ventures will construct a new 40,000 square foot Urgent Care and Diagnostic Center in business the park and should be under construction in the second quarter of 2006.

#### Long term financial planning

The County annually prepares a Capital Improvement Plan (CIP). This CIP serves as a planning tool for the efficient, effective, and equitable distribution of public improvements throughout the County. The CIP represents a balance between finite resources and an ever-increasing number of competing County priorities. This balance was achieved using the priorities and objectives established by the Board of Supervisors consistent with the County's Strategic Plan.

In response to the fiscal challenges inherent to our economic environment, the County adopts a conservative approach toward debt management. The portion of the County's operating budget dedicated for repayment of debt is set by policy at 10% of governmental fund expenditures. In order to further reduce our reliance on debt, in fiscal year 2005 the County designated \$3.74 million to the capital fund to offset the costs of future capital projects.

#### Relevant financial policies

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

#### **Major Initiatives**

One of the most important services that the County provides to its citizens is public education. The County funded additions and improvements to Achilles and Botetourt Elementary Schools, which will provide improved services for the growing student populations of these two schools. These projects will be completed late 2005. The next top two priorities for the school system are renovations to T.C. Walker and Abingdon Elementary Schools.

After completing all construction phases of our Brackish Groundwater Supply Project (Reverse Osmosis Plant) in 2000, approximately \$1.00 million of debt financing remained. These funds will be used to construct 6300 feet of 16-inch ductile iron water main and appurtenances within a 20-foot easement paralleling the east side of U.S. Route 17 Bypass. This water line will allow the water treatment plant to directly pump water to the lower end of the County to improve water flow in the courthouse area as well as to the lower end of the County.

The County has been awarded federal Transportation Enhancement funding to construct the next phase of the Colonial Courthouse Village Enhancement project. This phase will extend the enhancement approximately 700 feet and will begin at Smith Street to the intersection of Main Street and Routes 3/14. Ninety percent of the expected \$633,000 cost will be funded with federal highways funds. Construction on this phase should begin in the Spring 2006.

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

#### Major Initiatives (Continued)

The Federal Emergency Management Agency has awarded a \$2.59 million grant to Gloucester County to acquire or elevate properties that sustained damages as a result of Hurricane Isabel in 2003. The Mitigation Grant Program seeks to protect and reduce the damages associated with natural disasters by returning acquired properties to green space or raising homes to a desired flood protection elevation. Initially, the grant expects to acquire eight properties and elevate five homes.

#### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Gloucester for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004. This was the ninth consecutive 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 requirements and will be submitted to GFOA.

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

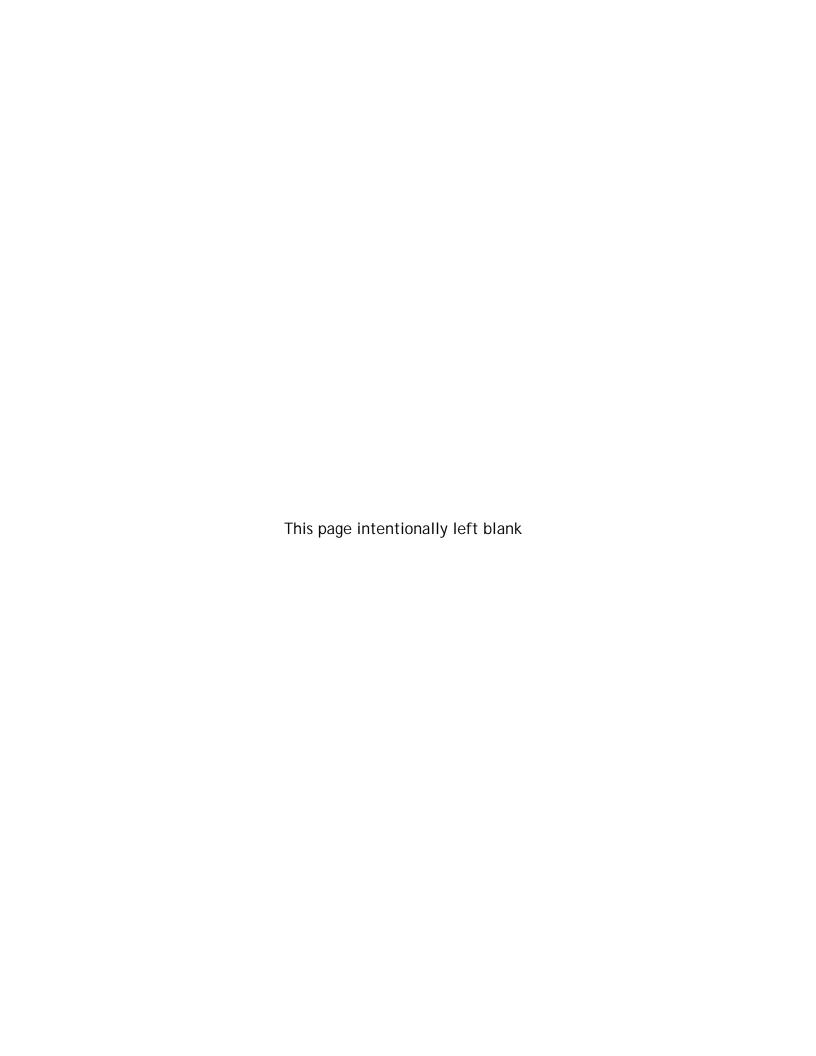
Nickie C. Champion

Nickie C. Champion

Respectfully submitted,

William H. Whitley

County Administrator Director of Financial Services



### ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

#### **Independent Auditor's Report**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Gloucester, Virginia, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Gloucester, Virginia's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Gloucester, Virginia, as of June 30, 2005, 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 October 12, 2005, on our consideration of the County of Gloucester, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Gloucester, Virginia, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Gloucester, Virginia. The other supplementary information including the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables 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.

Charlottesville, Virginia October 12, 2005

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#### County of Gloucester, Virginia Management's Discussion and Analysis

This section of the County of Gloucester (the "County") comprehensive annual financial report presents management's discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2005. Please read it in conjunction with the transmittal letter at the front of this report and with the County's basic financial statements, which follow this section.

#### **Financial Highlights**

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$33.5 million (net assets). Of this amount, \$24.0 million (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets, excluding component units, increased by \$3.0 million, of which the governmental activities increased by \$3.0 million and business-type activities increased by \$81,885.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$20.0 million, a decrease of \$6.4 million in comparison with the prior year. Approximately 98.0% of this total amount, \$19.6 million, is available for spending at the County's discretion (unreserved fund balance).
- At the end of the current fiscal year, undesignated fund balance for the General Fund was \$15.5 million, or 17.7% of governmental fund expenditures less any capital outlay projects funded with bond proceeds. The Board of Supervisors has adopted a policy to keep undesignated general fund balance at a minimum of 10% of governmental fund expenditures less any capital outlay projects funded with bond proceeds.
- The County's total debt decreased by \$4.1 million during the current fiscal year. The primary factor in this decrease was the pay down of principal during the year.

#### **Overview of the Financial Statements**

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

#### **Government-wide financial statements**

The government-wide financial statements are designed to provide the readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of how the financial position of the County may be changing. Increases in net assets may indicate an improved financial position; however, even decreases in net assets may reflect a changing manner in which the County may have used previously accumulated funds.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government administration, judicial administration, public safety, public works, health and welfare, parks, recreation and cultural, community development, and education. The business-type activities are for public utilities.

#### **Government-wide financial statements: (Continued)**

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

#### **Fund financial statements**

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

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

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

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

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

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

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

#### Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-61 of this report.

#### Other information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary comparisons for the general fund and progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 65-66 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found starting on page 69 of this report.

#### **Government-Wide Financial Analysis**

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

#### Summary of Net Assets As of June 30, 2005 and 2004

		Governmental Activities		Business-typ	e Activities	Total Primary	Government	Component Units		
	_	2005	2004	2005	2004	2005	2004	2005	2004	
Current and other										
assets	\$	30,016,523 \$	36,051,838 \$	5,300,131 \$	5,659,426 \$	35,316,654 \$	41,711,264 \$	9,604,094 \$	5,855,866	
Capital assets		37,040,469	30,912,239	27,810,321	28,417,797	64,850,790	59,330,036	19,412,708	19,769,444	
Total assets	\$	67,056,992 \$	66,964,077 \$	33,110,452 \$	34,077,223 \$	100,167,444 \$	101,041,300 \$	29,016,802 \$	25,625,310	
Long-term debt outstanding Other liabilities <b>Total liabilities</b>	\$	8,019,789	8,143,649	27,632,613 \$ 1,874,898 29,507,511 \$	1,717,924	9,894,687	60,765,634 \$ 9,861,573 70,627,207 \$	5,770,017 \$ 6,764,513 12,534,530 \$	5,793,663	
Net assets Invested in capital asset, net of	_									
related debt Restricted	\$	7,027,169 \$ 398,179	5,429,820 \$ 510,268	2,018,698 \$	492,739 \$ -	9,045,867 \$ 398,179	5,922,559 \$ 510,268	16,772,035 \$ 315,924	324,210	
Unrestricted		22,429,995	20,952,949	1,584,243	3,028,317	24,014,238	23,981,266	(605,687)	(1,569,085)	
Total net assets	\$	29,855,343 \$	26,893,037 \$	3,602,941 \$	3,521,056 \$	33,458,284 \$	30,414,093 \$	16,482,272 \$	13,714,188	

The County's combined net assets (which is the County's bottom line) increased by \$3.0 million or 10.0%, an overall improvement that resulted from the increase in net assets from Governmental Activities.

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 \$33.5 million at the close of the most recent fiscal year. A large portion of the County's net assets (\$9.0 million, 27.0% of total) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

Another portion of the County's net assets (\$.4 million, 1.2% of total) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$24.0 million, 71.8% of total) may be used to meet the County's ongoing obligations to citizens and creditors.

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

In the case of the component units (Gloucester County Public Schools and Gloucester Economic Development Authority), assets exceed liabilities by \$16.5 million at the close of fiscal year 2005. This is an increase of \$2.0 million or 14.2%, and can be attributed to jointly owned assets as covered in Note 6 on page 43.

The following table shows the revenue and expenses of government-wide activities:

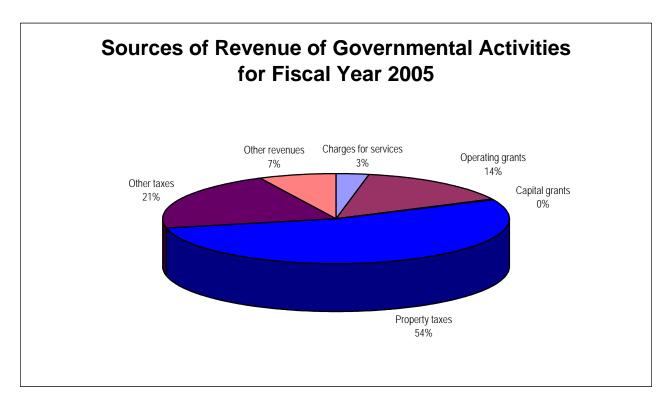
#### Summary of Changes in Net Assets Years Ended June 30, 2005 and 2004

		Governmenta	I Activities	Business-type Activities		Total Primary (	Government	Component Units	
	_	2005	2004	2005	2004	2005	2004	2005	2004
Revenues:									
Program revenue:									
Charges for services	\$	1,508,535 \$	1,381,318 \$	2,800,738 \$	2,776,662 \$	4,309,273 \$	4,157,980 \$	2,121,754 \$	1,768,474
Operating grants and									
contributions		6,905,210	6,892,182	-	-	6,905,210	6,892,182	31,624,673	28,946,795
Capital grants and									
contributions		208,270	657,824	-	-	208,270	657,824	-	-
General revenues:									
Property taxes		25,460,056	26,844,694	41,988	43,111	25,502,044	26,887,805	-	-
Other taxes		10,150,629	9,429,641	-	-	10,150,629	9,429,641	-	-
Unrestricted revenues		440,890	221,448	117,589	36,393	558,479	257,841	6,201	1,169
Miscellaneous		213,490	1,375,249	-	-	213,490	1,375,249	62,285	43,831
Grants and contributions		2,768,484	2,906,969	-	-	2,768,484	2,906,969	-	-
Loss on disposal of									
capital assets		(27,288)	-	-	-	(27,288)	-	-	-
Payment from County	_		<u> </u>	<u> </u>	-		<u> </u>	17,700,133	16,923,373
Total revenue	\$_	47,628,276 \$	49,709,325 \$	2,960,315 \$	2,856,166 \$	50,588,591 \$	52,565,491 \$	51,515,046 \$	47,683,642
Expenses:	_								
General government	\$	3,820,052 \$	3,514,851 \$	- \$	- \$	3,820,052 \$	3,514,851 \$	- \$	
Judicial administration	Ψ	1,394,318	1,354,943	- ψ	- ψ	1,394,318	1,354,943	- ψ	_
Public safety		8,505,036	8,842,271	-	_	8,505,036	8,842,271	_	_
Public works		1,469,138	1,453,010	_		1,469,138	1,453,010	_	_
Health and welfare		3,800,505	3,411,223	_		3,800,505	3,411,223	_	_
Parks, recreation, and		3,000,303	3,411,223			3,000,303	5,411,225		
cultural		1,508,612	2,719,637	_	_	1,508,612	2,719,637	_	_
Community development		1,129,146	1,245,316	_	_	1,129,146	1,245,316	544,351	601,261
Interest on long-term debt		1,694,134	1,986,667	_	_	1,694,134	1,986,667	544,551	001,201
Education		20,447,731	19,006,986	_	_	20,447,731	19,006,986	49,019,955	46,204,810
Public Utilities		-	-	3,775,728	3,781,079	3,775,728	3,781,079		
Total expenses	\$	43,768,672 \$	43,534,904 \$	3,775,728 \$	3,781,079 \$		47,315,983 \$	49,564,306 \$	46,806,071
,	=	<del></del>	<del></del> `-				<del></del> `=		
Change in net assets,									
before transfers	\$	3,859,604 \$	6,174,421 \$	(815,413) \$	(924,913) \$	3,044,191 \$	5,249,508 \$	1,950,740 \$	877,571
Transfers	_	(897,298)	(700,000)	897,298	700,000				-
Increase in net assets		2,962,306	5,474,421	81,885	(224,913)	3,044,191	5,249,508	1,950,740	877,571
Net assets, beginning -									
as restated	_	26,893,037	21,418,616	3,521,056	3,745,969	30,414,093	25,164,585	14,531,532	12,836,617
Net assets, ending	\$	29,855,343 \$	26,893,037 \$	3,602,941 \$	3,521,056 \$	33,458,284 \$	30,414,093 \$	16,482,272 \$	13,714,188

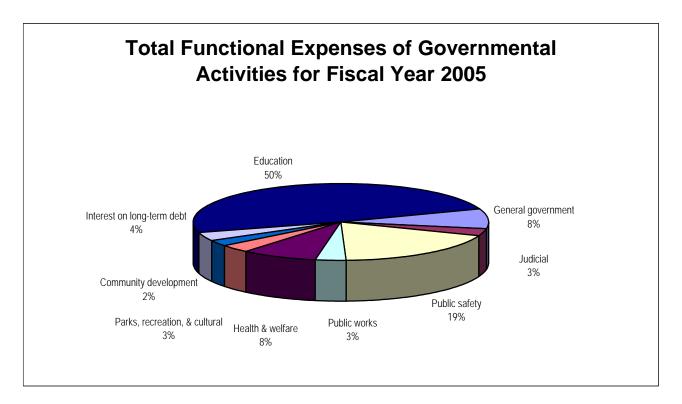
**Governmental activities** increased the County's net assets by \$3.0 million. Generally net asset changes are the difference between revenues and expenses. Key elements of this increase are as follows:

- General property taxes, including the payments received from the State as reimbursement under the State's personal property tax relief program, were \$27.8 million, which represents an increase of \$.7 million or 2.8% over the prior fiscal year. This was a result of continued growth in the tax base from new residential and commercial construction, as well as the elimination of the vehicle decals and the associated fees. The revenue from this fee was incorporated into the personal property tax rate for 2005. In addition, the Commissioner of the Revenue conducted a general reassessment of personal property, which resulted in the uniform assessment of personal property by classification.
- Other local taxes were \$10.2 million, which represents an increase of \$.7 million or 7.7%. This increase is mainly attributable to strong growth in local retail sales.
- General Fund activity expenses were \$1.4 million less than planned. These expense savings primarily result from conservative budgetary practices whereby 100% of all projected position costs are budgeted with savings arising from attrition and position vacancies. In addition, departments typically do not expend their entire operating budget, returning any remaining balances.

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



- General property taxes, the County's largest revenue source, were \$25.5 million or 54% of total governmental revenues.
- Other local taxes, which include local sales taxes, were \$10.2 million or 21% of total governmental revenues.
- Operating grants and contributions restricted to specific programs provided revenues of \$6.9 million, which includes revenues to support constitutional officers, libraries, and various human services needs.



- Education continues to be one of the County's highest priorities and commitments. The County contributed \$16.7 million to school operations, \$3.3 million toward debt payments relating to school projects, \$1.1 million for general school capital needs, and \$.4 million for school construction projects for a total contribution of \$21.5 million.
- Public safety expenses decreased by \$.3 million or 3.8%. On September 18, 2003, Hurricane Isabel passed through the County causing some property damage from falling trees, debris and storm surge. The expenses related to storm recovery were completed in the prior fiscal year.

**Business-type activities** increased the County's net assets by \$81,885. Similar to how changes arise in the governmental activities, business-type activities also experience budgetary differences; however, as a public utility function comprises the County's business-type activities, there is more of a direct correlation to the revenues generated relative to the expenses incurred because of service demands.

#### Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$20.0 million, a decrease of \$6.4 million in comparison with the prior year. Of this total amount, \$19.6 million or 98.0% constitutes *unreserved fund balance*, which is available for spending at the County's discretion. Unreserved fund balance of \$4.4 million has already been designated as described in the footnote on page 38.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$15.5 million, while total fund balance reached \$15.9 million. The Board of Supervisors adopted a fund balance policy in April 2000 to keep an undesignated general fund balance at a minimum of 10% of governmental fund expenditures less any capital outlay projects funded with bond proceeds. The undesignated fund balance in the General Fund was 17.7% using this policy criterion.

Expenses relating to governmental activities (excluding school construction) were \$4.6 million less than planned. Departments typically do not expend their entire operating budgets, returning any remaining balances. In addition, \$3.1 million of planned County capital projects were not completed as planned. This decrease in planned spending was due to delays incurred with several grant-funded 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 year amounted to \$1.6 million. Other factors concerning the finances of this fund has already been addressed in the discussion of the County's business-type activities.

#### **General Fund Budgetary Highlights**

There was an increase of \$5.3 million between the original budget and the final amended budget, and these differences can be summarized as follows:

- An increase of \$.1 million can be associated with the appropriation of fund balances for designated carryovers.
- An increase of \$.4 million can be attributed to the additional appropriation of school capital needs from the prior year unexpended transfers.
- An increase of \$.5 million in debt can be associated with the payoff of a capital lease on the administration building.
- An increase of \$47,815 in the Comprehensive Services Fund can be associated with the additional caseload in the current year.
- An increase of \$3.7 million can be attributed to the transfer of funds from the general fund to the capital projects fund for future capital projects.
- The remaining increase of \$.5 million can be attributed to receipt of various grants and other miscellaneous activities and donations.

Of this increase, \$.5 million was funded from the receipt of additional revenues. The remaining \$4.8 million was budgeted from available fund balance.

#### **Capital Asset and Debt Administration**

**Capital assets**: The County's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounts to \$ 64.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment. Major capital asset events during the current fiscal year included the following:

 A construction project to expand and renovate Achilles and Botetourt Elementary Schools was started by Gloucester County School Board (a Component Unit) in fiscal year 2004. The majority of the project was completed in fiscal year 2005. The project will be completed in fiscal year 2006. Capital assets, net of accumulated depreciation, are illustrated in the following table:

#### Capital Assets As of June 30, 2005 and 2004

	<b>Governmental Activities</b>		Business-type Activities		<b>Total Primary Government</b>		Component Units	
	2005	2004	2005	2004	2005	2004	2005	2004
	0.507.000 4	0 (0 ( 0 ( 0 )	0.550.707.4	0.550.707.4	7444005 #	74/445	4 740 400 4	1 000 054
Land \$	3,587,029 \$	3,604,349 \$	3,559,796 \$	3,559,796 \$	7,146,825 \$	7,164,145 \$	1,742,483 \$	1,088,054
Construction in progress	8,507,552	-	-	-	8,507,552	-	-	677,571
Infastructure	-	-	-	-	-	-	-	1,741,638
Buildings	11,210,375	11,590,585	24,040,120	24,777,097	35,250,495	36,367,682	3,085,725	3,267,238
Equipment	1,434,005	1,130,056	210,405	80,904	1,644,410	1,210,960	3,292,255	2,886,407
Jointly owned assets	12,301,508	14,587,249			12,301,508	14,587,249	11,292,245	10,108,536
Total \$	37,040,469 \$	30,912,239 \$	27,810,321 \$	28,417,797 \$	64,850,790 \$	59,330,036 \$	19,412,708 \$	19,769,444

Additional information on the County's capital assets can be found in Note 6 on pages 43-47 of this report.

**Long-term debt**: At the end of the current fiscal year, the County had total outstanding debt of \$60.6 million and details are summarized in the following table:

Long-Term Debt As of June 30, 2005 and 2004

	<b>Governmental Activities</b>		Business-type Activities		<b>Total Primary Government</b>		Component Units	
	2005	2004	2005	2004	2005	2004	2005	2004
Bonds Payable:			_			_		
General obligation bonds	\$ 13,290,948	\$ 14,683,090 \$	191,707 \$	222,838 \$	13,482,655 \$	14,905,928	\$ 4,386,834 \$	4,523,141
Revenue bonds	-	-	28,727,760	29,696,963	28,727,760	29,696,963	-	280,593
Literary loans	6,063,520	6,703,520	-	-	6,063,520	6,703,520	-	-
Capital leases	10,658,832	11,689,935	-	-	10,658,832	11,689,935	-	-
Note payble	-	-	-	-	-	-	-	6,647
Compensated absences	1,562,314	1,585,537	152,987	178,684	1,715,301	1,764,221	1,702,303	1,667,895
Total	\$ 31,575,614	\$ 34,662,082 \$	29,072,454 \$	30,098,485 \$	60,648,068 \$	64,760,567	6,089,137 \$	6,478,276

Debt associated with governmental activities decreased by \$3.1 million while debt associated with business-type activities decreased by \$1.0 million. The primary factor in this decrease was the pay down of principal during the year.

The County is not subject to a statutory debt limitation, but the County's Debt Obligation Policy, which was adopted on April 4, 2000, limits net debt as a percentage of assessed value that will not exceed 3.0%. In addition, the County's Debt Obligation Policy limits the net debt per capita at \$1,700 per capita, and general obligation debt service and capital lease payments will not exceed 10.0% of general governmental expenditures. As of June 30, 2005, the County's net debt as a percentage of assessed value was 1.2%, the net debt per capita ratio was \$853, and the debt payments percentage was 7.6%.

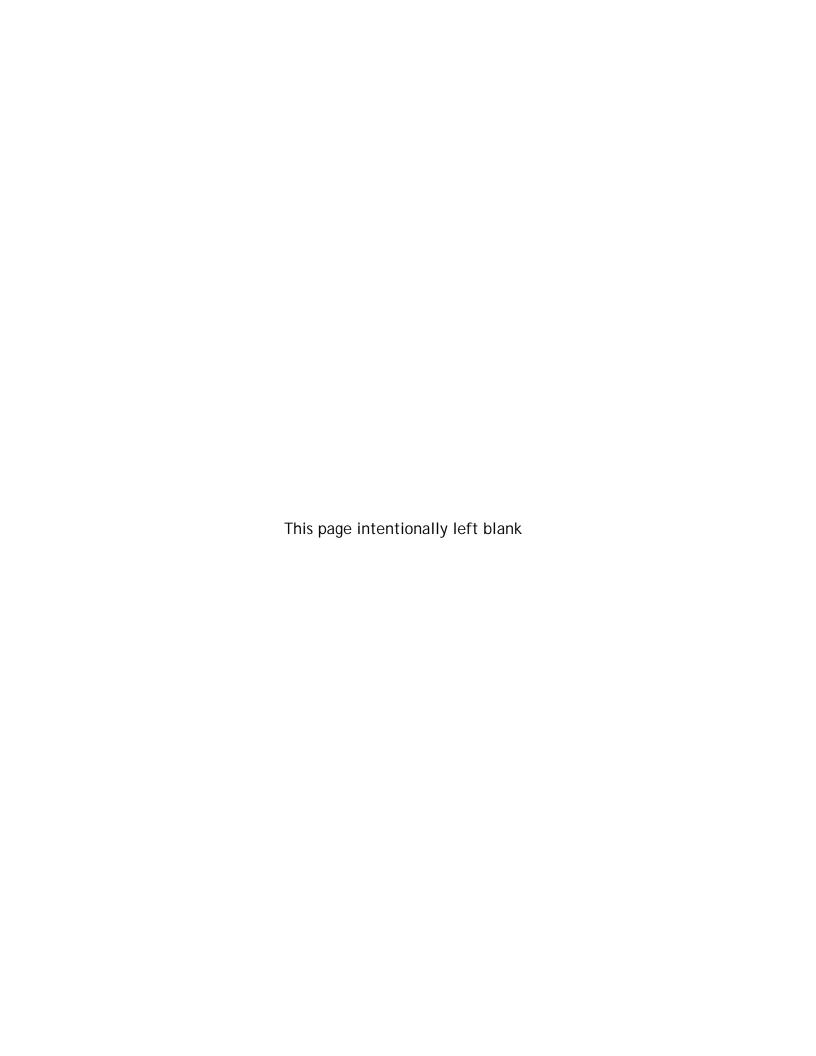
Additional information on the County's long-term debt can be found in Note 8.

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

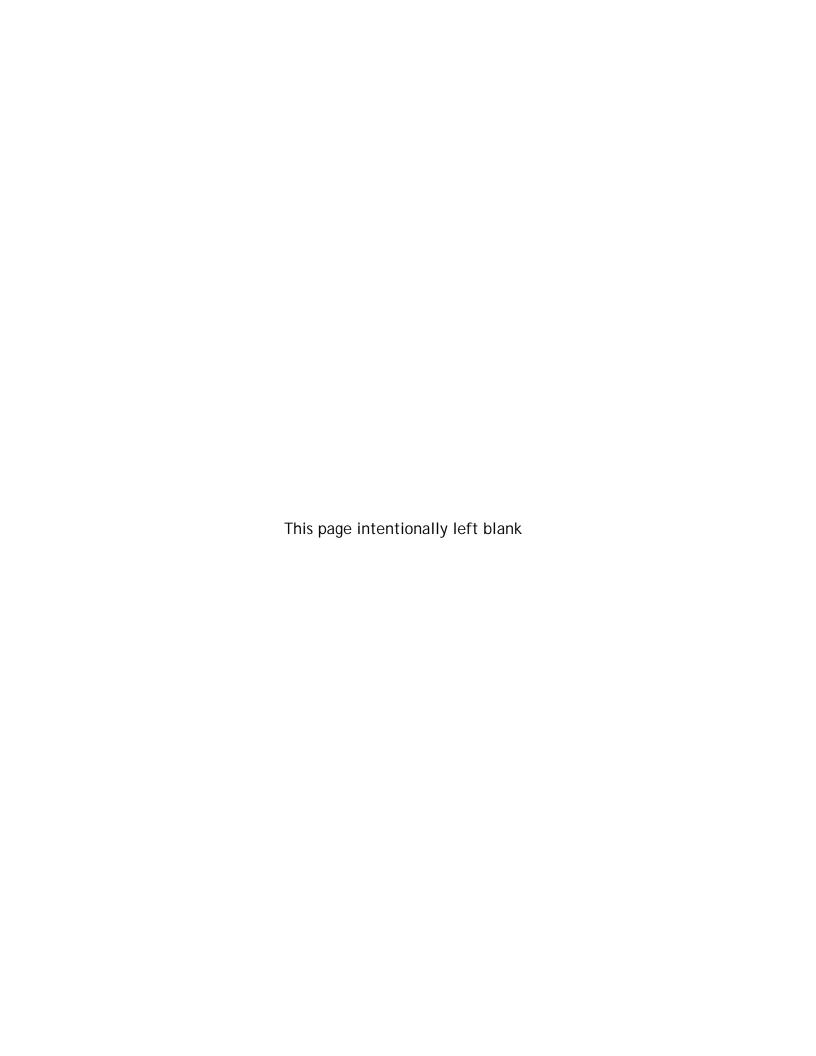
- The unemployment rate for the County is currently 3.4%. This compares favorably to the State's average unemployment rate of 4.0% and the national average rate of 5.8%.
- The fiscal year 2006 County budget included the use of \$1.8 million of the unreserved fund balance of the General Fund, which is to be used for various capital projects.
- The County's real estate tax rate remained the same for calendar year 2005 as had existed in 2004, but the personal property tax rate changed for calendar year 2005.

#### **Requests for Information**

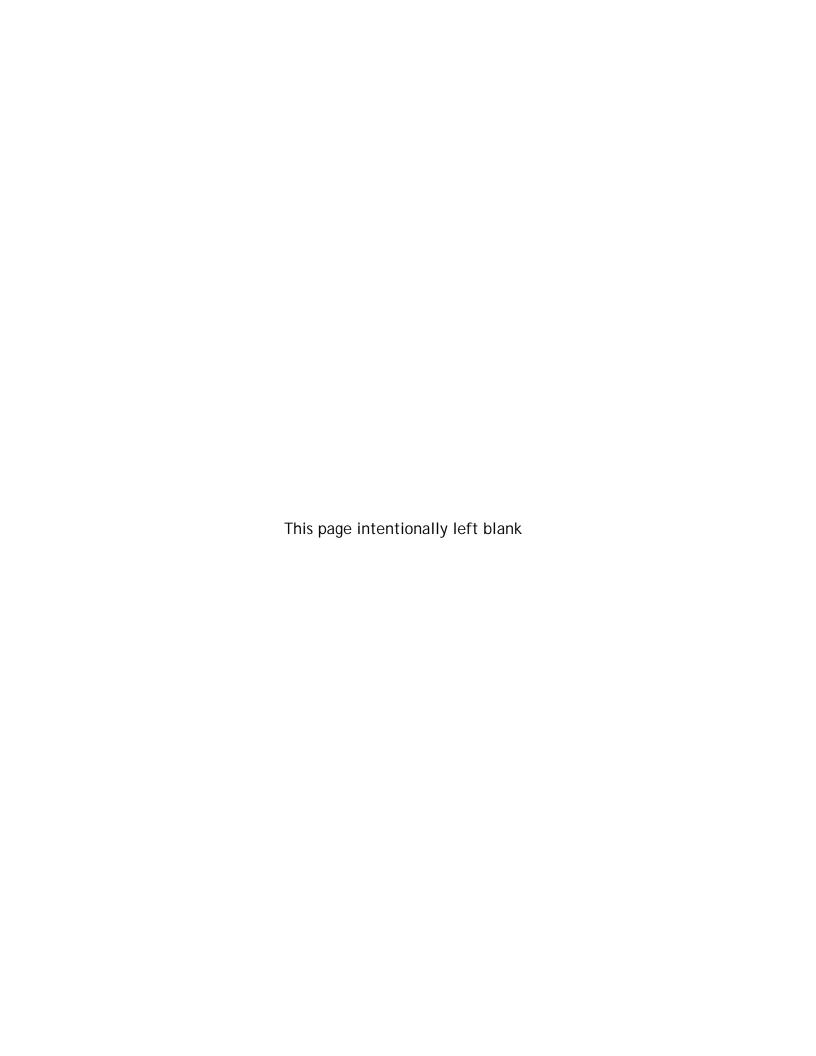
This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director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



**BASIC FINANCIAL STATEMENTS** 



**Government-wide Financial Statements** 



Statement of Net Assets June 30, 2005

	_	Primary Government						Component Units		
	(	Sovernmental		Business-type				School		
	_	Activities	_	Activities	_	Total		Board	EDA	
ASSETS										
Cash and cash equivalents	\$	18,611,439	\$	1,782,319	\$	20,393,758	\$	355,552 \$	759,932	
Receivables (net of allowance for										
uncollectibles):										
Taxes receivable		7,021,417		3,641		7,025,058		-	-	
Accounts receivable		689,925		274,887		964,812		1,450,369	-	
Internal balances		93,451		(93,451)		- 155 050		4 052 7/2	-	
Due from other governmental units		2,155,958		- 10 401		2,155,958		4,952,763	- 1 714 141	
Inventories		- 399,598		18,481 5,478		18,481 405,076		23,393 315,924	1,746,161	
Prepaid expenses Deferred charges		399,390		1,379		1,379		313,924	-	
Restricted assets:		_		1,377		1,377		_	_	
Temporarily restricted:										
Cash and cash equivalents (in										
custody of others)		1,044,735		3,127,844		4,172,579		-	_	
Other assets:		.,,		5,121,511		.,,				
Unamortized bond issue costs		-		179,553		179,553		-	-	
Capital assets (net of accumulated										
depreciation):										
Land		3,587,029		3,559,796		7,146,825		1,268,748	473,735	
Buildings and system		23,511,883		24,040,120		47,552,003		11,292,245	3,085,725	
Improvements other than buildings		-		-		-		-	1,447	
Machinery and equipment		1,434,005		210,405		1,644,410		3,290,808	-	
Construction in progress	_	8,507,552		-		8,507,552	_	-	-	
Total assets	\$_	67,056,992	\$	33,110,452	\$ <u> </u>	100,167,444	\$	22,949,802 \$	6,067,000	
LIABILITIES										
Accounts payable	\$	1,448,855	\$	75,525	\$	1,524,380	\$	1,155,553 \$	-	
Accrued liabilities		345,158		-		345,158		4,647,521	-	
Accrued interest payable		497,715		320,570		818,285		-	-	
Due to other governmental units		3,334,307		-		3,334,307		150,000	458,909	
Deferred revenue		-		-		-		-	33,410	
Deposits held in escrow		-		38,962		38,962		-	-	
Long-term liabilities:										
Due within one year		2,393,754		1,439,841		3,833,595		170,230	148,890	
Due in more than one year	_	29,181,860		27,632,613	_	56,814,473		1,532,073	4,237,944	
Total liabilities	\$_	37,201,649	\$	29,507,511	\$ <u> </u>	66,709,160	\$ <u></u>	7,655,377 \$	4,879,153	
NET ASSETS										
Invested in capital assets, net of										
related debt	\$	7,027,169	\$	2,018,698	\$	9,045,867	\$	15,851,801 \$	920,234	
Restricted for:										
Prepaid items		45,488		-		45,488		315,924	-	
E-911		73,394		-		73,394		-	-	
Asset forfeiture		279,297		-		279,297		-	-	
Unrestricted (deficit)	. —	22,429,995		1,584,243		24,014,238	_	(873,300)	267,613	
Total net assets	\$	29,855,343	\$	3,602,941	\$	33,458,284	\$	15,294,425 \$	1,187,847	

Statement of Activities For the Year Ended June 30, 2005

			ſ	Program Revenues	
				Operating	Capital
			Charges for	<b>Grants and</b>	<b>Grants and</b>
Functions/Programs	_	Expenses	Services	Contributions	Contributions
PRIMARY GOVERNMENT:					
Governmental activities:					
General government administration	\$	3,820,052 \$	14,787 \$	372,195 \$	-
Judicial administration		1,394,318	300,909	593,350	-
Public safety		8,505,036	381,615	3,234,435	-
Public works		1,469,138	485,569	-	-
Health and welfare		3,800,505	-	2,325,218	-
Education		20,447,731	-	-	208,270
Parks, recreation, and cultural		1,508,612	308,486	118,717	-
Community development		1,129,146	17,169	261,295	-
Interest on long-term debt		1,694,134	-	-	-
Total government activities	\$	43,768,672 \$	1,508,535 \$	6,905,210 \$	208,270
Business-type activities:					
Public utilities	\$	3,775,728 \$	2,800,738 \$	- \$	-
Total business-type activities	\$	3,775,728 \$	2,800,738 \$	- \$	-
Total primary government	\$	47,544,400 \$	4,309,273 \$	6,905,210 \$	208,270
COMPONENT UNITS:					
School Board	\$	49,019,955 \$	1,282,490 \$	31,624,673 \$	-
Economic Development Authority		544,351	839,264		-
Total component units	\$ _	49,564,306 \$	2,121,754 \$	31,624,673 \$	-

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

Loss on disposal of capital assets

Payment from Gloucester County

Transfers

Total general revenues

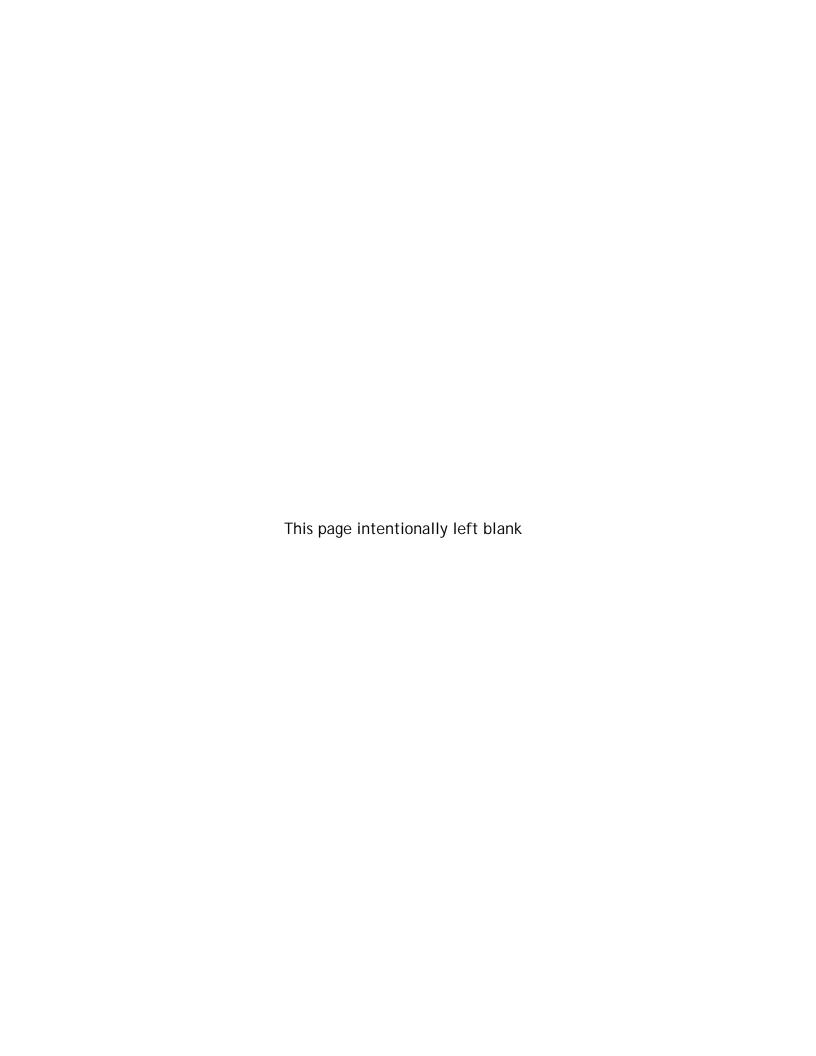
Change in net assets

Net assets - beginning - as adjusted

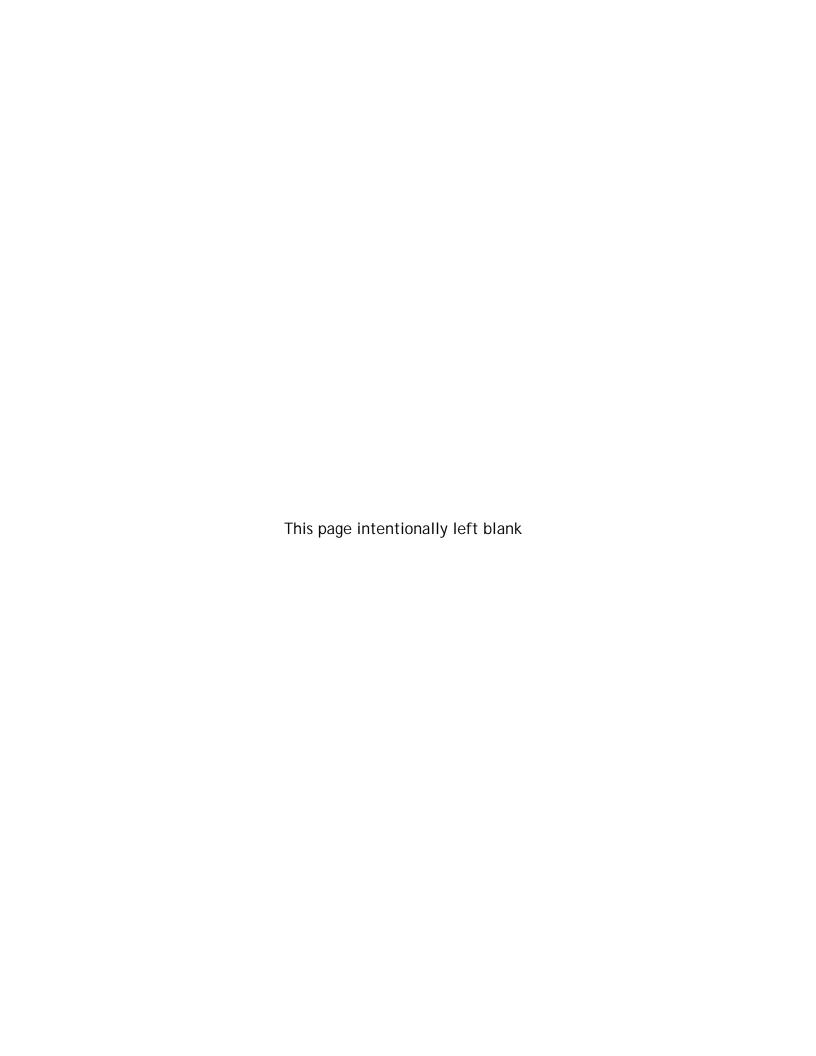
Net assets - ending

# Net (Expense) Revenue and Changes in Net Assets

•	Pr	Primary Government			Component Units						
•	Governmental	Business-type				School					
	Activities	Activities	_	Total	_	Board	_	EDA			
\$	(3,433,070) \$	- \$	\$	(3,433,070)	\$	-	\$	-			
	(500,059)	-		(500,059)		-		-			
	(4,888,986)	-		(4,888,986)		-		-			
	(983,569)	-		(983,569)		-		-			
	(1,475,287)	-		(1,475,287)		-		-			
	(20, 239, 461)	-		(20, 239, 461)		-		-			
	(1,081,409)	-		(1,081,409)		-		-			
	(850,682)	-		(850,682)		-		-			
	(1,694,134)	-		(1,694,134)		-		-			
\$	(35,146,657) \$	- \$	\$	(35,146,657)	\$	-	\$	=			
\$	\$	(974,990)	\$_	(974,990)	\$	-	\$	-			
\$	- \$	(974,990) \$	\$	(974,990)	\$	-	\$	-			
\$	(35,146,657) \$	(974,990) \$	\$	(36,121,647)	\$	-	\$	-			
\$	- \$	- \$	\$	-	\$	(16,112,792)	\$	-			
	-	-		-				294,913			
\$	- \$		\$ _	-	\$	(16,112,792)	\$	294,913			
\$	25,460,056 \$	41,988 \$	\$	25,502,044	\$	_	\$	_			
Ψ	3,556,343		•	3,556,343	۳	_	Ψ	_			
	1,790,229	_		1,790,229		-		-			
	4,804,057	_		4,804,057		-		_			
	440,890	117,589		558,479		6,201		_			
	213,490	-		213,490		61,536		749			
	2,768,484	_		2,768,484		-		-			
	(27,288)	_		(27,288)		-		-			
	-	_		-		17,700,133		-			
	(897, 298)	897,298		-		-		-			
\$	38,108,963 \$	1,056,875	<b>-</b>	39,165,838	\$	17,767,870	<b>\$</b>	749			
\$	2,962,306 \$	81,885	_	3,044,191	\$		\$ <del>_</del>	295,662			
	26,893,037	3,521,056		30,414,093		13,639,347		892,185			
\$	29,855,343 \$	3,602,941	\$ -	33,458,284	\$		<b>\$</b>	1,187,847			



**Fund Financial Statements** 



Balance Sheet Governmental Funds June 30, 2005

	-	General	Debt Service	County Capital Improvements	School Construction		Other Governmental Funds	_	Total
ASSETS									
Cash and cash equivalents	\$	18,435,357 \$	24,165 \$	151,917 \$	-	\$	-	\$	18,611,439
Receivables (net of allowance									
for uncollectibles):									
Taxes receivable		7,021,417	-	-	-		-		7,021,417
Accounts receivable		648,832	-	-	-		41,093		689,925
Due from other funds		93,451	-	3,303,245	-		65,095		3,461,791
Due from other governmental units		1,218,801	-	714,393	-		222,764		2,155,958
Prepaid items		45,488	354,110	-	-		-		399,598
Restricted assets:									
Temporarily restricted:					1 044 705				1 0 4 4 7 2 5
Cash and cash equivalents	φ.		- 270 275 d	- 4 1/0 555	1,044,735	ф.	- 220 052	φ_	1,044,735
Total assets	\$	27,463,346 \$	3/8,2/5	4,169,555	1,044,735	<b>&gt;</b>	328,952	<b>&gt;</b>	33,384,863
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$	346,514 \$	47,988 \$	277,639 \$	635,151	\$	141,563	\$	1,448,855
Accrued liabilities		342,845	-	-	-		2,313		345,158
Due to other governmental units		3,334,307	-	-	-		-		3,334,307
Due to other funds		2,672,346	306,122	-	268,770		121,102		3,368,340
Deferred revenue		4,865,498	-	-	-		-		4,865,498
Total liabilities	\$	11,561,510 \$	354,110 \$	277,639 \$	903,921	\$	264,978	\$	13,362,158
Fund balances:									
Reserved for:									
Prepaid items	\$	45,488 \$	- \$	- \$		\$	-	\$	45,488
E-911	Ψ	73,394	Ψ -	_	, _	Ψ	_	Ψ	73,394
Asset forfeiture		279,297	_	_	_		_		279,297
Unreserved, reported in:		2,,,2,,							2,7,2,7
General fund		15,503,657	_	_	_		-		15,503,657
Special revenue funds		-	-	-	_		63,974		63,974
Debt service funds		_	24,165	-	-		-		24,165
Capital projects funds		-	-	3,891,916	140,814		-		4,032,730
Total fund balances	\$	15,901,836 \$	24,165 \$			\$	63,974	\$	20,022,705
Total liabilities and fund balances	\$	27,463,346 \$					328,952	\$	33,384,863

Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Assets June 30, 2005

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

37,040,469

20,022,705

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

4,865,498

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

(32,073,329)

Net assets of governmental activities

\$ 29,855,343

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2005

		General	Debt Service	lr	County Capital nprovements		School Construction	Other Governmental Funds		Total
REVENUES	-					-			_	
General property taxes	\$	25,361,237 \$	-	\$	-	\$	- \$	- 9	\$	25,361,237
Other local taxes		10,150,629	-		-		-	-		10,150,629
Permits, privilege fees,										
and regulatory licenses		358,550	-		-		-	-		358,550
Fines and forfeitures		124,446	-		-		-	-		124,446
Revenue from the use of		225 020	705		2 001		00.042			440.740
money and property		325,029	785		2,891		90,043	-		418,748
Charges for services Miscellaneous		1,025,539 207,214	-		-		-	6,276		1,025,539 213,490
Recovered costs		187,266	-		-		-	0,270		187,266
Intergovernmental revenues:		107,200	-		-		-	-		107,200
Commonwealth		6,454,542	_		208,270		_	851,024		7,513,836
Federal		657,969	_		235,965		_	1,474,194		2,368,128
Total revenues	\$	44,852,421 \$	785	\$	447,126	\$	90,043		\$_	47,721,869
EVERNETURE	_			_		_				
EXPENDITURES										
Current: General government administration	\$	3,716,011 \$		\$		\$	- 9	- 5	t	3,716,011
Judicial administration	Φ	1,188,720	-	Φ	-	Ф	- 1	- \	Þ	1,188,720
Public safety		8,495,083	_		_		_	_		8,495,083
Public works		1,485,546	_		_		_	_		1,485,546
Health and welfare		529,137	-		_		_	3,215,684		3,744,821
Education		17,195,819	_		_		_	-		17,195,819
Parks, recreation, and cultural		1,486,361	-		-		-	-		1,486,361
Community development		735,022	-		-		-	-		735,022
Nondepartmental		165,327	-		-		-	-		165,327
Capital projects		-	-		1,866,788		8,361,047	-		10,227,835
Debt service:										
Principal retirement		-	3,041,103		-		-	-		3,041,103
Interest and other fiscal charges	. –	<del>-</del>	1,788,567				<del></del>		. —	1,788,567
Total expenditures	\$_	34,997,026 \$	4,829,670	\$	1,866,788	. \$_	8,361,047	3,215,684	<sup>\$</sup> _	53,270,215
Excess (deficiency) of revenues over										
(under) expenditures	\$	9,855,395 \$	(4,828,885)	\$	(1,419,662)	\$_	(8,271,004)	(884,190)	\$	(5,548,346)
OTHER FINANCING SOURCES (USES)										
Transfers in	\$	- \$	4,852,562	\$	5,119,756	\$	436,338	778,520	<b>t</b>	11,187,176
Transfers out	Ψ	(12,084,474)	4,032,302	Ψ	5,117,750	Ψ		-	Ψ	(12,084,474)
Total other financing sources (uses)	\$	(12,084,474) \$	4,852,562	\$	5,119,756	\$	436,338	778,520	<u> </u>	(897,298)
<b>9</b> , ,	· <u> </u>			. —			· · · · · · · · · · · · · · · · · · ·	·	_	
Net change in fund balances	\$	(2,229,079) \$	23,677	<b>\$</b>	3,700,094	<b>Þ</b>	(7,834,666) \$		Þ	(6,445,644)
Fund balances - beginning	_	18,130,915	488	_	191,822	<u>-</u>	7,975,480	169,644	_	26,468,349
Fund balances - ending	\$_	15,901,836 \$	24,165	<b>*</b> =	3,891,916	Ф=	140,814	63,974	<b>—</b>	20,022,705

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, 2005

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	\$	(6,445,644)
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.		6,155,518
The net effect of various miscellaneous transactions involving capital assets (I.e., sales, tradeins, and donations) is to increase net assets.		(27,288)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		98,819
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.		3,063,245
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.	_	117,656
Change in net assets of governmental activities	\$	2,962,306

Statement of Net Assets Proprietary Fund June 30, 2005

		Enterprise Fund
	_	Utilities Fund
ASSETS	_	
Current assets:		
Cash and cash equivalents	\$	1,782,319
Taxes receivable, net of allowances for uncollectibles		3,641
Accounts receivables, net of allowances for uncollectibles		274,887
Inventories		18,481
Prepaid expenses		5,478
Deferred charges		1,379
Total current assets	\$	2,086,185
Noncurrent assets:	_	
Restricted current assets:		
Cash and cash equivalents-bond requirements	\$	3,127,844
Total restricted current assets	\$	3,127,844
Other assets:	_	_
Unamortized bond issue costs	\$ _	179,553
Capital assets:		
Utility plant in service	\$	30,698,081
Land		3,559,796
Machinery and equipment		509,675
Buildings		3,640,292
Less accumulated depreciation		(10,597,523)
Total capital assets	\$ _	27,810,321
Total noncurrent assets	\$_	31,117,718
Total assets	\$ _	33,203,903
LIABILITIES		
Current liabilities:		
Accounts payable	\$	75,525
Accrued interest payable		320,570
Due to other funds		93,451
Compensated absences		15,299
Deposits held in escrow		38,962
Bonds payable - current portion	_	1,424,542
Total current liabilities	\$ _	1,968,349
Noncurrent liabilities:	¢.	27 404 025
Bonds payable - net of current portion	\$	27,494,925
Compensated absences	_	137,688
Total liabilities	\$ <u></u>	27,632,613
Total liabilities	\$ _	29,600,962
NET ASSETS	*	0.040.400
Invested in capital assets, net of related debt	\$	2,018,698
Unrestricted	. =	1,584,243
Total net assets	\$ =	3,602,941

Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Fund For the Year Ended June 30, 2005

Fu	ities nd
OPERATING REVENUES	
Charges for services:	
Water revenues \$	2,299,671
Sewer revenues	428,988
Other revenues	72,079
Total operating revenues \$	2,800,738
OPERATING EXPENSES	
Personal services \$	606,076
Fringe benefits	183,725
Contractual services	159,379
Other charges	501,067
Depreciation	755,198
Total operating expenses \$	2,205,445
Operating income (loss) \$	595,293
NONOPERATING REVENUES (EXPENSES)	
Investment earnings \$	117,589
Amortization of loan costs	(22,399)
Taxes	41,988
Interest expense(	1,547,884)
Total nonoperating revenues (expenses) \$ (	1,410,706)
Income before contributions and transfers \$	(815,413)
Transfers in	897,298
Change in net assets \$	81,885
Total net assets - beginning	3,521,056
Total net assets - ending \$	3,602,941

Statement of Cash Flows Proprietary Fund For the Year Ended June 30, 2005

	_	Enterprise Fund Utilities Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$	2,722,749
Receipts from customers and users  Receipts for miscellaneous items	Ψ	72,079
Payments to suppliers		(850,702)
Payments to supplies		(631,773)
Net cash provided (used by) operating activities	\$	1,312,353
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	\$	1,007,879
Tax revenue		41,101
Net cash provided (used) by noncapital financing		_
activities	\$	1,048,980
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to capital assets	\$	(147,722)
Principal payments on bonds		(1,245,292)
Increase in capital appreciation bonds payable		244,958
Interest payments		(1,548,278)
Net cash provided (used) by capital and related financing activities	\$	(2,696,334)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	\$	117,589
Net cash provided (used) by investing activities	\$ <del>_</del>	117,589
Net increase (decrease) in cash and cash equivalents	\$	(217,412)
The time sase (aser case) in easi, and easi, equivalents	Ψ	(217,112)
Cash and cash equivalents - beginning - including restricted	. –	5,127,575
Cash and cash equivalents - ending - including restricted	<sup>\$</sup> =	4,910,163
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$	595,293
Adjustments to reconcile operating income to net cash	Ψ_	373,273
provided (used) by operating activities:		
Depreciation expense	\$	755,198
(Increase) decrease in accounts receivable	*	(8,260)
(Increase) decrease in inventories		19,178
(Increase) decrease in prepaid expenses		(1,128)
Increase (decrease) in customer deposits		2,350
Increase (decrease) in accounts payable and accrued liabilities		(50,278)
Total adjustments	\$	717,060
Net cash provided (used) by operating activities	\$	1,312,353
	_	

Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2005

	 Agency Funds
ASSETS	
Cash and cash equivalents	\$ 128,356
Total assets	\$ 128,356
LIABILITIES Accounts payable	\$ 3,910
Amounts held for social services clients	17,447
Amounts held for others	78,050
Amounts held for regional program	28,949
Total liabilities	\$ 128,356

Notes to Financial Statements June 30, 2005

# Note 1—Summary of Significant Accounting Policies:

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

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

#### **Financial Statement Presentation**

In June 1999, GASB issued Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement, known as the "Reporting Model" statement, affects the way the County prepares and presents financial information.

GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

<u>Management's Discussion and Analysis</u> - 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

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

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

<u>Statement of Net Assets</u> - 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.

Notes to Financial Statements June 30, 2005 (Continued)

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

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

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

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

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

## A. Financial Reporting Entity

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

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

Blended Component Unit. The County has no blended component units to be included for the fiscal year ended June 30, 2005.

Notes to Financial Statements June 30, 2005 (Continued)

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

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

Discretely Presented Component Units. The School Board members are elected by the citizens of Gloucester County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2005.

The Gloucester County Economic Development Authority is responsible for industrial and commercial development in the County. The Authority consists of seven members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2005. The Authority does not issue a separate financial report. The financial statements of the Authority are presented as a discrete presentation of the County financial statements for the year ended June 30, 2005.

#### C. Other Related Organizations

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

#### 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. 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.

Notes to Financial Statements June 30, 2005 (Continued)

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

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

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

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

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

Notes to Financial Statements June 30, 2005 (Continued)

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

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

#### 1. Governmental Funds

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

The General Fund is the primary operating fund of the County. This fund is used to account for 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.

<u>Debt Service Funds</u> - The Debt Service Fund accounts for debt service expenditure 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.

<u>Capital Projects Funds</u> - The County Capital Improvements Fund 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.

The County reports the following non-major governmental funds:

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

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

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

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

<u>Enterprise Funds</u> - Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The County's Enterprise Funds consist of the Utility Fund.

Notes to Financial Statements June 30, 2005 (Continued)

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

#### 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 unit are reported at fair value.

#### F. Investments

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

## G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as "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 \$348,708 at June 30, 2005 is composed solely of property taxes.

#### Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

Notes to Financial Statements June 30, 2005 (Continued)

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

#### H. Capital Assets

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There is no capitalized interest for the year ended June 30, 2005.

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.

Assets	Years
	_
Plant, equipment and system	35-45
Motor vehicles	5-10
Equipment	2-15
Infrastructure	25

#### I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Assets. In accordance with the provisions of Government 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.

Notes to Financial Statements June 30, 2005 (Continued)

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

#### J. Retirement Plan

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

## K. Use of Estimates

The preparation of financial statements in conformity with general 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

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:

			County Capital	School	Other Govern-		
	General	Debt Service	Improve- ments		mental Funds	Utility Fund	Total
Designated for:							
Mosquito Control	\$ 200,380 \$	- \$	- :	\$ - \$	- \$	- \$	200,380
Tourism Projects	84,900	-	-	-	-	-	84,900
Daffodil Festival	36,704	=	-	-	-	-	36,704
Trustee Cash	-	24,165	=	-	-	-	24,165
Revenue Maximization							
Program	_	-	-	-	63,974	-	63,974
School Capital Projects	-	-	-	140,812	-	-	140,812
Utility expansion	-	-	-	-	-	218,693	218,693
Older Adult Projects	-	-	103,385	-	-	-	103,385
Subsequent expenditures			3,788,531		-		3,788,531
Total designated for specific purposes	\$ 321,984 \$	24,165	3,891,916	\$ <u>140,812</u> \$	63,974 \$	218,693 \$	4,661,544

Notes to Financial Statements June 30, 2005 (Continued)

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

## M. Net Assets

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

#### N. Long-term Obligations

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

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

#### O. Prepaid Items

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

#### P. Inventory

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

# Note 2—Stewardship, Compliance, and Accounting:

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

- 1. During the month of March, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
- 2. Public hearings are conducted to obtain citizen comments.

Notes to Financial Statements June 30, 2005 (Continued)

## Note 2—Stewardship, Compliance, and Accounting: (Continued)

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

#### **Expenditures and Appropriations**

Expenditures did not exceed appropriations in any fund at June 30, 2005.

## Note 3—Deposits and Investments:

#### **Deposits**

All cash of the primary government and its discretely presented component units is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

#### **Investments**

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

#### **Custodial Credit Risk (Investments)**

The County's investments at June 30, 2005 were held by the County or in the County's name by the County's custodial banks.

Notes to Financial Statements June 30, 2005 (Continued)

## Note 3— Deposits and Investments: (Continued)

## **Credit Risk of Debt Securities**

The County's rated debt investments as of June 30, 2005 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale. The County's investment policy has an emphasis on high credit quality and known marketability. Obligations of the Commonwealth of Virginia and its local governments and public bodies are allowable under the County's investment policy provided they have a debt rating of at least AA by Standard and Poor's.

**Locality's Rated Debt Investments' Values** 

Rated Debt Investments	Fair Quality Ratings						
	_	AAA	_	AAAm	_	Unrated	
Local Government Investment Pool Virginia State Non-Arbitrage Pool Money Market Funds	\$	- - -	\$	11,432,725 2,118,630 612,627	\$	- - -	
Repurchase Agreements - Underlying: Municipal/Public Bonds		-		<u>-</u> _		5,155,656	
Total	\$	-	\$	14,163,982	\$_	5,155,656	

## **Interest Rate Risk**

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

#### **Investment Maturities (in years)**

Investment Type	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
Municipal/Public Bonds U.S. Treasury Notes Repurchase Agreements - Underlying:	\$ \$ 1,992,087	1,992,087	\$ \$	- \$	-
Municipal/Public Bonds	5,155,656	5,155,656			
Total	\$ 7,147,743 \$	7,147,743	\$ \$	· - \$	

#### **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.

Notes to Financial Statements June 30, 2005 (Continued)

# Note 4—Due from Other Governments:

At June 30, 2005, the County has receivables from other governments as follows:

			Compor	nent Unit
	_(	Primary Government	School Board	Economic Development Authority
Other Local Governments:				
County of Gloucester	\$	- \$	3,334,307	\$ -
Gloucester County Cafeteria		150,000	-	-
Gloucester County Economic Development Authority		458,909	-	-
Commonwealth of Virginia:				
Local sales tax		643,389	-	-
Mobile home titling tax		8,975	-	-
Recordation tax		23,261	-	-
Victim witness grant		10,524	-	-
VPA funds		44,053	-	-
Fringe Benefits		-	122,795	-
State Sales Tax		-	963,816	-
Constitutional officer reimbursements		279,166	-	-
Miscellaneous grants		19,519	4,187	-
Comprehensive service		55,908	-	-
Motor vehicle carrier tax		1,218	-	-
Federal Government:				
School fund grants		-	527,658	-
Community Development Block Grant		235,965	-	-
VPA funds		122,803	-	-
Other federal grants		94,935	-	-
Federal prisoners		7,333		
Total due from other governments	\$_	2,155,958 \$	4,952,763	\$
Amounts due to other governments are as follows:				
Other Local Governments:				
Gloucester County School Board	\$	3,334,307 \$	-	\$ -
Gloucester County	\$	- \$		\$ 458,909
,	· <del>-</del>		- 1	

Notes to Financial Statements June 30, 2005 (Continued)

# Note 5—Interfund Obligations:

Details of the Primary Government's interfund receivables, and payables as of June 30, 2005, are as follows:

	Interfund Receivable	_	Interfund Payable
General	\$ 93,451	\$	2,672,346
County Capital Improvements	3,303,245		-
School Construction	-		268,770
Comprehensive Services Act	1,121		-
Utilities	-		93,451
Revenue Maximization	63,974		-
Debt Service	-		306,122
Virginia Public Assistance	-	_	121,102
Total	\$ 3,461,791	\$	3,461,791

# Note 6—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2005:

# **Primary Government:**

		Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005
Governmental activities:	-				
Capital assets not subject to depreciation: Land Construction in progress	\$	3,604,349 \$	- \$ 7,829,981	17,320 \$ (677,571)	3,587,029 8,507,552
Total capital assets not subject to depreciation	\$_	3,604,349 \$	7,829,981_\$	(660,251) \$	12,094,581
Capital assets subject to depreciation: Buildings Equipment Jointly owned assets	_	15,099,714 4,353,874 23,760,688	- 731,495 -	- 274,225 2,645,700	15,099,714 4,811,144 21,114,988
Total capital assets being depreciated	\$	43,214,276 \$	731,495 \$	2,919,925 \$	41,025,846
Less accumulated depreciation for: Buildings Equipment Jointly owned assets	\$	(3,509,129) \$ (3,223,818) (9,173,439)	(380,210) \$ (417,578) (654,507)	- \$ (264,257) (1,014,466)	(3,889,339) (3,377,139) (8,813,480)
Total accumulated depreciation	\$_	(15,906,386) \$	(1,452,295) \$	(1,278,723) \$	(16,079,958)
Total capital assets being depreciated, net	\$	27,307,890 \$	(720,800) \$	1,641,202 \$	24,945,888
Governmental capital assets, net	\$_	30,912,239 \$	7,109,181 \$	980,951 \$	37,040,469

Notes to Financial Statements June 30, 2005 (Continued)

# Note 6—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2005:

# **Component Unit School - Board:**

	Balance				Balance
	July 1, 2004	Increases	 Decreases	-	June 30, 2005
Governmental activities:					
Capital assets not subject to depreciation: Land Construction in progress	\$ 614,319 \$ 677,571	654,429 -	\$ - 677,571	\$_	1,268,748 -
Total capital assets not subject to depreciation	\$ 1,291,890_\$	654,429	\$ 677,571	\$_	1,268,748
Capital assets subject to depreciation: Equipment Jointly owned assets	\$ 6,985,203 \$ 15,910,592	985,200 (68,079)	272,860 (2,645,700)	\$	7,697,543 18,488,213
Total capital assets being depreciated	\$ 22,895,795 \$	917,121	\$ (2,372,840)	\$_	26,185,756
Less accumulated depreciation for: Equipment Jointly owned assets	\$ (4,100,966) \$ (5,802,056)	(578,629) (379,446)	(272,860) 1,014,466	\$_	(4,406,735) (7,195,968)
Total accumulated depreciation	\$ (9,903,022) \$	(958,075)	\$ 741,606	\$_	(11,602,703)
Total capital assets being depreciated, net	\$ 12,992,773 \$	(40,954)	\$ (1,631,234)	\$_	14,583,053
Governmental capital assets, net	\$ 14,284,663 \$	613,475	\$ (953,663)	\$	15,851,801

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

# Governmental activities:

General government \$	
Judicial administration	190,968
Public safety	299,892
Public works	57,340
Health and welfare	48,157
Education	695,174
Parks, recreation and cultural	44,907
Community development	7,229
Total Governmental activities \$	\$ 1,452,295
Component Unit School Board \$	\$958,075

Notes to Financial Statements June 30, 2005 (Continued)

# Note 6—Capital Assets: (Continued)

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the <u>Code of Virginia</u>, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a "tenancy in common" with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Gloucester, Virginia for the year ended June 30, 2005, is that school financed assets in the amount of \$20,809,060 are reported in the Primary Government for financial reporting purposes.

A summary of proprietary fund property, plant, and equipment at June 30, 2005 follows:

## **Primary Government:**

		Balance						Balance
		July 1, 2004		Increases		<b>Decreases</b>		June 30, 2005
Enterprise activities:					-			
Enterprise Fund:								
Capital assets not subject to depreciation:								
Land	\$	3,559,796	\$	_	\$	-	\$	3,559,796
	_		-		_			<u> </u>
Capital assets subject to depreciation:								
Plant in service	\$	30,698,081	\$	_	\$	_	\$	30,698,081
Machinery and equipment		376,399		147,722		14,446		509,675
Buildings		3,640,292		-		-		3,640,292
	_				-		-	
Total capital assets being depreciated	\$_	34,714,772	\$_	147,722	\$	14,446	\$	34,848,048
Less accumulated depreciation for:								
Plant in service	\$	(7,478,943) \$	\$	(650,640)	\$	-	\$	(8,129,583)
Machinery and equipment		(295,495)		(18,221)		(14,446)		(299,270)
Buildings	_	(2,082,333)		(86,337)		-		(2,168,670)
Total accumulated depreciation	\$_	(9,856,771)	₿_	(755,198)	\$	(14,446)	\$	(10,597,523)
Total capital assets being depreciated, net	\$_	24,858,001	\$ <u>_</u>	(607,476)	\$	-	\$	24,250,525
Enterprise capital assets, net	\$_	28,417,797	\$ <u>_</u>	(607,476)	\$	-	\$	27,810,321

Notes to Financial Statements June 30, 2005 (Continued)

# Note 6-Capital Assets: (Continued)

A summary of the component Unit Economic Development Authority property, plant, and equipment at June 30, 2005 follows:

# **Component Unit Economic Development Authority:**

		Balance						Balance
		July 1, 2004		Increases		Decreases		June 30, 2005
Enterprise activities: Capital assets not subject to depreciation:	_		-				_	
Land	\$_	473,735	\$_	-	\$	-	\$	473,735
Capital assets subject to depreciation:								
Buildings	\$	4,537,831	\$	-	\$	-	\$	4,537,831
Equipment	-	7,234	_	-		-	-	7,234
Total capital assets being depreciated	\$_	4,545,065	\$_	-	\$	-	\$	4,545,065
Less accumulated depreciation for:								
Buildings	\$	(1,270,593)	\$	(181,513)		-	\$	(1,452,106)
Equipment	_	(5,064)	-	(723)	•	-	-	(5,787)
Total accumulated depreciation	\$_	(1,275,657)	\$_	(182,236)	\$	-	\$	(1,457,893)
Total capital assets being depreciated, net	\$_	3,269,408	\$_	(182,236)	\$	-	\$	3,087,172
Enterprise capital assets, net	\$_	3,743,143	\$_	(182,236)	\$	-	\$	3,560,907

Notes to Financial Statements June 30, 2005 (Continued)

# Note 6-Capital Assets: (Continued)

The following is a summary of capital asset restatements due to a change in capital asset policy.

# **Component Unit Economic Development Authority:**

		Balance June 30, 2004		Restatement	_	Restated Balance July 1, 2004
Enterprise activities:					_	_
Capital assets not subject to depreciation: Land	\$ <u>_</u>	473,735	\$_		\$_	473,735
Capital assets subject to depreciation: Buildings Infrastructure Equipment	\$	4,537,831 2,418,942 7,234	\$	- (2,418,942) -	\$	4,537,831 - 7,234
Total capital assets being depreciated	\$_	6,964,007	\$_	(2,418,942)	\$_	4,545,065
Less accumulated depreciation for: Buildings Infrastructure Equipment	\$	(1,270,593) (677,304) (5,064)	\$	677,304	\$	(1,270,593) - (5,064)
Total accumulated depreciation	\$_	(1,952,961)	\$_	677,304	\$_	(1,275,657)
Total capital assets being depreciated, net	\$_	5,011,046	\$_	(1,741,638)	\$_	3,269,408
Enterprise capital assets, net	\$_	5,484,781	\$_	(1,741,638)	\$_	3,743,143

# **Note 7— Interfund Transfers:**

Interfund transfers for the year ended June 30, 2005, consisted of the following:

Fund	_	Transfers In	_	Transfers Out
Primary Government:				
General Fund	\$	-	\$	12,084,474
Debt Service		4,852,562		-
County Capital Improvements		5,119,756		-
Virginia Public Assistance		466,848		-
Comprehensive Services Act		311,672		-
School Construction		436,338		-
Utilities	_	897,298		
Total	\$_	12,084,474	\$	12,084,474

Notes to Financial Statements June 30, 2005 (Continued)

# Note 7— Interfund Transfers: (Continued)

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

## Note 8—Long-Term Obligations:

# **Primary Government:**

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

	_	Amounts Payable at July 1, 2004	Increases	Decreases	Amounts Payable at June 30, 2005	Amounts Due Within One Year
Governmental Obligations: Incurred by County						
Compensated absences payable Capital lease obligations	\$ -	1,585,537 \$ 9,479,264	965,400 \$ 	988,623 \$ 799,264	1,562,314 \$ 8,680,000	156,231 165,000
Total incurred by County	\$_	11,064,801 \$	965,400 \$	1,787,887 \$	10,242,314	321,231
Incurred by School Board: State Literary Fund Loans payable General obligation bonds payable Add deferred amounts: For issuance premium Capital lease and notes payable	\$	6,703,520 \$ 14,255,000 428,090	- \$ - -	1,370,000	6,063,520 \$ 12,885,000 405,948	1,200,000
obligations	-	2,210,671		231,839	1,978,832	232,523
Total incurred by School Board	\$ <sub>_</sub>	23,597,281 \$	\$	2,263,981 \$	21,333,300 \$	2,072,523
Total Governmental Obligations	\$	34,662,082 \$	965,400 \$	4,051,868 \$	31,575,614	2,393,754
Enterprise Obligations: Compensated absences payable General obligation bonds payable Revenue bonds payable	\$	178,684 \$ 222,838 29,696,963	49,706 \$ - 244,958	31,131	152,987 \$ 191,707 28,727,760	15,299 32,726 1,391,816
Total Enterprise Obligations	\$_	30,098,485 \$	<u>294,664</u> \$	1,320,695 \$	29,072,454	1,439,841

Notes to Financial Statements June 30, 2005 (Continued)

Note 8-Long-Term Obligations: (Continued)

**Primary Government: (Continued)** 

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

	County Obligations					
Year Ending	Capital Leases					
June 30,	Principal		Interest			
		_				
2006	\$ 165,000	\$	456,909			
2007	175,000		449,300			
2008	180,000		441,268			
2009	190,000		432,802			
2010	200,000		423,783			
2011	205,000		414,264			
2012	220,000		404,060			
2013	230,000		393,119			
2014	240,000		381,512			
2015	255,000		368,659			
2016	265,000		354,684			
2017	280,000		340,038			
2018	295,000		324,584			
2019	315,000		308,191			
2020	330,000		290,856			
2021	350,000		272,581			
2022	370,000		253,000			
2023	390,000		232,100			
2024	410,000		210,100			
2025	435,000		186,862			
2026	460,000		162,250			
2027	485,000		136,263			
2028	515,000		108,763			
2029	540,000		79,750			
2030	575,000		49,087			
2031	605,000		16,638			
	•	<del>-</del>	·			
Total	\$ 8,680,000	\$	7,491,423			

Notes to Financial Statements June 30, 2005 (Continued)

Note 8-Long-Term Obligations: (Continued)

**Primary Government: (Continued)** 

# **School Obligations**

Year Ending		Literary d Loans	General Ob Bonds Pa	•	Capital Leases and Notes Payable		
une 30,	Principal	Interest	Principal	Interest	Principal	Interest	
2006 \$	640,000	\$ 191,800 \$	1,200,000 \$	669,883 \$	232,523 \$	69,963	
2007	640,000	171,350	1,050,000	602,496	240,193	62,063	
2008	640,000	150,900	1,010,000	542,183	252,442	53,809	
2009	540,000	130,450	860,000	488,998	259,260	45,211	
2010	540,000	113,000	850,000	441,238	270,641	36,275	
2011	540,000	95,550	815,000	394,813	251,910	27,354	
2012	540,000	78,100	800,000	349,540	263,059	18,447	
2013	513,196	60,650	680,000	308,545	65,736	12,048	
2014	250,000	44,110	490,000	277,215	69,528	8,25	
2015	250,000	36,610	510,000	250,788	73,540	4,243	
2016	250,000	29,110	530,000	223,288	-		
2017	250,000	21,610	550,000	194,255	-		
2018	250,000	14,110	435,000	167,591	-		
2019	220,324	6,610	455,000	144,353	-		
2020	-	-	480,000	121,710	-		
2021	-	-	500,000	97,920	-		
2022	-	-	530,000	71,655	-		
2023	-	-	555,000	43,988	-		
2024		<u>-</u>	585,000	14,918			

Notes to Financial Statements June 30, 2005 (Continued)

Note 8-Long-Term Obligations: (Continued)

**Primary Government: (Continued)** 

# **Enterprise Obligations**

Year Ending		General Obligation	Bonds Payable	Revenue Bond	s Payable
June 30	_ =	Principal	Interest	Principal	Interest
2006	\$	32,726 \$	8,842 \$	714,983 \$	1,970,73
2007		34,401	7,167	696,161	1,988,80
2008		36,161	5,407	676,260	2,007,16
2009		38,011	3,557	1,428,724	1,257,50
2010		39,956	1,612	1,454,426	1,197,89
2011		10,452	88	1,510,164	1,137,13
2012		-	-	1,585,940	1,061,38
2013		-	-	1,661,755	981,82
2014		-	-	1,742,613	898,45
2015		-	-	1,818,514	810,76
2016		-	-	1,914,461	718,98
2017		-	-	2,000,457	622,20
2018		-	-	2,106,503	520,29
2019		-	-	2,212,603	412,96
2020		-	-	388,760	300,20
2021		-	-	389,800	278,90
2022		-	-	410,000	257,32
2023		-	-	430,000	234,36
2024		-	-	455,000	210,28
2025		-	-	480,000	184,80
2026		-	-	505,000	157,92
2027		-	-	535,000	129,64
2028		-	-	560,000	99,68
2029		-	-	595,000	68,32
2030	_	<u> </u>	<u> </u>	625,000	35,00
Total	\$	191,707 \$	26,673 \$	26,897,124 \$	17,542,54

Notes to Financial Statements June 30, 2005 (Continued)

Note 8—Long-Term Obligations: (Continued)		
Primary Government: (Continued)		
Details of Long-Term Indebtedness:		
	_	Amount Outstanding
General Long-Term Debt:		
Capital Lease Obligations:		
\$9,275,000 capital lease obligation (payable from the General Fund) issued September 14, 2000, secured by the courthouse, principal due in various annual installments through 2031, interest payable semi-annually at coupon rates from		
5.375% to 5.500%	\$	8,680,000
Total Capital Lease Obligations	\$	8,680,000
Compensated absences (payable from the General Fund)	\$_	1,562,314
Total Debt Incurred by County	\$_	10,242,314
General Obligation Bonds:		
Enterprise Funds:		
Sanitary District No. 1 Fund: \$670,000 general obligation Farmers Home Administration water and sewer bonds issued June 15, 1976, due in monthly installments of \$3,464 through 2011 including	Φ.	101 707
principal and interest, interest at 5%	\$_	191,707

Notes to Financial Statements June 30, 2005 (Continued)

**Primary Government: (Continued)** 

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

		Amount Outstanding
General Obligation Bonds:	-	
Revenue Bonds:		
\$421,600 Farmers Home Administration water and sewer revenue bonds issued December 23, 1980, due in monthly installments of \$2,054 including principal and interest, interest at 5%	\$	262,012
\$16,675,000 current interest bonds payable annually in various amounts through April 1, 2019, interest payable semi-annually at coupon rates from 2.5% to 5.0%. Face amount of bonds outstanding, \$16,405,000 plus unamortized issuance premium of \$590,524, less unamortized deferred amount on refunding of \$516,897.		16,478,627
\$5,727,000 capital appreciation bonds payable annually April 1, 1999 through 2008 including interest, accreted value		3,077,121
\$8,910,000 Virginia Resource Authority bonds dated November 7, 2000, principal payable in various annual installments through 2030, interest payable semi- annually at coupon rates from 5.1% to 5.6%	_	8,910,000
Total revenue bonds	\$	28,727,760
Compensated absences (payable from the Enterprise Fund)	_	152,987
Total enterprise obligations payable	\$_	29,072,454
School Bonds Payable:		
\$8,565,000 School Bonds issued January 3, 1994 payable in various annual installments each December 15 through 2013, interest payable semi-annually at an average rate of 6.45%	\$	1,625,000
\$4,335,000 School Bonds issued April 28, 1992 payable in various annual installments each December 15 through 2013, interest payable semiannually at 5.83%		1,465,000

Notes to Financial Statements June 30, 2005 (Continued)

Note 8—Long-Term Obligations: (Continued)

**Primary Government: (Continued)** 

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

		Amount Outstanding
School Bonds Payable: (Continued)		
\$2,100,000 School Bonds issued April 28, 1993 payable in various annual installments each December 15 through 2013, interest payable semi-annually at 5.33%	\$	810,000
\$2,800,000 School Bonds issued May 2, 1996 payable in various annual installments each July 15 through 2017, interest payable semi-annually at 5.56%		1,680,000
\$7,525,000 School Bonds issued November 6, 2003 payable in various annual installments each July 15 through 2024, interest payable semi-annually at various interest rates from 3.1% through 5.35%. Carrying amount of bonds including		
unamortized issuance premium of \$405,948	_	7,710,948
Total school bonds payable	\$_	13,290,948
State Literary Fund Loans:		
\$2,000,000, issued February 1, 1988, due in annual installments of \$100,000 each February 1, through 2008 interest payable annually at 3%	\$	300,000
\$1,678,784, issued December 15, 1992, due in annual installments of \$84,000 each December 15, through 2012 interest payable annually at 3%		670,784
\$1,604,993, issued December 15, 1992, due in annual installments of \$81,000 each December 15, through 2012 interest payable annually at 3%		632,993
\$2,489,419, issued December 15, 1992 due in annual installments of \$125,000 each December 15, through 2012 interest payable annually at 4%		989,419
\$4,970,324 issued June 23, 1998 due in annual installments of \$250,000 each July 15, through 2018, interest payable annually at 3%		3,470,324
Total State Literary Fund Loans	\$_	6,063,520

Notes to Financial Statements June 30, 2005 (Continued)

Note 8-Long-Term Obligations: (Continued)

**Primary Government: (Continued)** 

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

	_	Outstanding
Capital Lease Obligations:		
\$1,589,921 capital lease obligation issued March 15, 2004 secured by equipment, due in various semi-annual installments of over 7 years, interest at 2.80%	\$	1,400,048
Note Payable Obligations:		
\$811,302 general obligation refunding note, series 1998 issued October 30, 1998, due		
in annual installments of \$77,784 through July 15, 2014, interest at 6.77%	_	578,784
Total Capital Lease and Notes Payable Obligations	\$_	1,978,832
Total School Board Long-Term Debts Issued, payable from the General Fund	\$_	21,333,300

Amount

### 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, 2005:

_	Amounts Payable at July 1, 2004	Increases	Decreases	Amounts Payable at June 30, 2005	 Amounts Due Within OneYear
Compensated absences payable					
(payable from the School Fund) \$	1,667,895 \$	1,671,517 \$	1,637,109 \$	1,702,303	\$ 170,230

### **Component Unit-Economic Development Authority:**

The following is a summary of long-term debt transactions of the Component Unit—Economic Development Authority for the year ended June 30, 2005:

	_	Amounts Payable at July 1, 2004		Increases	 Decreases	_	Amounts Payable at June 30, 2005	 Amounts Due Within OneYear
General obligation bonds payable	\$	4,523,141	\$	-	\$ 136,307	\$	4,386,834	\$ 148,890
Revenue note payable		280,593		-	280,593		-	-
Note payable	_	6,647	_	-	 6,647	_	_	 
Total	\$_	4,810,381	\$	_	\$ 423,547	\$	4,386,834	\$ 148,890

Notes to Financial Statements June 30, 2005 (Continued)

Note 8—Long-Term Obligations: (Continued)

### **Details of Long-Term Indebtedness:**

Amount Outstanding

### General Obligation Bonds:

\$5,260,000 general obligation Crestar Securities Corporation bonds issued February 13, 1997, due in quarterly installments of \$100,443 over 10 years, with a balloon payment due February 14, 2007, interest at 5.85%

4,386,834

Total Long-Term Indebtedness, Component Unit Economic Development Authority

\$ 4,386,834

Year Ending	<b>General Obligation Bonds</b>		
June 30,	 Principal	Interest	
2006	\$ 148,890 \$	252,886	
2007	 4,237,944	183,851	
Total	\$ 4,386,834 \$	436,737	

#### Note 9—Landfill Post Closure Costs:

The County closed its landfill prior to the date mandated by State and Federal laws and regulations; so as to be liable for post-closure monitoring for a period of only ten years. The county has contracted with a third party, Waste Management, to provide funds in the amount of \$75,000 per year for post-closure monitoring of the landfill site. This amount appears adequate to fund the County's liability for post-closure monitoring of the landfill. No amounts have been recorded in these financial statements for this liability because the third party has assumed all post-closure obligations.

#### Note 10—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$4,865,498 is comprised of the following:

<u>Deferred Property Tax Revenue</u>: Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$4,727,736 at June 30, 2005.

<u>Prepaid Property Taxes</u>: Property taxes due subsequent to June 30, 2005, but paid in advance by the tax payers totaled \$125,629 at June 30, 2005.

Advance Grant Funding: This represents a liability incurred by the County for monies accepted from a grantor using an advancement method for payments. The liability is reduced and revenue recorded when expenditures are made in accordance with the grantor's requirements. If expenditures are not made, the funds may revert back to the grantor. Advanced grant funding at June 30, 2005 totaled \$12,133.

Notes to Financial Statements June 30, 2005 (Continued)

### Note 11—Commitments and Contingencies:

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

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

The County and the Hampton Roads Sanitation District have entered into an agreement where the District constructed a sewer interceptor line from the County to a district sewer treatment plant. The District owns the sewer line. The agreement required the County to make quarterly payments in an amount equal to interest on the construction cost. The County's obligation will be gradually reduced through credits provided by the District until 9,800 connections are made. At this point, credits will equal the cost, and there will be no further liability to the County. The County incurred an expenditure of \$179,104 during the fiscal year ended June 30, 2005.

The County has active construction projects as of June 30, 2005. The projects relate to school improvements. At year-end, the County commitments were as follows:

Project	Spent-to- Date	Remaining Commitment
Botetourt Elementary School Achilles Elementary School	\$ 4,484,969 3,264,769	\$ 852,418 545,001
Total		\$ 1,397,419

These projects are to be funded with transfers from the General Fund.

#### Note 12—Litigation:

At June 30, 2005, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

#### Note 13—Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County joined together with other local governments in Virginia to form the Virginia Municipal Liability 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.

Notes to Financial Statements June 30, 2005 (Continued)

### Note 13—Risk Management: (Continued)

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

#### Component Unit School Board - Health Insurance

The Component Unit School Board utilizes a self-insurance program for employee health insurance. The School Board began accounting for this program in an internal service effective July 1, 2004. A summary of the claims liability for the year ended June 30, 2005 follows:

Unpaid claims, June 30, 2004	\$	382,001
Incurred claims (including IBNR and changes in estimates)		3,919,602
Claim payments	_	(3,865,521)
	_	
Unpaid claims, June 30, 2005	\$_	436,082

#### Note 14—Defined Benefit Pension Plan:

#### **Primary Government:**

#### A. Plan Description

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 with 5 years of service for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employees (age 50 with 25 years of service for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating law enforcement officers and firefighters 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.

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 obtained by downloaded from their website at <a href="http://www.varetire.org/pdf/2004AnnuRept.pdf">http://www.varetire.org/pdf/2004AnnuRept.pdf</a> or writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

Notes to Financial Statements June 30, 2005 (Continued)

### Note 14—Defined Benefit Pension Plan: (Continued)

### **Primary Government: (Continued)**

#### B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their reported compensation to the VRS. This 5% member contribution has been assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board non-professional employees' contribution rates for the fiscal year ended 2005 were 6% and 4% of annual covered payroll, respectively.

The School Board's professional employees contributed \$1,603,824, \$936,510, and \$907,481, to the teacher cost-sharing pool for the fiscal years ended June 30, 2005, 2004, and 2003 respectively and these contributions represented 6.03%, 3.77%, and 3.77% respectively, of current covered payroll.

### C. Annual Pension Cost

For fiscal 2005, the County's annual pension cost of \$598,360 was equal to the County's required and actuarial contributions. The required contribution was determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method.

For fiscal 2005, the County School Board's annual pension cost for the Board's non-professional employees were \$154,450 which was equal to the Board's required and actuarial contributions. The required contributions were determined as a part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method.

	County	Non-Professional School Board
	<u> </u>	<u> </u>
Contribution rates:		
Employer	6%	4%
Plan Members	5%	5%
Annual pension cost	\$598,360	\$154,450
Contributions made	\$598,360	\$154,450
Valuation date	June 30, 2003	June 30, 2003
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent, open	Level percent, open
Payroll growth rate	3%	3%
Remaining amortization period	1 Year	7 Years
Asset valuation method	Modified market	Modified market
Actuarial assumptions:		
Investment rate of return <sup>1</sup>	8.00%	8.00%
Projected salary increases: 1		
Non LEO Employees	4.25% to 6.10%	4.25% to 6.10%
LEO Employees	4.50% to 5.75%	4.50% to 5.75%
Cost-of-living adjustments	3.0%	3.0%

<sup>&</sup>lt;sup>1</sup> Includes inflation at 3%

Notes to Financial Statements June 30, 2005 (Continued)

## Note 14-Defined Benefit Pension Plan: (Continued)

## **Primary Government: (Continued)**

## C. Annual Pension Cost: (Continued)

Fiscal Year Ending	 Annual Pension Cost (APC) (1)	Percentage of APC Contributed	 Net Pension Obligation
County: June 30, 2005 June 30, 2004 June 30, 2003	\$ 598,360 375,386 364,712	100% 100% 100%	\$ - - -
School Board: Non-Professional: June 30, 2005 June 30, 2004 June 30, 2003	\$ 154,450 110,732 105,713	100% 100% 100%	\$ - - -

<sup>(1)</sup> Employer portion only

## Note 15—Adjustment to Beginning Net Assets:

The following adjustment was made to beginning net assets:

	_	Component Unit School Board
	_	Internal Service Fund
Net assets as previously reported	\$	-
Adjustment to record beginning net assets for Self-Insurance Fund	_	817,344
Totals as adjusted	\$	817,344

Notes to Financial Statements June 30, 2005 (Continued)

## Note 16—Surety Bonds:

	 Amount
Commonwealth of Virginia - Division of Risk Management - Surety	
C. Ann Gentry, Clerk of the Circuit Court	\$ 103,000
Tara L Thomas, Treasurer	500,000
Kevin A. Wilson, Commissioner of the Revenue	3,000
Robin P. Stanaway, Sheriff	30,000
The above constitutional officer's employees blanket bond	50,000
Western Surety Diane Gamache, Clerk of the School Board	10,000
	,,,,,,
Fidelity and Deposit Company of Maryland - Surety	
All County and Social Services Employees - blanket bond	100,000
VA CORP Insurance Program - Surety	
All Social Services Employees - Blanket Bond	1,000,000

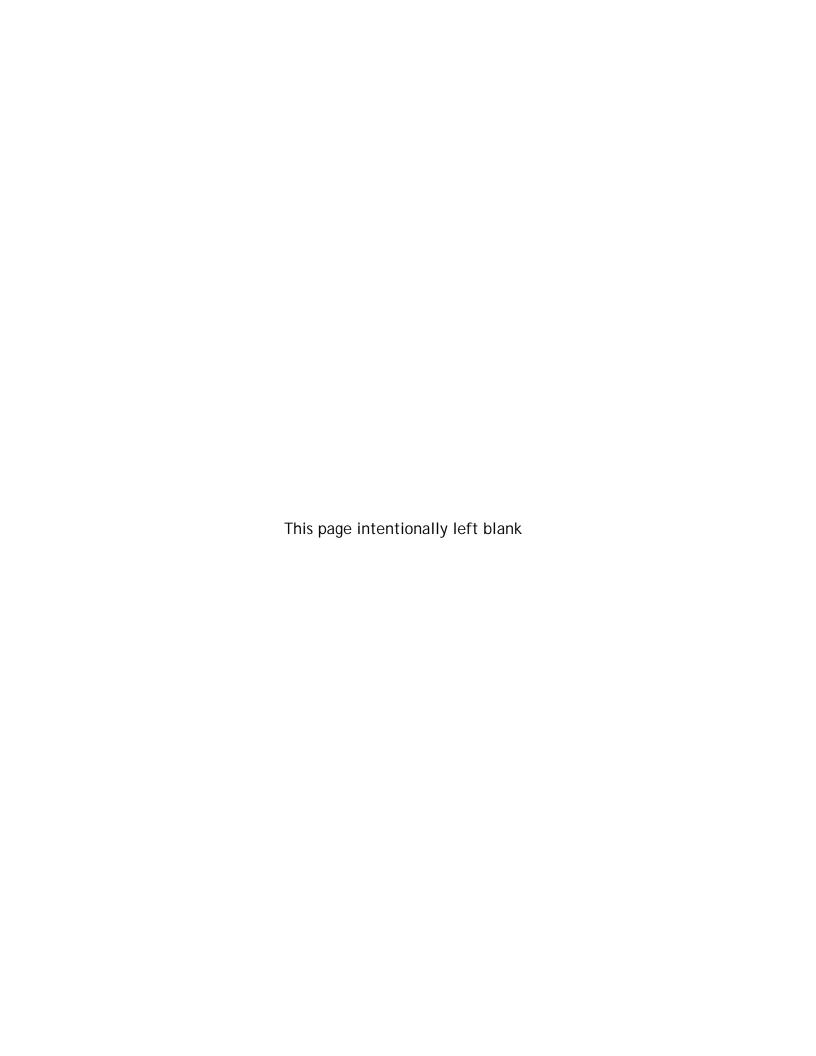
### **Note 17—Operating Leases:**

The County leases space for the County Library under a noncancelable operating lease for an initial term of ten years, renewable for four successive periods of five years each. The total cost for the lease was \$150,000 for the year ended June 30, 2005. The future minimum lease payments for this lease are as follows:

Year Ending June 30,	Amou	ınt
2006	\$ 15	0,000
2007	15	0,000
2008	15	0,000
2009	15	0,000
2010	15	0,000
2011-2013	32	5,000
Total	\$ 1,07	5,000

### Note 18—Subsequent Events:

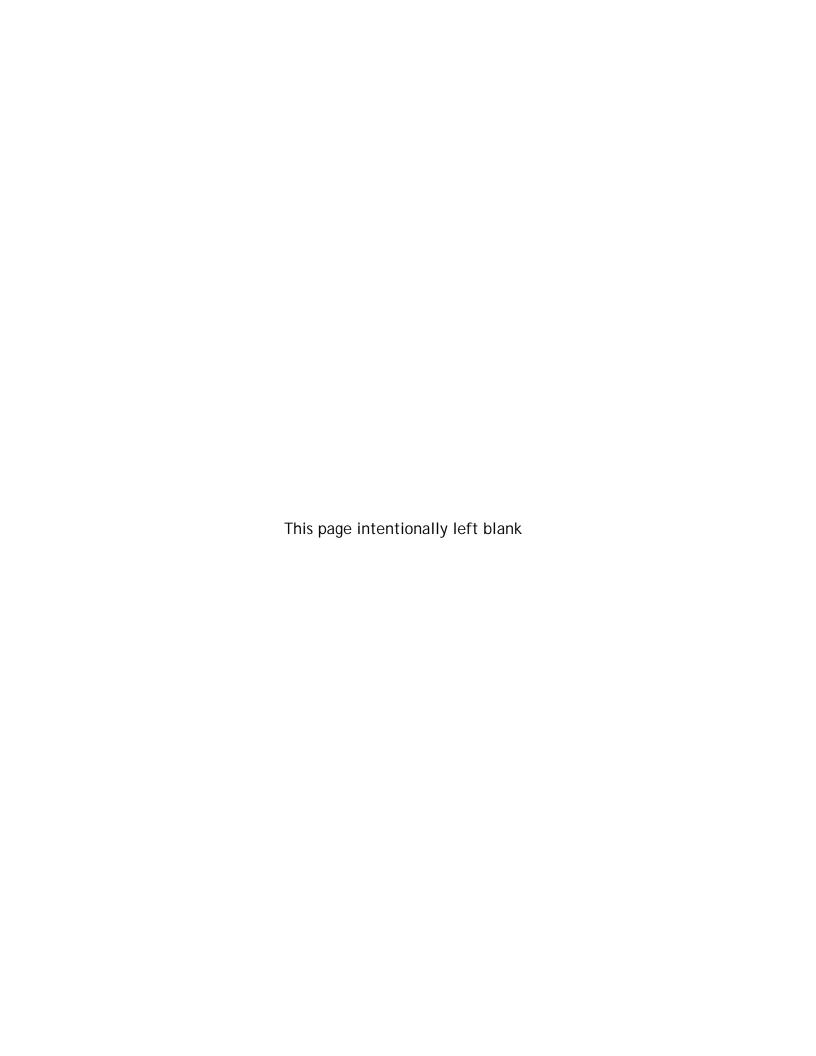
The County received \$414,140 in July 2005 from the refunding of VPSA bonds. These funds were deposited into the Virginia State Non-Arbitrage Program.



# **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.



General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2005

	 Budgeted A	mounts			Variance with Final Budget -
	Original	Final		Actual Amounts	Positive (Negative)
REVENUES					
General property taxes	\$ 24,449,607 \$	24,449,607	\$	25,361,237 \$	911,630
Other local taxes	9,048,516	9,048,516		10,150,629	1,102,113
Permits, privilege fees, and regulatory licenses	331,705	331,705		358,550	26,845
Fines and forfeitures	65,500	65,500		124,446	58,946
Revenue from the use of money and property	155,600	155,600		325,029	169,429
Charges for services	877,027	877,027		1,025,539	148,512
Miscellaneous	125,669	166,023		207,214	41,191
Recovered costs	264,972	264,972		187,266	(77,706)
Intergovernmental revenues:					
Commonwealth	6,436,506	6,476,949		6,454,542	(22,407)
Federal	229,819	614,814		657,969	43,155
Total revenues	\$ 41,984,921 \$	42,450,713	\$	44,852,421 \$	2,401,708
EXPENDITURES					
Current:					
General government administration	3,867,208	3,890,337		3,716,011	174,326
Judicial administration	1,302,618	1,304,672		1,188,720	115,952
Public safety	8,684,974	9,030,292		8,495,083	535,209
Public works	1,534,758	1,528,115		1,485,546	42,569
Health and welfare	514,271	543,471		529,137	14,334
Education	17,512,034	17,526,241		17,195,819	330,422
Parks, recreation, and cultural	1,462,648	1,560,998		1,486,361	74,637
Community development	792,734	793,934		735,022	58,912
Nondepartmental	243,037	249,773		165,327	84,446
Total expenditures	\$ 35,914,282 \$	36,427,833	\$	34,997,026 \$	1,430,807
Excess (deficiency) of revenues over (under)					
expenditures	\$ 6,070,639 \$	6,022,880	\$	9,855,395 \$	3,832,515
OTHER FINANCING SOURCES (USES)					
Transfers out	\$ (7,769,576) \$	(12,581,108)	\$	(12,084,474) \$	496,634
Total other financing sources and uses	\$ (7,769,576) \$	(12,581,108)	_	(12,084,474) \$	496,634
Net change in fund balances	\$ (1,698,937) \$	(6,558,228)	\$	(2,229,079) \$	4,329,149
Fund balances - beginning	1,698,937	6,558,228		18,130,915	11,572,687
Fund balances - ending	\$ \$		\$	15,901,836 \$	15,901,836

Schedule of Pension Funding Progress For the Year Ended June 30, 2005

### Primary Government: County Retirement Plan:

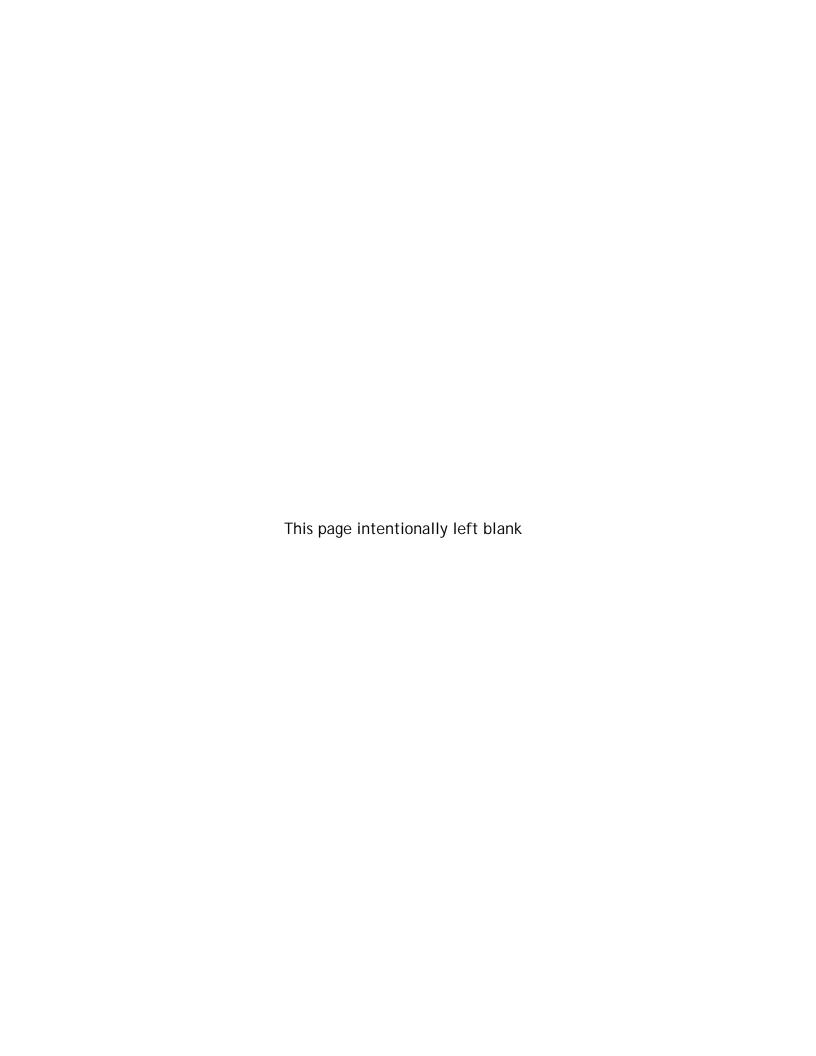
Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2) (3)	Annual Covered Payroll	UAAL as % of Payroll (4) (6)
6/30/2004 \$	23,804,086 \$	25,304,942 \$	1,500,856	94.07% \$	9,534,011	15.74%
6/30/2003	22,823,680	22,739,831	(83,849)	100.37%	9,249,541	-0.91%
6/30/2002	21,892,438	20,766,406	(1,126,032)	105.42%	8,859,633	-12.71%
6/30/2001	20,729,714	18,539,509	(2,190,205)	111.81%	8,607,360	-25.45%
6/30/2000	18,302,032	14,619,472	(3,682,560)	125.19%	7,976,299	-46.17%
6/30/1999	15,350,268	14,002,604	(1,347,664)	109.62%	7,493,842	-17.98%

### **Discretely Presented Component Unit:**

**School Board Non-Professionals Retirement Plan:** 

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2) (3)	Annual Covered Payroll	UAAL as % of Payroll (4) (6)	
6/30/2004 \$	8,101,614 \$	8,335,831 \$	234,217	97.19% \$	3,647,401	6.42%	
6/30/2003	7,799,120	7,471,273	(327,847)	104.39%	3,180,322	-10.31%	
6/30/2002	7,531,520	7,012,430	(519,090)	107.40%	3,346,995	-15.51%	
6/30/2001	7,081,682	6,239,031	(842,651)	113.51%	3,154,094	-26.72%	
6/30/2000	6,288,434	5,503,038	(785,396)	114.27%	2,958,960	-26.54%	
6/30/1999	5,304,624	5,503,186	198,562	96.39%	2,692,761	7.37%	

**OTHER SUPPLEMENTARY INFORMATION** 



Debt Service Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2005

	_	Budgeted	Aı	mounts	_		Variance with Final Budget -
	_	Original		Final		Actual Amounts	Positive (Negative)
REVENUES							
Revenue from the use of money and property	\$	- \$	<u> </u>	-	\$	785	\$ 785
Total revenues	\$	- \$	_	-	\$	785	\$ 785
EXPENDITURES							
Debt service:							
Principal retirement	\$	2,564,876 \$	\$	3,060,931	\$	3,041,103	\$ 19,828
Interest and other fiscal charges		1,830,664		1,830,664		1,788,567	42,097
Total expenditures	\$	4,395,540 \$	_	4,891,595	\$	4,829,670	\$ 61,925
Excess (deficiency) of revenues over (under)							
expenditures	\$_	(4,395,540) \$	_	(4,891,595)	\$_	(4,828,885)	\$ 62,710
OTHER FINANCING SOURCES (USES)							
Transfers in	\$	4,395,540 \$	\$	4,891,595	\$	4,852,562	\$ (39,033)
Total other financing sources and uses	\$	4,395,540 \$	-	4,891,595	\$	4,852,562	\$ (39,033)
Net change in fund balances	\$	- \$	5	-	\$	23,677	\$ 23,677
Fund balances - beginning		-		-		488	488
Fund balances - ending	\$	- \$	=	-	\$	24,165	\$ 24,165

Capital Projects Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2005

	-	Budgete Original	d A	mounts Final		Actual Amounts	Variance with Final Budget - Positive (Negative)	
REVENUES			-		_			
Revenue from the use of money and property	\$	-	\$	-	\$	2,891	\$ 2,891	
Miscellaneous		-		25,000		-	(25,000)	
Intergovernmental revenues:								
Commonwealth		188,933		613,933		208,270	(405,663)	
Federal	_	800,000	_	1,175,000	_	235,965	(939,035)	
Total revenues	\$_	988,933	\$	1,813,933	\$	447,126	\$ (1,366,807)	
EXPENDITURES								
Current:								
Capital projects	\$	3,623,193	\$	4,975,855	\$	1,866,788	\$ 3,109,067	
Total expenditures	\$	3,623,193	\$	4,975,855	\$	1,866,788	\$ 3,109,067	
Excess (deficiency) of revenues over (under)								
expenditures	\$_	(2,634,260)	\$	(3,161,922)	\$_	(1,419,662)	\$ 1,742,260	
OTHER FINANCING SOURCES (USES)								
Transfers in	\$	1,533,260	\$	2,060,922	\$	5,119,756	\$ 3,058,834	
Proceeds of revenue bonds		1,000,000		1,000,000		-	(1,000,000)	
Total other financing sources and uses	\$	2,533,260	\$	3,060,922	\$	5,119,756	\$ 2,058,834	
Net change in fund balances	\$	(101,000)	\$	(101,000)	\$	3,700,094	\$ 3,801,094	
Fund balances - beginning	•	101,000		101,000		191,822	90,822	
Fund balances - ending	\$	-	\$	-	\$	3,891,916	\$ 3,891,916	

School Construction Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2005

	_	Budgete	ed /	Amounts	•		Variance with Final Budget -
	_	Original		Final	_	Actual Amounts	Positive (Negative)
REVENUES							
Revenue from the use of money and property	\$	-	\$	-	\$	90,043	\$ 90,043
Total revenues	\$	-	\$	-	\$	90,043	\$ 90,043
EXPENDITURES							
Current:							
Capital projects	\$	9,899,374	\$	10,531,172	\$	8,361,047	\$ 2,170,125
Total expenditures	\$	9,899,374	\$	10,531,172	\$	8,361,047	\$ 2,170,125
Excess (deficiency) of revenues over (under)							
expenditures	\$_	(9,899,374)	\$	(10,531,172)	\$	(8,271,004)	\$ 2,260,168
OTHER FINANCING SOURCES (USES)							
Transfers in	\$	-	\$	-	\$	436,338	\$ 436,338
Proceeds of general obligation bonds		9,899,374		9,899,374		-	(9,899,374)
Total other financing sources and uses	\$	9,899,374	\$	9,899,374	\$	436,338	\$ (9,463,036)
Net change in fund balances	\$	-	\$	(631,798)	\$	(7,834,666)	\$ (7,202,868)
Fund balances - beginning		-		631,798		7,975,480	7,343,682
Fund balances - ending	\$	-	\$	-	\$	140,814	\$ 140,814

Combining Balance Sheet Nonmajor Special Revenue Funds June 30, 2005

	Virginia Public Assistance		Comprehensive Services Act	Revenue Maximization	Total
	Fund	-	Fund	 Fund	 Total
ASSETS					
Receivables (net of allowance					
for uncollectibles):					
Accounts receivable	\$ 27,090	\$	14,003	\$ -	\$ 41,093
Due from other funds	-		1,121	63,974	65,095
Due from other governmental units	166,856		55,908	-	222,764
Total assets	\$ 193,946	\$	71,032	\$ 63,974	\$ 328,952
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 70,531	\$	71,032	\$ -	\$ 141,563
Accrued liabilities	2,313		-	-	2,313
Due to other funds	121,102		-	-	121,102
Total liabilities	\$ 193,946	\$	71,032	\$ -	\$ 264,978
Fund balances:					
Unreserved:					
Designated for subsequent expenditure	\$ -	\$		\$ 63,974	\$ 63,974
Total fund balances	\$ -	\$	-	\$ 63,974	\$ 63,974
Total liabilities and fund balances	\$ 193,946	\$	71,032	\$ 63,974	\$ 328,952

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Special Revenue Funds For the Year Ended June 30, 2005

		Virginia Public Assistance	Comprehensive Services Act	Revenue Maximization		
	-	Fund	 Fund	 Fund	_	Total
REVENUES						
Miscellaneous	\$	6,276	\$ -	\$ -	\$	6,276
Intergovernmental revenues:						
Commonwealth		500,124	350,900	-		851,024
Federal		1,453,454	20,740	-		1,474,194
Total revenues	\$	1,959,854	\$ 371,640	\$ -	\$	2,331,494
EXPENDITURES						
Current:						
Health and welfare	\$	2,426,702	\$ 683,312	\$ 105,670	\$	3,215,684
Total expenditures	\$	2,426,702	\$ 683,312	\$ 105,670	\$	3,215,684
Excess (deficiency) of revenues over (under)						
expenditures	\$_	(466,848)	\$ (311,672)	\$ (105,670)	\$_	(884,190)
OTHER FINANCING SOURCES (USES)						
Transfers in	\$	466,848	\$ 311,672	\$ -	\$	778,520
Total other financing sources and uses	\$	466,848	\$ 311,672	\$ -	\$	778,520
Net change in fund balances	\$	-	\$ -	\$ (105,670)	\$	(105,670)
Fund balances - beginning		-	-	169,644		169,644
Fund balances - ending	\$	-	\$ -	\$ 63,974	\$	63,974

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Nonmajor Special Revenue Funds
For the Year Ended June 30, 2005

	Virginia Public Assistance Fund												
		Budgete	d An			Variance with Final Budget Positive							
		Original		Final	•	Actual		(Negative)					
REVENUES							-						
Miscellaneous	\$	5,000	\$	5,000	\$	6,276	\$	1,276					
Intergovernmental revenues:													
Commonwealth		456,542		456,542		500,124		43,582					
Federal		1,397,477		1,397,477		1,453,454	_	55,977					
Total revenues	\$	1,859,019	\$	1,859,019	\$	1,959,854	\$	100,835					
EXPENDITURES													
Current:													
Health and welfare	\$	2,492,497	\$	2,504,997	\$	2,426,702	\$	78,295					
Total expenditures	\$	2,492,497	\$	2,504,997	\$	2,426,702	\$	78,295					
Excess (deficiency) of revenues over (under)													
expenditures	\$	(633,478)	\$	(645,978)	\$	(466,848)	\$	179,130					
OTHER FINANCING SOURCES (USES)													
Transfers in	\$	633,478	\$	645,978	\$	466,848	\$	(179,130)					
Total other financing sources and uses	\$	633,478	\$	645,978	\$	466,848	\$	(179,130)					
Net change in fund balances	\$	-	\$	-	\$	-	\$	-					
Fund balances - beginning		-		-		-		-					
Fund balances - ending	\$	-	\$	-	\$	-	\$	-					

		Cor	mprehensiv	re S	ervices Act	Fu	nd				Revenue Ma	nization Fund	İ	
_			-				Variance with Final Budget							Variance with Final Budget
	Budgete	d A	mounts				Positive		Budgete	d A	mounts			Positive
_	Original		Final		Actual		(Negative)		Original		Final		Actual	(Negative)
\$	4,000	\$	4,000	\$	-	\$	(4,000)	\$	-	\$	-	\$	- \$	-
	308,000		360,185		350,900		(9,285)		-		-		-	-
	30,000		30,000		20,740		(9,260)		248,015		248,015		-	(248,015)
\$	342,000	\$	394,185	\$	371,640	\$	(22,545)	\$	248,015	\$	248,015	\$	- \$	(248,015)
\$_	652,000	_	739,500		683,312		56,188	_	248,015		248,015	-	105,670 \$	142,345
\$ <u>-</u>	652,000	<b>\$</b> _	739,500	_ \$ _	683,312	\$_	56,188	\$_	248,015	_\$_	248,015	. \$_	105,670 \$	142,345
\$_	(310,000)	\$_	(345,315)	\$_	(311,672)	\$	33,643	\$_	-	\$_	-	\$_	(105,670) \$	(105,670)
\$	310,000	\$	345,315	\$	311,672	\$	(33,643)	\$	-	\$	-	\$	- \$	-
\$	310,000	\$	345,315	\$	311,672	\$	(33,643)	\$	-	\$	-	\$	- \$	-
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(105,670) \$	
_	-		-	_	-		-		-		-	_	169,644	169,644
\$	-	\$	-	\$_	-	\$		\$	-	\$_	-	\$_	63,974 \$	63,974

Combining Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2005

				Agend	су F	unds				
						Middle			J	
						Peninsula				
						Regional				
		Special		Flexible		Special		Jail		
	_	Welfare	_	Benefits		Education		Inmate	_	Total
ASSETS										
Cash and cash equivalents	\$ _	17,447	\$	55,515	\$	28,949	\$ _	26,445	\$_	128,356
LIABILITIES										
Accounts payable	\$	-	\$	3,910	\$	-	\$	-	\$	3,910
Amounts held for social services clients		17,447		-		-		-		17,447
Amounts held for others		-		51,605				26,445		78,050
Amounts held for regional program		-		-		28,949		-		28,949
Total liabilities	\$	17,447	\$	55,515	\$	28,949	\$	26,445	\$	128,356

Fiduciary Funds Statement of Changes in Assets and Liabilities - Agency Funds Year Ended June 30, 2005

		Balance Beginning of Year		Additions		Deletions		Balance End of Year
Special Welfare Fund:								
Assets:								
Cash	\$	12,832	\$	65,111	\$	60,496	\$	17,447
	_		: :		: :			
Liabilities:								
Amounts held for others	\$	12,832	\$	65,111	\$	60,496	\$	17,447
			: :		: :		_	
Middle Peninsula Regional Special Education Program Fund:								
Assets:								
Cash	\$_	-	\$	399,768	\$	370,819	\$ <b>_</b>	28,949
Liabilities:			_	200 7/2	_	070.010	_	00.040
Amounts held for regional program	\$_	-	\$	399,768	\$	370,819	\$ <b>—</b>	28,949
Flexible Benefits Fund:								
Assets:		40 504		0/4 070		057.070		FF F4F
Cash	\$_	48,524	\$	264,070	\$	257,079	\$ <b>=</b>	55,515
Liabilities:		0 (00	_	0.010	_	2 (22	_	0.010
Accounts payable	\$	2,608	\$	3,910	\$	2,608	\$	3,910
Amounts held for others	φ-	45,916	Φ.	260,160	Φ.	254,471	_	51,605
Total liabilities	\$ <b>=</b>	48,524	<b></b>	264,070	<b></b>	257,079	<sup>⇒</sup> =	55,515
Lett From d								
Jail Fund:								
Assets: Cash	\$	11741	φ	115 741	φ	134,083	φ	24 445
Casii	Φ=	14,764	Φ.	145,764	Φ.	134,003	→ =	26,445
Liabilities:								
Amounts held for others	\$	14,764	¢	145,764	¢	134,083	¢	26,445
Amounts here for others	Ψ=	14,704	Ψ	143,704	Ψ	134,003	<sup>Ψ</sup> =	20,443
Totals All Agency Funds Assets:								
Cash	\$	76,120	\$	874,713	\$	822,477	\$	128,356
Total assets	\$	76,120		874,713		822,477		128,356
	=		: :		: :		=	
Liabilities:								
Accounts payable	\$	2,608	\$	3,910	\$	2,608	\$	3,910
Amounts held for regional program		-		399,768		370,819		28,949
Amounts held for others		73,512		471,035		449,050		95,497
Total liabilities	\$	76,120	\$	874,713	\$	822,477	<b>\$</b> —	128,356
	· =	- 7 5	· ´ •	,	· ´ •	,	_	- 1

Capital Assets Used in the Operation of Governmental Funds Schedule of Capital Assets by Source June 30, 2005

Governmental funds capital assets:	
Land	\$ 3,587,029
Buildings	15,099,714
Machinery and equipment	4,811,144
Jointly owned assets	21,114,988
Construction in progress	8,507,552
Total governmental funds capital assets	\$ 53,120,427
Investments in governmental funds capital assets by source:	
General fund	\$ 9,234,052
Special revenue funds	132,858
Capital projects fund	22,638,529
Component unit, school fund	21,114,988
Total governmental funds capital assets	\$ 53,120,427

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets. Capital Assets Used in the Operation of Governmental Funds Schedule by Function and Activity June 30, 2005

Function and Activity		Land	Buildings		Construction in Progress	Machinery and Equipment		Total
General government administration:								
Board of supervisors	\$	3,403,629 \$	1,614,001	\$	- \$	_	\$	5,017,630
County administrator	Ψ	σ, 100,027 ψ -	-	Ψ	<u>-</u>	20,938	Ψ	20,938
Commissioner of revenue		_	_		_	9,500		9,500
Assessor		-	-		_	49,886		49,886
Central accounting		-	-		-	17,769		17,769
Department of information technology	_	<u> </u>	306,600			650,424		957,024
Total general government administration	\$	3,403,629 \$	1,920,601	\$	- \$	748,517	\$	6,072,747
Judicial administration:								
Circuit court	\$	- \$	7,237,000	\$	- \$	-	\$	7,237,000
General district court		-	-		-	9,494		9,494
Juvenile and domestic relations district					-			
court		-	-		-	17,396		17,396
Clerk of circuit court		-	-		-	144,795		144,795
Commonwealth's attorney	_	<u> </u>	-		<u> </u>	23,048	_	23,048
Total judicial administration	\$_		7,237,000	_\$_	\$	194,733	\$_	7,431,733
Public safety:								
Sheriff	\$	- \$	2,127,475	\$	- \$	2,061,648	\$	4,189,123
Emergency 911 system		-	-		-	35,286		35,286
Emergency services			11,524		-	35,199		46,723
Jail		-	-		-	136,260		136,260
Codes compliance		-	61,784		-	154,568		216,352
Animal control	_		421,384			49,011		470,395
Total public safety	\$_	\$_	2,622,167	_\$_	\$	2,471,972	\$_	5,094,139
Public works:								
Engineering	\$	- \$	12,230	\$	- \$	196,903	\$	209,133
Building and grounds			108,732			579,972	_	688,704
Total public works	\$_	\$	120,962	_\$_	\$	776,875	\$_	897,837
Education:								
Schools	\$	- \$	21,114,988	\$	8,507,552 \$	-	\$	29,622,540
Community education		-	1,556,351			16,482		1,572,833
Total education	\$	- \$	22,671,339	\$	8,507,552 \$	16,482	\$	31,195,373
Health and welfare:								
Mosquito control	\$	- \$	-	\$	- \$	81,412	\$	81,412
Health department		· -	221,724		- '			221,724
Social services		-	758,240		-	133,205		891,445
Total health and welfare	\$	- \$	979,964	\$	- \$		\$	1,194,581
Parks, recreation, and cultural:								
Recreation	\$	183,400 \$	220,144	\$	- \$	188,926	\$	592,470
Beaverdam	,	-	171,458	•	-	-	•	171,458
Historical committee		_	157,783		-	-		157,783
Public library		_	-		-	170,598		170,598
Total parks, recreation, and cultural	\$	183,400 \$	549,385	\$	- \$		\$	1,092,309
Community development:	_		-					
Planning	\$	- \$	61,784	\$	- \$	19,142	\$	80,926
Economic development	Ψ	- φ -	-	Ψ	- ψ	9,282	Ψ	9,282
VPI extension program		_	51,500		_			51,500
Total community development	\$	- \$	113,284	- \$ -	- \$	28,424	<b>\$</b> –	141,708
Total governmental funds capital assets	¢ _							
rotai governinentai runus capitai assets	Φ=	<u>3,587,029</u> \$	30,214,702	φ_	0,007,002	4,811,144	Φ_	JJ, 12U,4Z1

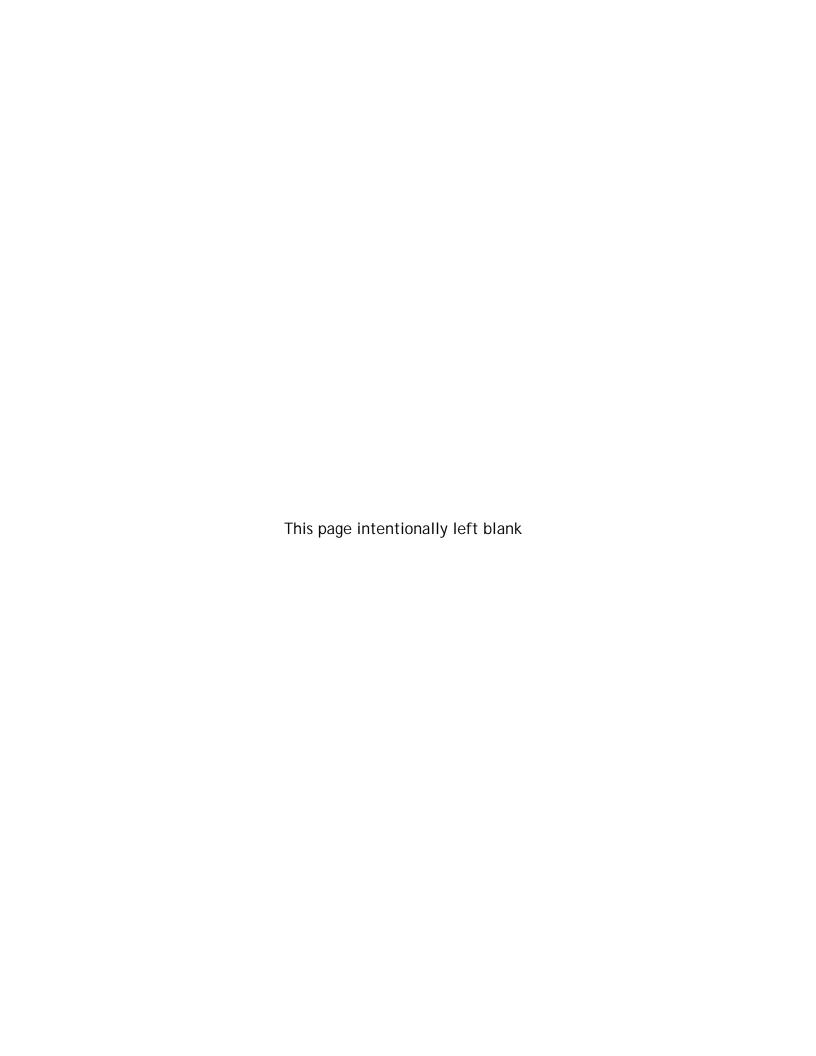
<sup>(1)</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities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

Capital Assets Used in the Operation of Governmental Funds Schedule of Changes By Function and Activity For the Year Ended June 30, 2005

Function and Activity		Governmental Funds Capital Assets July 1, 2004		Additions	Deductions	Governmental Funds Capital Assets June 30, 2005
General government administration:						
Board of supervisors	\$	6,609,801	\$	(1,574,851) \$	(17,320) \$	5,017,630
County administrator	•	20,938	•	-	-	20,938
Commissioner of revenue		9,500		-	-	9,500
Assessor		8,995		40,891	-	49,886
Central accounting		17,769		-	-	17,769
Department of information technology		679,071		295,076	(17,123)	957,024
Total general government administration	\$	7,346,074	\$	(1,238,884) \$	(34,443) \$	6,072,747
Judicial administration:						
Circuit court	\$	7,237,000	\$	- \$	- \$	7,237,000
General district court	*	9,494	*	-	-	9,494
Juvenile and domestic relations district court		17,396		-	-	17,396
Clerk of the circuit court		144,795		-	-	144,795
Commonwealth's Attorney		23,048		-	-	23,048
Total judicial administration	\$	7,431,733	\$	- \$	- \$	7,431,733
Public safety:						
Sheriff	\$	3,877,408	\$	512,503 \$	(200,788) \$	4,189,123
911 system		35,286		-	-	35,286
Emergency services		-		46,723	-	46,723
Jail		136,260		-	-	136,260
Building inspections		216,352		-	-	216,352
Animal control	_	470,395	_	=_		470,395
Total public safety	\$	4,735,701	\$	559,226 \$	(200,788) \$	5,094,139
Public works:						
Engineering	\$	206,079	\$	3,054 \$	- \$	209,133
Buildings and grounds		681,175		45,426	(37,897)	688,704
Total public works	\$	887,254	\$	48,480 \$	(37,897) \$	897,837
Education:						
Schools	\$	23,760,688	\$	8,507,552 \$	(2,645,700) \$	29,622,540
Community education		6,894		1,565,939	-	1,572,833
Total education	\$	23,767,582	\$	10,073,491 \$	(2,645,700) \$	31,195,373
Health and welfare:						
Mosquito control	\$	52,012	\$	29,400 \$	- \$	81,412
Health department		221,724		-	-	221,724
Social services		909,915		(13,117)	(5,353)	891,445
Total health and welfare	\$	1,183,651	\$	16,283 \$	(5,353) \$	1,194,581
Parks, recreation, and cultural:						
Recreation	\$	572,101	\$	33,433 \$	(13,064) \$	592,470
Beaverdam		171,458		-	-	171,458
Historical committee		155,783		2,000	-	157,783
Public library		465,862		(295, 264)	-	170,598
Total parks, recreation, and cultural	\$	1,365,204	\$	(259,831) \$	(13,064) \$	1,092,309
Community development:			_			
Community development	\$	80,926	\$	- \$	- \$	80,926
Economic development	·	-		9,282	-	9,282
VPI extension program		20,500		31,000	-	51,500
Total community development	\$	101,426	\$	40,282 \$	- \$	141,708
Total governmental funds capital assets	\$	46,818,625		9,239,047 \$	(2,937,245) \$	53,120,427
rotar governmentar runus capitar assets	Ψ=	10,010,020	- <sup>Ψ</sup> =	,, <u>2</u> 0,,041 \$	(2,701,270)	55,125,427

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

**Discretely Presented Component Unit-School Board** 



Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2005

	_	School Operating Fund	_	Total Nonmajor Governmental Funds		Total Governmental Funds
ASSETS						
Cash and cash equivalents Receivables (net of allowance for uncollectibles):	\$	-	\$	355,552	\$	355,552
Accounts receivable		54,443		8,093		62,536
Due from other governmental units		4,858,368		94,395		4,952,763
Inventories		-		23,393		23,393
Prepaid items		315,924		-		315,924
Total assets	\$	5,228,735	\$	481,433	\$	5,710,168
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$	719,222	\$	249	\$	719,471
Accrued liabilities		4,509,513		138,008		4,647,521
Due to other governmental units	. –	-		150,000		150,000
Total liabilities	\$ <u>_</u>	5,228,735	\$	288,257	\$	5,516,992
Fund balances:						
Reserved for: Inventories	\$		ф	22 202	¢	າວ າດາ
Prepaid items	Ф	315,924	\$	23,393	\$	23,393 315,924
Unreserved:		313,924		-		313,924
Undesignated		(315,924)		169,783		(146,141)
Total fund balances	<b>\$</b> -	(313,724)	\$	193,176	\$	193,176
Total liabilities and fund balances	<b>\$</b> –	5,228,735	\$	481,433		5,710,168
Amounts reported for governmental activities in are different because:	n the s	statement of ne	et a	issets (Exhibit 1)		102 17/
Total fund balances per above					\$	193,176
Capital assets used in governmental activities ar are not reported in the funds.	e not	financial resour	ces	and, therefore,		15,851,801
Internal service funds are used by management such as insurance and telecommunications, liabilities of the internal service funds are incostatement of net assets.	to in	ndividual funds.		The assets and		951,751
Long-term liabilities, including bonds payable, period and, therefore, are not reported in the form		ot due and paya	abl	e in the current		(1,702,303)
Net assets of governmental activities					\$	15,294,425
That assets of governmental activities					Ψ	10,277,720

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds - Discretely Presented Component Unit - School Board For the Year Ended June 30, 2005

		School Operating Fund		Total Nonmajor Governmental Funds		Total Governmental Funds
REVENUES	_		-		-	
Revenue from the use of money and property	\$	1,500	\$	4,701	\$	6,201
Charges for services		70,675		1,211,815		1,282,490
Miscellaneous		31,427		30,109		61,536
Recovered costs		109,651		-		109,651
Intergovernmental revenues:						
Local government		16,746,470		-		16,746,470
Commonwealth		28,313,029		26,035		28,339,064
Federal		2,755,964		529,645		3,285,609
Total revenues	\$	48,028,716	\$	1,802,305	\$	49,831,021
EXPENDITURES						
Current:						
Education	\$	48,028,716	\$	1,814,364	\$	49,843,080
Total expenditures	\$	48,028,716	\$	1,814,364	\$	49,843,080
Excess (deficiency) of revenues over (under)						
expenditures	\$	-	\$	(12,059)	\$_	(12,059)
Net change in fund balances	\$	-	\$	(12,059)	\$	(12,059)
Fund balances - beginning		-		205,235		205,235
Fund balances - ending	\$	-	\$	193,176	\$	193,176
Amounts reported for governmental activities in the state because:	ment	of activities (Exh	nibi	t 2) are different		
Net change in fund balances - total governmental funds - p	er abc	ove			\$	(12,059)
Governmental funds report capital outlays as expenditures the cost of those assets is allocated over their estimated expense. This is the amount by which the capital outla period.	usefu	ıl lives and repo	rted	d as depreciation		1,567,138
Some expenses reported in the statement of activities do resources and, therefore are not reported as expenditures				current financial		(34,408)
Internal service funds are used by management to charginsurance and telecommunications, to individual funds. internal service funds is reported with governmental activities.	The				-	134,407
Change in net assets of governmental activities					\$	1,655,078
ŭ					=	

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Discretely Presented Component Unit - School Board For the Year Ended June 30, 2005

		School Operating Fund								
	_	Budgete	ed Ar	mounts				Variance with Final Budget Positive		
	_	Original		Final	-	Actual		(Negative)		
REVENUES										
Revenue from the use of money and property	\$	1,000	\$	1,000	\$	1,500	\$	500		
Charges for services		101,000		101,000		70,675		(30,325)		
Miscellaneous		21,500		21,500		31,427		9,927		
Recovered costs		166,000		166,000		109,651		(56,349)		
Intergovernmental revenues:										
Local government		17,068,741		17,068,741		16,746,470		(322,271)		
Commonwealth		28,275,890		28,275,890		28,313,029		37,139		
Federal		2,800,381	_	2,927,519	_	2,755,964		(171,555)		
Total revenues	\$	48,434,512	\$	48,561,650	\$	48,028,716	\$	(532,934)		
EXPENDITURES										
Current:										
Education	\$	48,434,512	\$	48,561,650	\$	48,028,716	\$	532,934		
Total expenditures	\$	48,434,512	\$	48,561,650	\$	48,028,716	\$	532,934		
Net change in fund balances	\$	-	\$	-	\$	-	\$	-		
Fund balances - beginning		-	_	-		-		-		
Fund balances - ending	\$	-	\$	-	\$	-	\$	-		

Statement of Fiduciary Net Assets Fiduciary Fund - Discretely Presented Component Unit School Board June 30, 2005

	Scholarship Private-Purpose Trust
ASSETS Cash and cash equivalents	\$ 214,335
NET ASSETS Held in trust for scholarships	\$ 214,335

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Discretely Presented Component Unit School Board
For the Year Ended June 30, 2005

	Р	Scholarship rivate-Purpose Trust
ADDITIONS		
Contributions:		
Private donations	\$	11,003
Total contributions	\$	11,003
Investment earnings:		
Interest	\$	4,211
Total investment earnings	\$	4,211
Less investment expense		-
Net investment earnings	\$	4,211
Total additions	\$	15,214
DEDUCTIONS		
Scholarships	\$	11,900
Total deductions	\$	11,900
Change in net assets	\$	3,314
Net assets - beginning		211,021
Net assets - ending	\$	214,335

Statement 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, 2005

		Budgete	ed A	Amounts				Variance with Final Budget Positive
	_	Original		Final		Actual		(Negative)
REVENUES					_		-	
Revenue from the use of money and property	\$	20,000	\$	20,000	\$	4,701	\$	(15,299)
Charges for services		1,460,585		1,460,585		1,211,815		(248,770)
Miscellaneous		31,070		31,070		30,109		(961)
Intergovernmental revenues:								
Commonwealth		28,000		28,000		26,035		(1,965)
Federal		555,767		555,767		529,645		(26,122)
Total revenues	\$	2,095,422	\$	2,095,422	\$	1,802,305	\$	(293,117)
EXPENDITURES								
Current:								
Education	\$	2,095,422	\$	2,095,422	\$	1,814,364	\$	281,058
Total expenditures	\$	2,095,422	\$	2,095,422	\$	1,814,364	\$	281,058
Excess (deficiency) of revenues over (under)								
expenditures	\$	-	\$	-	\$	(12,059)	\$	(12,059)
Net change in fund balances	\$	-	\$	-	\$	(12,059)	\$	(12,059)
Fund balances - beginning		-		-		205,235		205,235
Fund balances - ending	\$	-	\$		\$	193,176	\$	193,176

Statement of Net Assets Internal Service Fund - Discretely Presented Component Unit - School Board June 30, 2005

	_	Self- Insurance Fund
ASSETS		
Current assets:		
Accounts receivables, net of allowances for uncollectibles	\$	1,387,833
Total assets	\$	1,387,833
LIABILITIES		
Current liabilities:		
Accounts payable	\$	436,082
Total liabilities	\$	436,082
NET ASSETS		
Unrestricted	\$	951,751
Total net assets	\$	951,751

Statement of Revenues, Expenses, and Changes in Fund Net Assets Internal Service Fund - Discretely Presented Component Unit - School Board For the Year Ended June 30, 2005

	_	Self- Insurance Fund
OPERATING REVENUES		
Charges for services:		
Insurance premiums	\$	4,054,009
Total operating revenues	\$	4,054,009
OPERATING EXPENSES		
Insurance claims and expenses	\$	3,919,602
Total operating expenses	\$	3,919,602
Operating income (loss)	\$	134,407
Total net assets - beginning, as adjusted Note 15	\$	817,344
Total net assets - ending	\$	951,751

Statement of Cash Flows Internal Service Fund - Discretely Presented Component Unit - School Board For the Year Ended June 30, 2005

	_	Self- Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for insurance premiums	\$	3,865,521
Payments for premiums		(3,865,521)
Net cash provided (used by) operating activities	\$	-
Cash and cash equivalents - beginning	\$	-
Cash and cash equivalents - ending	\$	-
Reconciliation of operating income (loss) to net cash		
provided by operating activities:		
Operating income (loss)	\$	134,407
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
(Increase) decrease in accounts receivable	\$	(188,488)
Increase (decrease) in accounts payable		54,081
Total adjustments	\$	(134,407)
Net cash provided (used) by operating activities	\$	-
Noncash investing, capital, and financing activities:		
Increase in fair value of investments	\$ _	_

Capital Assets Used in the Operation of Governmental Funds-Discretely Presented Component Unit-School Board Schedule of Capital Assets by Source June 30, 2005

Governmental funds capital assets:	
Land	\$ 1,268,748
Jointly owned assets	18,488,213
Machinery and equipment	7,697,543
Total governmental funds capital assets	\$ 27,454,504
Investments in governmental funds capital assets by source:	
Component unit, school fund	\$ 27,454,504
Total governmental funds capital assets	\$ 27,454,504

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets. Capital Assets Used in the Operation of Governmental Funds-Discretely Presented Component Unit-School Board Schedule by Function and Activity June 30, 2005

Function and Activity		Land	Jointly Owned Assets	 Machinery and Equipment	. <u>-</u>	Total
Education: Schools	\$_	1,268,748 \$	18,488,213	\$ 7,697,543	\$_	27,454,504
Total governmental funds capital assets	\$	1,268,748 \$	18,488,213	\$ 7,697,543	\$	27,454,504

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

Capital Assets Used in the Operation of Governmental Funds-Discretely Presented Component Unit-School Board Schedule of Changes By Function and Activity For the Year Ended June 30, 2005

Function and Activity		Governmental Funds Capital Assets July 1, 2004	Additions	Deductions	Governmental Funds Capital Assets June 30, 2005		
Education: Schools	\$_	24,187,685 \$	1,571,550	51,695,269	\$	27,454,504	
Total governmental funds capital assets	\$	24,187,685 \$	1,571,550	1,695,269	\$	27,454,504	

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

Discretely Presented Component Unit-Economic Development Authority

Statement of Net Assets
Discretely Presented Component Unit - Economic Development Authority
June 30, 2005

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 759,932
Inventories	 1,746,161
Total current assets	\$ 2,506,093
Noncurrent assets:	
Capital assets:	
Land	\$ 473,735
Buildings	4,537,831
Machinery and equipment	7,234
Less accumulated depreciation	 (1,457,893)
Total capital assets	\$ 3,560,907
Total noncurrent assets	\$ 3,560,907
Total assets	\$ 6,067,000
LIABILITIES Current liabilities:	
Due to other governmental units	\$ 458,909
Deferred revenue	33,410
Bonds payable - current portion	148,890
Total current liabilities	\$ 641,209
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 4,237,944
Total noncurrent liabilities	\$ 4,237,944
Total liabilities	\$ 4,879,153
NET ASSETS	
Invested in capital assets, net of related debt and debt service reserve	\$ 920,234
Unrestricted	 267,613
Total net assets	\$ 1,187,847

Statement of Revenues, Expenses, and Changes in Fund Net Assets Discretely Presented Component Unit - Economic Development Authority For the Year Ended June 30, 2005

OPERATING REVENUES	
Charges for services:	
Rents	\$ 391,404
Contributions from local governments	116,330
Other revenues	13,500
Sale of land at the business park	318,030
Miscellaneous	 749
Total operating revenues	\$ 840,013
OPERATING EXPENSES	
Contractual services	\$ 19,565
Other charges	22,672
Insurance	782
Road and utility construction at business park	41,365
Depreciation	 182,236
Total operating expenses	\$ 266,620
Operating income (loss)	\$ 573,393
NONOPERATING REVENUES (EXPENSES)	
Interest expense	\$ (277,731)
Total nonoperating revenues (expenses)	\$ (277,731)
Change in net assets	\$ 295,662
Total net assets - beginning	 892,185
Total net assets - ending	\$ 1,187,847

Statement of Cash Flows Discretely Presented Component Unit - Economic Development Authority For the Year Ended June 30, 2005

Receipts from customers and users Receipts for miscellaneous items Receipts for local government contributions Recash provided (used by) operating activities  Principal payments on bonds Receipts from customers and related financing activities  Principal payments on bonds Receipts from customers and related financing activities  Separation of cash and cash equivalents Reconciliation of operating in cash and cash equivalents Reconciliation of operating income (loss) to net cash provided by operating activities:  Operating income (loss)  Reconciliation of operating income to net cash provided (used) by operating activities:  Depreciation expense Separation	CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for local government contributions Payments for operating activities (84,383) Net cash provided (used by) operating activities  CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES  Principal payments on bonds Interest payments (277,731) Net cash provided (used) by capital and related financing activities  Net increase (decrease) in cash and cash equivalents  Cash and cash equivalents - beginning - including restricted Cash and cash equivalents - ending - including restricted  Reconciliation of operating income (loss) to net cash provided by operating activities:  Operating income (loss)  Adjustments to reconcile operating income to net cash provided (used) by operating activities:  Depreciation expense (Increase) decrease in inventories  Total adjustments  **Text.**	Receipts from customers and users	\$	1,311,558
Payments for operating activities (84,383) Net cash provided (used by) operating activities \$ 1,357,754  CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES  Principal payments on bonds \$ (423,547) Interest payments (277,731) Net cash provided (used) by capital and related financing activities \$ (701,278)  Net increase (decrease) in cash and cash equivalents \$ 656,476  Cash and cash equivalents - beginning - including restricted 103,456  Cash and cash equivalents - ending - including restricted \$ 759,932  Reconciliation of operating income (loss) to net cash provided by operating activities:  Operating income (loss) \$ 573,393  Adjustments to reconcile operating income to net cash provided (used) by operating activities:  Depreciation expense \$ 182,236 (Increase) decrease in inventories \$ 602,125	Receipts for miscellaneous items		14,249
Net cash provided (used by) operating activities  CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES  Principal payments on bonds Interest payments (277,731) Net cash provided (used) by capital and related financing activities  Net increase (decrease) in cash and cash equivalents  Cash and cash equivalents - beginning - including restricted Cash and cash equivalents - ending - including restricted Cash and cash equivalents - ending - including restricted  Reconciliation of operating income (loss) to net cash provided by operating activities: Operating income (loss)  Adjustments to reconcile operating income to net cash provided (used) by operating activities: Depreciation expense (Increase) decrease in inventories  Total adjustments  \$ 182,236 (Increase) decrease in inventories  \$ 784,361	Receipts for local government contributions		116,330
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES  Principal payments on bonds \$ (423,547) Interest payments (277,731) Net cash provided (used) by capital and related financing activities \$ (701,278)  Net increase (decrease) in cash and cash equivalents \$ 656,476  Cash and cash equivalents - beginning - including restricted 103,456 Cash and cash equivalents - ending - including restricted \$ 759,932  Reconciliation of operating income (loss) to net cash provided by operating activities: Operating income (loss) \$ 573,393  Adjustments to reconcile operating income to net cash provided (used) by operating activities: Depreciation expense \$ 182,236 (Increase) decrease in inventories \$ 602,125 Total adjustments \$ 784,361	Payments for operating activities		(84,383)
ACTIVITIES Principal payments on bonds Interest payments Net cash provided (used) by capital and related financing activities  Net increase (decrease) in cash and cash equivalents  Cash and cash equivalents - beginning - including restricted Cash and cash equivalents - ending - including restricted  Reconciliation of operating income (loss) to net cash provided by operating activities: Operating income (loss)  Adjustments to reconcile operating income to net cash provided (used) by operating activities: Depreciation expense (Increase) decrease in inventories Total adjustments  \$ (423,547) (701,278)  \$ (701,278)  \$ (556,476)  103,456	Net cash provided (used by) operating activities	\$	1,357,754
Principal payments on bonds Interest payments (277,731)  Net cash provided (used) by capital and related financing activities  Net increase (decrease) in cash and cash equivalents  Cash and cash equivalents - beginning - including restricted Cash and cash equivalents - ending - including restricted  Cash and cash equivalents - ending - including restricted  Reconciliation of operating income (loss) to net cash provided by operating activities:  Operating income (loss)  Adjustments to reconcile operating income to net cash provided (used) by operating activities:  Depreciation expense (Increase) decrease in inventories Total adjustments  \$ (423,547) (277,731)  \$ (277,731)  \$ (701,278)   103,456  1			
Interest payments Net cash provided (used) by capital and related financing activities  Net increase (decrease) in cash and cash equivalents  Cash and cash equivalents - beginning - including restricted Cash and cash equivalents - ending - including restricted  Cash and cash equivalents - ending - including restricted  Reconciliation of operating income (loss) to net cash provided by operating activities:  Operating income (loss)  Adjustments to reconcile operating income to net cash provided (used) by operating activities:  Depreciation expense (Increase) decrease in inventories Total adjustments  (277,731)  (277,731)  (277,731)  (101,278)		\$	(423 547)
Net cash provided (used) by capital and related financing activities \$ (701,278)  Net increase (decrease) in cash and cash equivalents \$ 656,476  Cash and cash equivalents - beginning - including restricted 103,456  Cash and cash equivalents - ending - including restricted \$ 759,932  Reconciliation of operating income (loss) to net cash provided by operating activities:  Operating income (loss) \$ 573,393  Adjustments to reconcile operating income to net cash provided (used) by operating activities:  Depreciation expense \$ 182,236 (Increase) decrease in inventories 602,125  Total adjustments \$ 784,361		Ψ	•
financing activities \$ (701,278)  Net increase (decrease) in cash and cash equivalents \$ 656,476  Cash and cash equivalents - beginning - including restricted Cash and cash equivalents - ending - including restricted \$ 759,932  Reconciliation of operating income (loss) to net cash provided by operating activities:  Operating income (loss) \$ 573,393  Adjustments to reconcile operating income to net cash provided (used) by operating activities:  Depreciation expense \$ 182,236 (Increase) decrease in inventories \$ 602,125  Total adjustments \$ 784,361			(=:: /:: =: /
Cash and cash equivalents - beginning - including restricted Cash and cash equivalents - ending - including restricted  Reconciliation of operating income (loss) to net cash provided by operating activities: Operating income (loss) Adjustments to reconcile operating income to net cash provided (used) by operating activities: Depreciation expense (Increase) decrease in inventories Total adjustments  \$ 103,456  \$ 759,932		\$	(701,278)
Cash and cash equivalents - ending - including restricted \$\frac{759,932}{759,932}\$  Reconciliation of operating income (loss) to net cash provided by operating activities:  Operating income (loss) \$\frac{573,393}{573,393}\$  Adjustments to reconcile operating income to net cash provided (used) by operating activities:  Depreciation expense \$\frac{182,236}{602,125}\$  Total adjustments \$\frac{784,361}{784,361}\$	Net increase (decrease) in cash and cash equivalents	\$	656,476
Reconciliation of operating income (loss) to net cash provided by operating activities:  Operating income (loss) \$ 573,393  Adjustments to reconcile operating income to net cash provided (used) by operating activities:  Depreciation expense \$ 182,236 (Increase) decrease in inventories \$ 602,125  Total adjustments \$ 784,361	Cash and cash equivalents - beginning - including restricted		103,456
provided by operating activities: Operating income (loss) \$ 573,393  Adjustments to reconcile operating income to net cash provided (used) by operating activities: Depreciation expense \$ 182,236 (Increase) decrease in inventories \$ 602,125 Total adjustments \$ 784,361	Cash and cash equivalents - ending - including restricted	\$	759,932
Operating income (loss) \$ 573,393  Adjustments to reconcile operating income to net cash provided (used) by operating activities:  Depreciation expense \$ 182,236 (Increase) decrease in inventories \$ 602,125  Total adjustments \$ 784,361	•		
Adjustments to reconcile operating income to net cash provided (used) by operating activities:  Depreciation expense \$ 182,236 (Increase) decrease in inventories \$ 602,125 Total adjustments \$ 784,361		\$	573 393
provided (used) by operating activities:  Depreciation expense \$ 182,236  (Increase) decrease in inventories \$ 602,125  Total adjustments \$ 784,361	•	Ψ	373,373
Depreciation expense \$ 182,236 (Increase) decrease in inventories 602,125 Total adjustments \$ 784,361			
(Increase) decrease in inventories602,125Total adjustments\$ 784,361		\$	182,236
Total adjustments \$ 784,361	·	<del>*</del>	•
		\$	
	•	\$	

**Supporting Schedules** 

Schedule of Revenues - Budget and Actual Governmental Funds For the Year Ended June 30, 2005

Fund, Major and Minor Revenue Source	 Original Budget	_	Final Budget		Actual		Variance with Final Budget - Positive (Negative)
General Fund:							
Revenue from local sources:							
General property taxes:							
Real property taxes	\$ 19,182,557	\$	19,182,557	\$	19,641,352	\$	458,795
Real and personal public service corporation taxes	740,000		740,000		539,919		(200,081)
Personal property taxes	3,976,000		3,976,000		4,589,568		613,568
Mobile home taxes	175,000		175,000		169,716		(5,284)
Penalties	260,650		260,650		291,331		30,681
Interest	115,400		115,400		129,351		13,951
Total general property taxes	\$ 24,449,607	\$	24,449,607	\$	25,361,237	\$	911,630
Other local taxes:							
Local sales and use taxes	\$ 3,240,000	\$	3,240,000	\$	3,556,343	\$	316,343
Consumers' utility taxes	1,620,000		1,620,000		1,790,229		170,229
Electric consumption taxes	105,000		105,000		118,469		13,469
E-911 telephone taxes	290,000		290,000		270,569		(19,431)
Business license taxes	1,130,000		1,130,000		1,312,493		182,493
Cable TV franchise tax	100,000		100,000		105,486		5,486
Motor vehicle licenses	800,000		800,000		844,427		44,427
Bank stock taxes	80,000		80,000		207,116		127,116
Taxes on recordation and wills	335,000		335,000		539,047		204,047
Hotel and motel room taxes	73,516		73,516		88,143		14,627
Restaurant food taxes	1,275,000		1,275,000		1,318,307		43,307
Total other local taxes	\$ 9,048,516	\$	9,048,516	\$	10,150,629	\$	1,102,113
Permits, privilege fees, and regulatory licenses:							
Animal licenses	\$ 18,650	\$	18,650	\$	18,895	\$	245
Land use application fees	1,680		1,680		900		(780)
Transfer fees	1,500		1,500		1,764		264
Permits and other licenses	309,875		309,875		336,991		27,116
Total permits, privilege fees, and regulatory							
licenses	\$ 331,705	\$	331,705	\$	358,550	\$	26,845
Fines and forfeitures:							
Court fines and forfeitures	\$ 58,000	\$	58,000	\$	114,661	\$	56,661
Parking fines	7,500		7,500		9,785		2,285
Total fines and forfeitures	\$ 65,500	\$	65,500	\$	124,446	\$	58,946
Revenue from use of money and property:							
Revenue from use of money	\$ 122,600	\$	122,600	\$	294,196	\$	171,596
Revenue from use of property	33,000	_	33,000	_	30,833	_	(2,167)
Total revenue from use of money and property	\$ 155,600	\$	155,600	\$	325,029	\$	169,429

Schedule of Revenues - Budget and Actual Governmental Funds

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual		Variance with Final Budget - Positive (Negative)
General Fund: (Continued)								
Charges for services:								
Excess fees of clerk	\$	50,000	\$	50,000	\$	103,281	\$	53,281
Charges for law enforcement and traffic control		17,300		17,300		17,979		679
Charges for courthouse maintenance		16,000		16,000		15,261		(739)
Circuit court judge fees		26,000		26,000		28,013		2,013
Charges for courthouse security		21,500		21,500		28,470		6,970
Charges for Commonwealth's Attorney		1,100		1,100		1,438		338
Charges for rental assistance		12,000		12,000		14,787		2,787
Miscellaneous dog fees		4,000		4,000		5,086		1,086
Charges for library		16,000		16,000		27,177		11,177
Charges for sanitation and waste removal		428,477		428,477		485,569		57,092
Charges for parks and recreation		238,950		238,950		238,878		(72)
Charges for community education		4,500		4,500		1,695		(2,805)
Charges for sale of publications and								
commemorative material		10,200		10,200		14,420		4,220
Charges for daffodil festival		30,000		30,000		42,431		12,431
Charges for sale of historical material		1,000		1,000		1,054		54
Total charges for services	\$	877,027	\$	877,027	\$	1,025,539	\$	148,512
Miscellaneous revenue:								
Miscellaneous	\$	125,669	\$	166,023	\$	207,214	\$	41,191
Total miscellaneous revenue	\$	125,669	\$	166,023	\$	207,214	\$	41,191
Recovered costs:								
Care of federal prisoners	\$	40,000	\$	40,000	\$	19,903	\$	(20,097)
Recovered costs sheriff		145,000		145,000		138,918		(6,082)
Federal recovered costs		69,972		69,972		28,445		(41,527)
Demolition recovered costs		10,000		10,000		-		(10,000)
Total recovered costs	\$	264,972	\$	264,972	\$	187,266	\$	(77,706)
Total revenue from local sources	\$_	35,318,596	\$_	35,358,950	\$	37,739,910	\$	2,380,960
Revenue from the Commonwealth:								
Noncategorical aid:								
ABC profits	\$	20,374	\$	20,374	\$	-	\$	(20, 374)
Wine taxes		23,582		23,582		8,493		(15,089)
Motor vehicle carriers' tax		2,000		2,000		1,218		(782)
Mobile home titling tax		56,000		56,000		48,528		(7,472)
Motor vehicle rental tax		31,000		31,000		58,458		27,458
State recordation tax		122,882		122,882		105,542		(17,340)
Personal property tax relief funds		2,600,000	_	2,600,000	_	2,546,245	_	(53,755)
Total noncategorical aid	\$	2,855,838	\$	2,855,838	\$	2,768,484	\$	(87,354)

Schedule of Revenues - Budget and Actual Governmental Funds

Fund, Major and Minor Revenue Source		Original Budget	Final Budget		Actual	Variance with Final Budget - Positive (Negative)	
General Fund: (Continued) Revenue from the Commonwealth: (Continued)							
Categorical aid:							
Shared expenses:							
Commonwealth's attorney	\$	269,000 \$	269,000	\$	284,058		
Sheriff		2,367,000	2,367,000		2,431,334	64,334	
Commissioner of revenue		115,000	115,000		123,298	8,298	
Treasurer Medical examiner		120,000 500	120,000 500		127,436 540	7,436 40	
Registrar/electoral board		44,800	44,800		48,505	3,705	
Clerk of the Circuit Court		213,000	213,000		226,161	13,161	
Total shared expenses	<u>\$</u>	3,129,300 \$	3,129,300	- ¢ -	3,241,332		_
Total shared expenses	Ψ_	<u>3,127,300</u> ψ	3,127,300	- Ψ <b>-</b>	3,241,332	112,032	_
Other categorical aid:							
Emergency medical services	\$	16,000 \$	17,883	\$	17,883		
Bay transit grant		100,000	100,000		15,554	(84,446)	•
Litter control grant		6,341	6,341		6,170	(171)	
E911 wireless grant		33,400	33,400		35,893	2,493	
Library grant		103,277	103,277		103,163	(114)	
Abandoned auto program		33,750	33,750		14,750	(19,000)	
Virginia Housing grant		65,000	65,000		72,956	7,956	
Victim-witness grant Other state funds		47,600	47,600 16,065		47,741 47,244	141 31,299	
		46,000	68,495		47,364 68,495	31,299	
Fire programs Disaster assistance		40,000	00,493		3,792	3,792	
Asset forfeiture		_	_		10,965	10,965	
Total other categorical aid	<b>\$</b>	451,368 \$	491,811	\$	444,726		_
Total categorical aid	\$ <b>-</b>	3,580,668 \$	3,621,111	_	3,686,058		
•	_			_			_
Total revenue from the Commonwealth	\$_	6,436,506 \$	6,476,949	\$_	6,454,542	(22,407)	)
Revenue from the federal government:							
V-stop prosecutor grant	\$	21,640 \$	21,640	\$	24,425	2,785	
Disaster assistance		-	-		15,368	15,368	
COP program grant		32,000	32,000		34,266	2,266	
Highway safety grant		-	-		12,873	12,873	
Local law enforcement block grant		-	130,444		130,444	-	
Domestic violence grant		-	222,554		222,554	-	
State domestic preparedness grant		-	163,901		163,901	-	
Other federal revenue		176,179	44,275		54,138	9,863	
Total categorical aid	\$	229,819 \$	614,814	\$	657,969	43,155	_
Total revenue from the federal government	\$_	229,819 \$	614,814	\$_	657,969	43,155	_
Total General Fund	\$	41,984,921 \$	42,450,713	\$	44,852,421	2,401,708	

Schedule of Revenues - Budget and Actual Governmental Funds

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual	_	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:								
Virginia Public Assistance Fund:								
Revenue from local sources:								
Miscellaneous revenue:								
Other miscellaneous	\$	5,000		5,000		6,276	\$	1,276
Total miscellaneous revenue	\$	5,000	\$	5,000	\$	6,276	\$	1,276
Total revenue from local sources	\$_	5,000	\$	5,000	\$_	6,276	\$_	1,276
Revenue from the Commonwealth: Categorical aid:								
Public assistance and welfare administration	\$	456,542	\$	456,542	\$	500,124	\$	43,582
Total categorical aid	\$	456,542		456,542		500,124	_	43,582
	· –	,	·	,	- ' -		· -	,
Total revenue from the Commonwealth	\$	456,542	\$	456,542	\$	500,124	\$_	43,582
Revenue from the federal government: Categorical aid:								
Public assistance and welfare administration	\$	1,397,477	\$	1,397,477	\$	1,453,454	\$	55,977
Total categorical aid	\$	1,397,477		1,397,477			\$	55,977
Total revenue from the federal government	\$	1,397,477	\$	1,397,477	\$_	1,453,454	\$_	55,977
Total Virginia Public Assistance Fund	\$_	1,859,019	\$_	1,859,019	\$ _	1,959,854	\$_	100,835
Comprehensive Services Act Fund: Revenue from local sources: Miscellaneous revenue:								
Other miscellaneous	\$	4,000	\$	4,000	\$_		\$_	(4,000)
Revenue from the Commonwealth: Categorical aid:								
Comprehensive services act	\$	302,000	\$	354,185	\$	340,029	\$	(14,156)
Public assistance and welfare administration		6,000		6,000		10,871		4,871
Total categorical aid	\$	308,000	\$	360,185	\$	350,900	\$	(9,285)
Total revenue from the Commonwealth	\$_	308,000	\$	360,185	\$_	350,900	\$_	(9,285)
Revenue from the federal government: Categorical aid:								
Public assistance and welfare administration	\$	30,000	\$	30,000	\$_	20,740	\$_	(9,260)
Total Comprehensive Services Act Fund	\$_	342,000	\$	394,185	\$	371,640	\$_	(22,545)

Schedule of Revenues - Budget and Actual Governmental Funds

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual	_	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)								
Revenue Maximization Fund:								
Revenue from the federal government:								
Categorical aid: Revenue maximization funds	ф	240 015	ф	240.015	¢		¢	(240.015)
Total categorical aid	\$_	248,015 248,015	- \$ -	248,015 248,015	_	<u>-</u>	\$ \$	(248,015) (248,015)
Total categorical aid	Ψ_	240,013	- Ψ —	240,013	- Ψ _		Ψ_	(240,013)
Total revenue from the federal government	\$	248,015	\$	248,015	\$	-	\$_	(248,015)
Total Revenue Maximization Fund	\$	248,015	\$	248,015	\$_	-	\$_	(248,015)
Debt Service Fund:								
Revenue from local sources:								
Revenue from use of money and property:								
Revenue from the use of money	\$	-	\$	-	\$	785	\$_	785
Capital Projects Funds:								
County Capital Improvements Fund:								
Revenue from local sources:								
Revenue from use of money and property:								
Revenue from the use of money	\$_	-	\$	-	\$	2,891	\$_	2,891
Miscellaneous revenue:								
Other miscellaneous	\$	-	\$	25,000	\$	-	\$	(25,000)
			_		_	-	_	
Total revenue from local sources	\$	-	\$	25,000	\$_	2,891	\$_	(22,109)
Revenue from the Commonwealth:								
Categorical aid:								
School construction funds	\$	188,933	\$	613,933	\$	208,270	\$	(405,663)
Emergency services		-		-			_	
Total categorical aid	\$	188,933	\$	613,933	\$	208,270	\$	(405,663)
Total revenue from the Commonwealth	\$_	188,933	\$	613,933	\$	208,270	\$_	(405,663)
Revenue from the federal government:								
Categorical aid:								
Main Street Grant (ISTEA)	\$	100,000	\$	100,000	\$	12,456	\$	(87,544)
Community development block grant	_	700,000		1,075,000		223,509		(851,491)
Total categorical aid	\$	800,000	\$	1,175,000	\$	235,965	\$	(939,035)
Total revenue from the federal government	\$	800,000	\$	1,175,000	\$_	235,965	\$_	(939,035)
Total County Capital Improvements Fund	\$	988,933	\$	1,813,933	\$	447,126	\$_	(1,366,807)

Schedule of Revenues - Budget and Actual Governmental Funds

Fund, Major and Minor Revenue Source		Original Budget	. <u>-</u>	Final Budget		Actual		Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (Continued)								
School Construction Fund:								
Revenue from local sources:								
Revenue from use of money and property:					_			
Revenue from the use of money	\$_	-	. \$ _	-	\$	90,043	\$_	90,043
Total School Construction Fund	\$	-	\$	-	\$	90,043	\$_	90,043
Total Primary Government	\$	45,422,888	\$	46,765,865	\$	47,721,869	\$_	956,004
Discretely Presented Component Unit-School Board: School Operating Fund: Revenue from local sources: Revenue from use of money and property:								
Revenue from the use of property	\$_	1,000	\$	1,000	\$	1,500	\$_	500
Charges for services:								
Charges for education	\$		\$		\$		\$	-
Tuition and payments from other divisions		101,000		101,000		70,675		(30, 325)
Total charges for services	\$	101,000	\$	101,000	\$	70,675	\$	(30, 325)
Miscellaneous revenue: Other miscellaneous	¢	21 500	¢	21 500	¢	21 427	ф	0.027
Other miscendieous	\$_	21,500	\$_	21,500	Ф.	31,427	Φ_	9,927
Recovered costs:								
Medicaid reimbursements	\$	166,000	\$	166,000	\$	109,651	\$	(56, 349)
Total recovered costs	\$	166,000	\$	166,000	\$	109,651	\$	(56,349)
Total revenue from local sources	\$	289,500	\$	289,500	\$	213,253	\$	(76,247)
Intergovernmental revenues:								
Revenues from local governments:	ф	17.0/0.741	φ	17.0/0.741	ф	1/ 7// /70	ф	(222 271)
Contribution from County of Gloucester, Virginia  Total revenues from local governments	\$ \$	17,068,741 17,068,741		17,068,741 17,068,741		16,746,470 16,746,470	_	(322,271)
rotal revenues from local governments	Ψ_	17,000,741	Ψ_	17,000,741	Ψ	10,740,470	Ψ_	(322,271)
Revenue from the Commonwealth: Categorical aid:								
Share of state sales tax	\$	5,293,238	\$	5,293,238	\$	5,387,437	\$	94,199
Basic school aid	Ψ	16,490,866	Ψ	16,490,866	Ψ	16,390,848	Ψ	(100,018)
ISAEP		15,717		15,717		15,717		(100,010)
Remedial summer education		86,125		86,125		75,424		(10,701)
Regular foster care		42,003		42,003		19,299		(22,704)
Adult secondary education		42,003		42,003		5,548		(22,704)
Gifted and talented		159,200		159,200		158,624		(576)
On ted and talented		137,200		137,200		100,024		(370)

Schedule of Revenues - Budget and Actual Governmental Funds For The Year Ended June 30, 2005 (Continued)

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual	 Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board:							
School Operating Fund: (Continued)							
Revenue from the Commonwealth: (Continued)							
Categorical aid: (Continued)							
Remedial education	\$	272,316	\$	272,316	\$	271,331	\$ (985)
Enrollment loss		151,368		151,368		130,433	(20,935)
English as a second language		-		-		2,927	2,927
Special education		1,524,971		1,524,971		1,519,455	(5,516)
Textbook payment		264,440		264,440		263,484	(956)
Vocational standards of quality payments		289,074		289,074		288,029	(1,045)
Social security fringe benefits		791,566		791,566		793,123	1,557
Retirement fringe benefits		662,056		662,056		680,415	18,359
State lottery payments		916,197		916,197		989,107	72,910
Early reading intervention		41,030		41,030		49,949	8,919
JVG		6,000		6,000		10,000	4,000
Project graduation		-		-		4,284	4,284
Homebound education		52,093		52,093		31,940	(20,153)
Regional program tuition		348,467		348,467		384,292	35,825
Vocational educational equipment		17,336		17,336		16,725	(611)
Special education - foster children		-		-		20,061	20,061
VI teacher		4,000		4,000		4,360	360
At risk payments		184,039		184,039		170,042	(13,997)
Primary class size		307,840		307,840		289,273	(18,567)
Technology		310,000		310,000		284,000	(26,000)
Standards of Learning algebra readiness		36,679		36,679		36,679	-
Mentor teacher program	_	4,409	_	4,409	_	20,223	 15,814
Total categorical aid	\$_	28,275,890	\$_	28,275,890	\$_	28,313,029	\$ 37,139
Revenue from the federal government:							
Categorical aid:							
Title V	\$	56,155	\$	56,155	\$	31,534	\$ (24,621)
Adult literacy		55,539		55,539		48,285	(7,254)
Title I		914,843		914,843		908,277	(6,566)
Title VI-B, special education flow-through		1,060,892		1,188,030		1,188,030	-
Vocational education		102,000		102,000		102,848	848
Workforce investment act		33,080		33,080		18,607	(14,473)
Project serve		8,880		8,880		-	(8,880)
Title IID		25,779		25,779		25,054	(725)
Title II		263,713		263,713		250,369	(13,344)
Impact aid		70,000		70,000		71,976	1,976
HSTW		7,500		7,500		7,700	200

Schedule of Revenues - Budget and Actual Governmental Funds

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual	_	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: School Operating Fund: (Continued) Revenue from the federal government: (Continued) Categorical aid: (Continued)								
Drug free school	\$	50,000	\$	50,000	\$	50,227	\$	227
ROTC	Ψ	52,000	Ψ	52,000	Ψ	52,897	Ψ	897
Other federal funds		100,000		100,000		160		(99,840)
Total categorical aid	\$	2,800,381	\$	2,927,519	\$	2,755,964	\$	(171,555)
Total School Operating Fund	\$	48,434,512	\$	48,561,650	\$	48,028,716	\$	(532,934)
School Cafeteria Fund: Revenue from local sources: Revenue from use of money and property:								
Revenue from the use of money	\$	20,000	¢	20,000	¢	4,701	¢	(15,299)
Revenue from the use of money	Ψ_	20,000	- Ψ –	20,000	Ψ_	4,701	Ψ_	(13,277)
Charges for services:								
Cafeteria sales	\$	1,405,585	\$	1,405,585	\$	1,170,331	\$	(235, 254)
Other charges for services	•	55,000		55,000	·	41,484	·	(13,516)
Total charges for services	\$	1,460,585	\$	1,460,585	\$	1,211,815	\$	(248,770)
•	-		_			_	-	<u> </u>
Miscellaneous revenue:								
Other miscellaneous	\$	31,070	\$	31,070	\$	30,109	\$	(961)
Total miscellaneous revenue	\$	31,070	\$	31,070	\$	30,109	\$	(961)
Total revenue from local sources	\$_	1,511,655	\$_	1,511,655	\$_	1,246,625	\$_	(265,030)
Intergovernmental revenues: Revenue from the Commonwealth: Categorical aid:								
School food program grant	\$	28,000	\$	28,000	\$	26,035	\$	(1,965)
Revenue from the federal government:  Categorical aid:	· <b>-</b>	.,	- · <u>-</u>	.,			· <del>-</del>	(,,
School food program grant	\$	555,767	\$	555,767	\$	529,645	\$	(26,122)
	_		_		-		-	
Total School Cafeteria Fund	\$	2,095,422	\$	2,095,422	\$	1,802,305	\$	(293,117)
Total Discretely Presented Component Unit - School Board	\$	50,529,934	\$	50,657,072	\$	49,831,021	\$	(826,051)

Governmental Funds	
For the Year Ended June 30, 2005	

Fund, Function, Activity and Element		Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:					
General government administration:					
Legislative:					
Board of supervisors	\$	184,327 \$	204,827 \$	171,788 \$	33,039
General and financial administration:					
County administrator	\$	348,103 \$	348,103 \$	326,321 \$	21,782
Human resources		185,222	187,851	188,691	(840)
County attorney		228,083	228,083	222,600	5,483
Commissioner of revenue		406,361	406,361	402,155	4,206
County assessor		329,311	329,311	259,249	70,062
Treasurer		489,193	490,316	476,093	14,223
Finance		258,965	258,965	247,895	11,070
Department of information technology		812,736	812,736	791,936	20,800
Purchasing		220,991	219,868	218,769	1,099
Other general and financial administration	. —	265,322	265,322	269,910	(4,588)
Total general and financial administration	\$ <u></u>	3,544,287 \$	3,546,916 \$	3,403,619 \$	143,297
Board of elections:					
Electoral board and officials	\$	138,594 \$	138,594 \$	140,604 \$	(2,010)
Total board of elections	\$	138,594 \$	138,594 \$	140,604 \$	(2,010)
Total general government administration	\$	3,867,208 \$	3,890,337 \$	3,716,011 \$	174,326
Judicial administration:					
Courts:					
Circuit court	\$	58,867 \$	58,867 \$	56,601 \$	2,266
General district court		15,200	15,200	14,406	794
Commissioner of accounts		500	500	440	60
Magistrate		4,650	4,650	4,396	254
Juvenile and domestic relations district court		28,440	28,440	17,135	11,305
Clerk of the circuit court		339,814	339,814	327,779	12,035
Victim and witness assistance		52,441	52,973	50,492	2,481
Court services unit		200,075	200,075	139,769	60,306
Group home commission	_	139,609	139,609	138,897	712
Total courts	\$ <u></u>	839,596 \$	840,128 \$	749,915 \$	90,213
Commonwealth's attorney:					
Commonwealth's attorney	\$ <u></u>	463,022 \$	464,544 \$	438,805 \$	
Total commonwealth's attorney	\$ <u></u>	463,022 \$	464,544 \$	438,805 \$	25,739
Total judicial administration	\$	1,302,618 \$	1,304,672 \$	1,188,720 \$	115,952
Public safety:					
Law enforcement and traffic control:					
Sheriff	\$	3,770,406 \$	3,923,643 \$	3,565,930 \$	357,713
Emergency operations center		379,159	379,159	377,796	1,363
Total law enforcement and traffic control	\$	4,149,565 \$	4,302,802 \$	3,943,726 \$	359,076

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For the Year Ended June 30	2005	(Continued)

Fund, Function, Activity and Element		Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)					
Public safety: (Continued)					
Fire and rescue services:					
Volunteer fire and rescue squads	\$	1,294,037 \$	1,318,414 \$	1,319,284 \$	(870)
State forestry service		4,714	4,714	4,956	(242)
Office of emergency services		265,901	430,555	279,624	150,931
Total fire and rescue services	\$	1,564,652 \$	1,753,683 \$	1,603,864 \$	149,819
Correction and detention:					
County operated institutions	\$	2,121,793 \$	2,121,793 \$	2,072,790 \$	49,003
Total correction and detention	\$	2,121,793 \$	2,121,793 \$	2,072,790 \$	49,003
Inspections:					
Building	\$	600,878 \$	602,923 \$	627,905 \$	(24,982)
Total inspections	\$	600,878 \$	602,923 \$	627,905 \$	(24,982)
Other protection:					
Animal control	\$	246,986 \$	247,991 \$	245,748 \$	
Medical examiner	_	1,100	1,100	1,050	50
Total other protection	\$_	248,086 \$	249,091 \$	246,798 \$	2,293
Total public safety	\$_	8,684,974 \$	9,030,292 \$	8,495,083 \$	535,209
Public works:					
Maintenance of highways, streets, bridges					
and sidewalks:					
General engineering	\$	195,567 \$	195,567 \$	189,826 \$	5,741
Total maintenance of highways, streets,					
bridges & sidewalks	\$ <u></u>	195,567 \$	195,567 \$	189,826 \$	5,741
Sanitation and waste removal:					
Refuse collection and disposal	\$	53,300 \$	45,165 \$	27,255 \$	
Total sanitation and waste removal	\$ <u></u>	53,300 \$	45,165 \$	27,255 \$	17,910
Maintenance of general buildings and grounds:					
General properties	\$	1,285,891 \$	1,287,383 \$	1,268,465 \$	
Total maintenance of general buildings and grounds	\$	1,285,891 \$	1,287,383 \$	1,268,465 \$	18,918
Total public works	\$	1,534,758 \$	1,528,115 \$	1,485,546 \$	42,569
Health and welfare:					
Health:		040 (00 ±	040 (00 †	046 507 +	1 000
Supplement of local health department	\$	313,600 \$	313,600 \$	312,597 \$	
Mosquito control	_	106,328	135,528	122,197	13,331
Total health	<b></b>	419,928 \$	449,128 \$	434,794 \$	14,334

Fund, Function, Activity and Element		Original Budget		Final Budget	_	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)							
Health and welfare: (Continued)							
Mental health and mental retardation:							
Community services board	\$	94,343		94,343	_	94,343 \$	
Total mental health and mental retardation	\$_	94,343	\$_	94,343	\$_	94,343 \$	
Total health and welfare	\$_	514,271	\$	543,471	\$_	529,137 \$	14,334
Education:							
Other instructional costs:							
Contribution to community colleges	\$	433,497	\$	447,704	\$	439,553 \$	8,151
Contribution to community education		9,796		9,796		9,796	-
Contribution to County School Board	_	17,068,741		17,068,741	_	16,746,470	322,271
Total education	\$ <u></u>	17,512,034	\$_	17,526,241	\$_	17,195,819 \$	330,422
Parks, recreation, and cultural:							
Parks and recreation:							
Recreation centers and playgrounds	\$	541,259	\$	613,799	\$	543,678 \$	70,121
Beaverdam reservoir park	_	217,975	_	217,975		215,769	2,206
Total parks and recreation	\$	759,234	\$	831,774	\$	759,447 \$	72,327
Cultural enrichment:							
Daffodil festival	\$	30,000	\$	30,000	\$	44,586 \$	(14,586)
Historical committee	,	38,226	•	38,226	•	36,528	1,698
Total cultural enrichment	\$	68,226	\$	68,226	\$	81,114 \$	(12,888)
Library:							
Contribution to county library	\$	635,188	\$	660,998	\$	645,800 \$	15,198
Total library	\$-	635,188		660,998		645,800 \$	
	_				_	<u> </u>	,
Total parks, recreation, and cultural	\$	1,462,648	\$_	1,560,998	\$_	1,486,361 \$	74,637
Community development:							
Planning and community development:							
Community development	\$	292,178	\$	292,178	\$	266,567 \$	25,611
Tourism		73,525		74,725		72,838	1,887
Economic development		188,894		188,894		187,309	1,585
Contribution to Industrial Development Authority	_	123,250		123,250		116,331	6,919
Total planning and community development	\$	677,847	\$_	679,047	\$_	643,045 \$	36,002
Environmental management:							
Clean community program	\$	52,850	\$	52,850	\$	32,408 \$	20,442
Total environmental management	\$	52,850	\$	52,850	\$	32,408 \$	20,442
Cooperative extension program:	_						
Extension office	\$	62,037	\$	62,037	\$	59,569 \$	2,468
Total cooperative extension program	\$ <u></u>	62,037		62,037		59,569 \$	
	· <u> </u>						
Total community development	\$	792,734	_\$_	793,934	\$_	735,022 \$	58,912

For the Year Ended June 30, 2005	(Continued)
	(00

Fund, Function, Activity and Element		Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)					
Nondepartmental:	•	0.40,007,4	040.770.4	4/5 007 #	04.444
Contributions to civic organizations  Total nondepartmental	\$_ _	243,037 S		165,327 \$ 165,327 \$	
Total General Fund	* <u>-</u> \$	35,914,282		34,997,026 \$	
Special Revenue Funds: Virginia Public Assistance Fund: Health and welfare: Welfare and social services:	` <u>=</u>	33/711/232			.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Welfare administration	\$	1,669,220	1,659,220 \$	1,629,536 \$	29,684
Public assistance	Ψ	455,328	371,940	351,898	20,042
Purchased services		302,640	396,028	371,270	24,758
Grants		60,309	72,809	69,668	3,141
Board of public welfare		5,000	5,000	4,330	670
Total welfare and social services	\$_	2,492,497	2,504,997 \$	2,426,702 \$	78,295
Total health and welfare	\$_	2,492,497	2,504,997 \$	2,426,702 \$	78,295
Total Virginia Public Assistance Fund	\$	2,492,497	2,504,997 \$	2,426,702 \$	78,295
Comprehensive Services Act Fund: Health and welfare: Welfare and social services: Comprehensive services act	\$	652,000	3 739,500 \$	683,312 \$	56,188
Total Comprehensive Services Act Fund	\$	652,000	739,500 \$	683,312 \$	56,188
Revenue Maximization Fund: Health and welfare: Welfare and social services: Revenue maximization program	<u>-</u> \$	248,015	S 248,015 \$	105,670 \$	142,345
Total Revenue Maximization Fund	\$	248,015		105,670 \$	
Debt Service Fund: Debt service:	Φ=	240,013	240,013	103,670	142,343
Principal retirement Interest and other fiscal charges	\$	2,564,876 1,603,464	3,060,931 \$ 1,603,464	3,041,103 \$ 1,603,464	19,828
Other debt service		227,200	227,200	185,103	42,097
Total School Debt Service Fund	\$	4,395,540	4,891,595 \$	4,829,670 \$	61,925
Capital Projects Funds: County Capital Improvements Fund: Capital projects expenditures: County capital assets	\$	2,458,600	s 3,410,111 \$	397,061 \$	3,013,050
Equipment and vehicles		322,400	1,002,139	996,110	6,029
School capital assets	_	842,193	563,605	473,617	89,988
Total capital projects	\$	3,623,193	4,975,855 \$	1,866,788 \$	3,109,067
Total County Capital Improvements Fund	\$_	3,623,193	4,975,855 \$	1,866,788 \$	3,109,067

For the Year Ended June 30, 2005 (Continued	or the Year Ended June 30, 2005	(Continued)
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Fund, Function, Activity and Element		Original Budget		Final Budget		Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (Continued)							
School Construction Fund:							
Capital projects expenditures:							
New school construction	\$		\$	631,798	\$	634,429 \$	, ,
Achilles Elementary School renovations		4,161,342		4,161,342		3,241,418	919,924
Botetourt Elementary School renovations	φ-	5,738,032	- <sub>-</sub> -	5,738,032	ф-	4,485,200	1,252,832
Total capital projects	\$ <u>_</u>	9,899,374	_	10,531,172	۵_	8,361,047 \$	2,170,125
Total School Construction Fund	\$_	9,899,374	\$	10,531,172	\$	8,361,047 \$	2,170,125
Total Primary Government	\$_	53,832,389	\$_	56,826,455	\$	50,054,531 \$	6,771,924
Discretely Presented Component Unit-School Board School Operating Fund: Education:							
Administration of schools:							
School board	\$	102,761	\$	102,761	\$	81,460 \$	21,301
Executive administration services		396,198		396,198		424,016	(27,818)
Personnel		468,885		468,885		459,707	9,178
Fiscal services	_	277,787	_	277,787		273,449	4,338
Total administration of schools	\$	1,245,631	\$	1,245,631	\$	1,238,632 \$	6,999
Instruction costs:							
Elementary and secondary schools	\$	37,916,513	\$	38,043,651	\$	37,591,349 \$	452,302
Total instruction costs	_	37,916,513		38,043,651		37,591,349	452,302
Operating costs:							
Attendance and health services	\$	864,331	\$	864,331	\$	856,375 \$	7,956
Pupil transportation		3,602,788		3,602,788		3,601,939	849
Operation and maintenance of school plant		4,805,249		4,805,249		4,740,421	64,828
Total operating costs	\$	9,272,368	\$	9,272,368	\$	9,198,735 \$	73,633
Total education	\$_	48,434,512	\$_	48,561,650	\$	48,028,716 \$	532,934
Total School Fund	\$	48,434,512	\$	48,561,650	\$	48,028,716 \$	532,934
Cafeteria Fund:							
Education:							
School food services:							
Administration of school food program	\$_	2,095,422	\$_	2,095,422	\$_	1,814,364 \$	281,058
Total Cafeteria Fund	\$_	2,095,422	\$	2,095,422	\$	1,814,364 \$	281,058
Total Discretely Presented Component Unit -							
School Board	\$_	50,529,934	\$	50,657,072	\$	49,843,080 \$	813,992

**Statistical Tables** 

Government-Wide Expenses by Function Last Ten Fiscal Years (1)

 Fiscal Year	 General Government Administration	-	Judicial Administration	Public Safety	 Public Works	· <u>-</u>	Health and Welfare	Education
2003	\$ 3,512,786	\$	1,634,531 \$	7,242,241	\$ 1,434,062	\$	3,249,649 \$	18,371,729
2004	3,514,851		1,354,943	8,842,271	1,453,010		3,411,223	19,006,986
2005	3,820,052		1,394,318	8,505,036	1,469,138		3,800,505	20,447,731

<sup>(1)</sup> Information has only been available for 3 years.

_	Parks, Recreation, and Cultural	_	Community Development	Interest on Long- Term Debt	Utilities	_	Total
\$	4,180,678 2,719,637	\$	1,777,142 1,245,316	\$ 1,944,817 1,986,667	\$ 3,446,672 3,781,079	\$	46,794,307 47,315,983
	1,508,612		1,129,146	1,694,134	3,775,728		47,544,400

Government-Wide Revenues Last Ten Fiscal Years (1)

	<u> </u>		PRC	GRAM REVENUE	S	
Fiscal Year	_	Charges for Services	_(	Operating Grants and Contributions	_	Capital Grants and Contributions
2003	\$	4,405,363	\$	5,927,266	\$	461,189
2004		4,157,980		6,892,182		657,824
2005		4,309,273		6,905,210		208,270

<sup>(1)</sup> Information has only been available for 3 years.

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_	General Property Taxes	 Other Local Taxes	 Unrestricted Investment Earnings	_	Miscellaneous	_	Grants and Contributions Not Restricted to Specific Programs	_	Total
\$	23,158,197	\$ 8,190,587	\$ 375,066	\$	3,537,343	\$	2,775,813	\$	48,830,824
	26,887,805 25,502,044	9,429,641 10,150,629	257,841 558,479		1,375,249 213,490		2,906,969 2,768,484		52,565,491 50,615,879

General Governmental Expenditures by Function (1) Last Ten Fiscal Years

	-	Judicial Administration	_	Public Safety		Public Works	_	Health and Welfare
\$ 2,025,150	\$	515,031	\$	3,495,375	\$	1,026,907	\$	2,142,633
2,240,386		853,102		3,778,754		1,039,280		2,250,872
2,658,986		977,773		4,387,359		1,146,937		2,591,448
2,604,716		1,040,520		5,195,313		1,143,624		2,933,779
2,936,991		1,099,412		5,743,208		1,157,294		2,923,566
3,148,864		1,155,282		6,598,400		1,211,031		2,752,033
3,296,403		1,194,277		6,851,651		1,191,479		2,892,104
3,264,643		1,072,443		7,017,379		1,349,677		3,296,833
3,252,076		1,134,736		8,652,538		1,453,195		3,386,685
3,716,011		1,188,720		8,495,083		1,485,546		3,744,821
A	\$ 2,025,150 2,240,386 2,658,986 2,604,716 2,936,991 3,148,864 3,296,403 3,264,643 3,252,076	\$ 2,025,150 \$ 2,240,386 2,658,986 2,604,716 2,936,991 3,148,864 3,296,403 3,264,643 3,252,076	Government AdministrationJudicial Administration\$ 2,025,150\$ 515,0312,240,386853,1022,658,986977,7732,604,7161,040,5202,936,9911,099,4123,148,8641,155,2823,296,4031,194,2773,264,6431,072,4433,252,0761,134,736	Government Administration         Judicial Administration           \$ 2,025,150         \$ 515,031           \$ 2,240,386         853,102           2,658,986         977,773           2,604,716         1,040,520           2,936,991         1,099,412           3,148,864         1,155,282           3,296,403         1,194,277           3,264,643         1,072,443           3,252,076         1,134,736	Government AdministrationJudicial AdministrationPublic Safety\$ 2,025,150\$ 515,031\$ 3,495,3752,240,386853,1023,778,7542,658,986977,7734,387,3592,604,7161,040,5205,195,3132,936,9911,099,4125,743,2083,148,8641,155,2826,598,4003,296,4031,194,2776,851,6513,264,6431,072,4437,017,3793,252,0761,134,7368,652,538	Government AdministrationJudicial AdministrationPublic Safety\$ 2,025,150\$ 515,031\$ 3,495,375\$2,240,386853,1023,778,7542,658,986977,7734,387,3592,604,7161,040,5205,195,3132,936,9911,099,4125,743,2083,148,8641,155,2826,598,4003,296,4031,194,2776,851,6513,264,6431,072,4437,017,3793,252,0761,134,7368,652,538	Government AdministrationJudicial AdministrationPublic SafetyPublic Works\$ 2,025,150\$ 515,031\$ 3,495,375\$ 1,026,9072,240,386853,1023,778,7541,039,2802,658,986977,7734,387,3591,146,9372,604,7161,040,5205,195,3131,143,6242,936,9911,099,4125,743,2081,157,2943,148,8641,155,2826,598,4001,211,0313,296,4031,194,2776,851,6511,191,4793,264,6431,072,4437,017,3791,349,6773,252,0761,134,7368,652,5381,453,195	Government AdministrationJudicial AdministrationPublic SafetyPublic Works\$ 2,025,150\$ 515,031\$ 3,495,375\$ 1,026,907\$2,240,386853,1023,778,7541,039,2802,658,986977,7734,387,3591,146,9372,604,7161,040,5205,195,3131,143,6242,936,9911,099,4125,743,2081,157,2943,148,8641,155,2826,598,4001,211,0313,296,4031,194,2776,851,6511,191,4793,264,6431,072,4437,017,3791,349,6773,252,0761,134,7368,652,5381,453,195

<sup>(1)</sup> Includes General, Special Revenue, and Debt Service funds of the Primary Government and its Discretely Presented Component Units.

<sup>(2)</sup> Excludes contribution from Primary Government to Discretely Presented Component Unit.

_	Education (2)	_	Parks, Recreation, and Cultural	 Community Development	 Non- departmental	. <u>-</u>	Debt Service	 Total
\$	31,097,923	\$	716,268	\$ 513,971	\$ 26,750	\$	4,021,614	\$ 45,581,622
	33,418,179		750,297	779,579	56,725		4,101,523	49,268,697
	35,468,207		838,397	573,291	108,560		4,222,012	52,972,970
	37,915,630		912,109	686,218	132,190		4,287,990	56,852,089
	41,051,542		983,569	739,766	135,621		4,584,947	61,355,916
	42,768,299		1,089,439	474,070	257,420		4,619,801	64,074,639
	43,870,300		1,084,547	646,556	668,639		4,781,338	66,477,294
	45,552,339		1,112,185	794,845	3,673,350		4,260,478	71,394,172
	44,734,686		1,242,768	726,647	1,362,005		3,868,638	69,813,974
	50,292,429		1,486,361	735,022	165,327		4,829,670	76,138,990

General Governmental Revenues by Source (1) Last Ten Fiscal Years

 General Property Taxes		Other Local Taxes	_	Permits, Privilege Fees, Regulatory Licenses	_	Fines and Forfeitures	_	Revenue from the Use of Money and Property
\$ 17,144,356	\$	4,691,201	\$	219,161	\$	46,162	\$	487,212
17,639,740		5,262,108		229,320		111,241		500,313
18,784,434		5,826,714		217,363		99,703		422,322
20,099,408		6,205,078		220,689		79,746		528,935
19,910,365		6,487,305		214,751		80,615		568,503
22,058,778		6,984,009		187,847		65,891		447,692
21,735,807		7,534,250		301,641		77,277		177,043
23,089,347		8,190,587		367,752		69,936		282,656
24,578,024		9,429,641		325,348		94,788		206,771
25,361,237		10,150,629		358,550		124,446		332,015
\$	Property Taxes  \$ 17,144,356 17,639,740 18,784,434 20,099,408 19,910,365 22,058,778 21,735,807 23,089,347 24,578,024	\$ 17,144,356 \$ 17,639,740	Property Taxes         Local	Property Taxes         Local	General Property Taxes         Other Local Taxes         Privilege Fees, Regulatory Licenses           \$ 17,144,356 17,639,740         \$ 4,691,201 5,262,108         \$ 219,161 229,320           18,784,434 20,099,408         5,826,714 6,205,078         217,363 220,689           19,910,365 22,058,778 21,735,807         6,984,009 7,534,250         187,847 301,641 23,089,347           23,089,347 24,578,024         8,190,587 9,429,641         325,348	General Property Taxes         Other Local Taxes         Privilege Fees, Regulatory Licenses           \$ 17,144,356 17,639,740         \$ 4,691,201 5,262,108         \$ 219,161 229,320           18,784,434 20,099,408         5,826,714 6,205,078         217,363 220,689           19,910,365 22,058,778         6,487,305 6,984,009         214,751 22,058,778 21,735,807           21,735,807 21,735,807         7,534,250 7,534,250         301,641 301,641 301,641           23,089,347 24,578,024         8,190,587 9,429,641         325,348	General Property Taxes         Local Local Local Elicenses         Privilege Fees, Regulatory Elicenses         Fines Forfeitures           \$ 17,144,356         \$ 4,691,201         \$ 219,161         \$ 46,162           17,639,740         5,262,108         229,320         111,241           18,784,434         5,826,714         217,363         99,703           20,099,408         6,205,078         220,689         79,746           19,910,365         6,487,305         214,751         80,615           22,058,778         6,984,009         187,847         65,891           21,735,807         7,534,250         301,641         77,277           23,089,347         8,190,587         367,752         69,936           24,578,024         9,429,641         325,348         94,788	General Property Taxes         Other Local Taxes         Privilege Fees, Regulatory Licenses         Fines Forfeitures           \$ 17,144,356 17,639,740         \$ 4,691,201 5,262,108         \$ 219,161 229,320         \$ 46,162 111,241         \$ 111,241 18,784,434         \$ 5,826,714 5,826,714         217,363 20,099,408         99,703 6,205,078         220,689 220,689         79,746 79,746         19,910,365 19,910,365         6,487,305 6,984,009         214,751 187,847 187,847         80,615 65,891 21,735,807         80,984,009 70,534,250         187,847 301,641         65,891 77,277 23,089,347         7,534,250 8,190,587 8,190,587         301,641 307,752 309,348         77,277 99,36 99,36 94,788

<sup>(1)</sup> Includes General, Special Revenue, and Debt Service funds of the Primary Government and its Discretely Presented Component Units.

<sup>(2)</sup> Excludes contribution from Primary Government to Discretely Presented Component Unit.

Charges						
for			Recovered	Inter-		
 Services	Miscellaneous	_	Costs	governmental (2)		Total
\$ 1,499,029	\$ 111,920	\$	430,634	\$ 23,664,944	\$	48,294,619
1,668,556	465,710		485,008	26,020,731		52,382,727
1,839,650	470,105		530,757	27,209,022		55,400,070
1,955,625	322,203		401,550	30,651,995		60,465,229
1,910,150	133,773		288,715	32,917,119		62,511,296
2,103,247	413,879		355,465	34,820,856		67,437,664
2,100,650	220,815		408,848	36,893,853		69,450,184
2,247,422	3,577,005		416,959	37,628,969		75,870,633
2,190,139	1,351,257		408,655	38,745,946		77,330,569
2,308,029	275,026		296,917	41,062,402		80,269,251

Property Tax Levies and Collections Last Ten Fiscal Years

_	Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent (1) Tax (2) Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
	1996 \$	16,751,840 \$	14,744,042	88.01% \$	2,029,283	\$ 16,773,325	100.13% \$	860,063	5.13%
	1997	17,387,568	15,046,538	86.54%	2,194,143	17,240,681	99.16%	619,835	3.56%
	1998	18,709,258	15,904,173	85.01%	2,069,520	17,973,693	96.07%	1,049,749	5.61%
	1999	19,850,929	17,563,286	88.48%	2,183,055	19,746,341	99.47%	1,055,034	5.31%
	2000	20,399,258	18,524,250	90.81%	1,906,540	20,430,790	100.15%	1,321,818	6.48%
	2001	24,635,713	22,139,571	89.87%	2,248,184	24,387,755	98.99%	1,369,318	5.56%
	2002	23,465,888	21,746,629	92.67%	2,061,926	23,808,555	101.46%	1,155,940	4.93%
	2003	25,475,416	23,289,600	91.42%	2,255,679	25,545,279	100.27%	1,225,745	4.81%
	2004	27,122,176	24,928,730	91.91%	2,202,800	27,131,530	100.03%	1,137,114	4.19%
	2005	27,853,233	25,244,981	90.64%	2,494,430	27,739,411	99.59%	1,160,864	4.17%

<sup>(1)</sup> Exclusive of penalties and interest. Outstanding delinquent taxes include only those taxes assessed prior to December 31 of the fiscal year.

<sup>(2)</sup> Does not include land redemptions.

<sup>(3) 2001</sup> levy includes 2000 personal property and first half of 2001 levy.

Assessed Value of Taxable Property (in thousands) Last Ten Fiscal Years

		Personal Property		Machinery		Public Uti	ility (2)	
Fiscal	Real	and Mobile		and	_	Real	Personal	
Year	 Estate (1)	 Homes (3)	_	Tools	_	Estate	Property	Total
1996	\$ 1,393,305	\$ 106,230	\$	788	\$	54,334 \$	840 \$	1,555,497
1997	1,407,825	119,332		923		60,687	810	1,589,577
1998	1,529,486	125,848		859		51,809	679	1,708,681
1999	1,645,515	135,810		1,213		54,738	719	1,837,995
2000	1,720,584	144,047		3,045		65,052	544	1,933,272
2001	1,794,192	178,451		3,198		87,442	332	2,063,615
2002	1,900,137	191,113		3,526		91,735	268	2,186,779
2003	2,020,094	201,003		3,893		74,258	226	2,299,474
2004	2,092,142	218,901		3,595		72,412	2,971	2,390,021
2005	2,136,040	399,170		3,537		61,795	2,121	2,602,663

<sup>(1)</sup> Real estate is assessed at 100% of fair market value.

<sup>(2)</sup> Assessed values are established by the State Corporation Commission.

<sup>(3)</sup> Personal property is assessed at 100% of fair market value. Beginning with calendar year 2005, the Commissioner of the Revenue conducted a general reassessment of personal property.

Property Tax Rates (1) Last Ten Fiscal Years

					Public Utility					
<b>-</b>		<b>.</b>		Machinery	_	5 .				
Fiscal		Real	Personal	and		Real		Personal		
Year	Year Estate		Property	 Tools	<u>Estate</u>			Property		
1996	\$	0.93	\$ 3.50	\$ 3.50	\$	0.93	\$	3.50		
1997		0.93	3.50	3.50		0.93		3.50		
1998		0.91	3.50	3.50		0.91		3.50		
1999		0.91	3.50	3.50		0.91		3.50		
2000		0.92	3.50	3.50		0.92		3.50		
2001		0.95	3.50	3.50		0.95		3.50		
2002		0.95	3.50	3.50		0.95		3.50		
2003		0.95	3.50	3.50		0.95		3.50		
2004		0.95	4.00	4.00		0.95		4.00		
2005		0.95	2.20	2.20		0.95		2.20		

<sup>(1)</sup> Per \$100 of assessed value.

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita Last Ten Fiscal Years

				Less			
				Debt		Ratio of	
			Gross	payable from	Net	Net Bonded	Net
		Assessed	Bonded	Enterprise	Bonded	Debt to	Bonded
Fiscal		Value (in	Debt (in	Revenues (in	Debt (in	Assessed	Debt per
Year	Population (1)	thousands) (2)	thousands)(3)	thousands)(4)	thousands)	Value	Capita
1996	33,300	\$ 1,555,497	\$ 52,342	\$ 26,936 \$	25,406	1.63% \$	763
1997	33,700	1,589,577	56,591	26,427	30,164	1.90%	895
1998	34,100	1,708,681	55,340	25,913	29,427	1.72%	863
1999	34,600	1,837,995	53,241	25,298	27,943	1.52%	808
2000	34,780	1,933,272	49,940	24,649	25,291	1.31%	727
2001	34,900	2,063,615	64,862	32,802	32,060	1.55%	919
2002	35,000	2,186,779	61,235	31,752	29,483	1.35%	842
2003	35,200	2,299,474	58,054	30,859	27,195	1.18%	773
2004	35,200	2,390,021	62,568	29,920	32,648	1.37%	928
2005	35,200	2,602,663	58,527	28,919	29,608	1.14%	841

<sup>(1)</sup> Center for Public Service at the University of Virginia.

<sup>(2)</sup> From Table 6

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

<sup>(4)</sup> Includes general obligation debt payable from enterprise revenues.

Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures (1) Last Ten Fiscal Years

				Total	Ratio of Debt Service
			Total	General	to General
Fiscal			Debt	Governmental	Governmental
Year	 Principal	Interest	Service	Expenditures	Expenditures
1996	\$ 1,633,466	1,294,193	2,927,659	45,581,622	6.42%
1997	1,620,110	1,445,110	3,065,220	49,268,697	6.22%
1998	1,721,533	1,137,840	2,859,373	52,972,970	5.40%
1999	1,641,700	1,201,649	2,843,349	56,852,089	5.00%
2000	1,846,700	1,042,525	2,889,225	61,355,916	4.71%
2001	1,820,000	950,348	2,770,348	64,074,639	4.32%
2002	1,800,000	1,437,722	3,237,722	66,477,294	4.87%
2003	1,800,000	741,328	2,541,328	71,394,172	3.56%
2004	1,690,000	671,738	2,361,738	69,813,974	3.38%
2005	2,010,000	1,031,190	3,041,190	76,138,990	3.99%

<sup>(1)</sup> General obligation bonds reported in the enterprise funds and capital leases with government commitment have been excluded.

<sup>(2)</sup> Excludes bond issuance and other costs.

<sup>(3)</sup> Includes general and special revenue funds of the primary government and its component unit school board.

Revenue Bond Coverage Enterprise Fund Bonds Last Ten Fiscal Years

Fiscal Year	. <u>-</u>	Principal	Interest	Total Debt Service	Debt Service Coverage
1996	\$	787,173 \$	1,216,319	\$ 2,003,492	0.76
1997		932,542	1,163,908	2,096,450	0.72
1998		478,503	1,601,562	2,080,065	0.73
1999		569,645	1,575,807	2,145,452	0.80
2000		625,025	1,545,452	2,170,477	0.78
2001		731,964	1,833,956	2,565,920	0.84
2002		639,581	1,970,638	2,610,219	0.74
2003		892,350	1,658,846	2,551,196	0.73
2004		853,793	1,593,610	2,447,403	0.58
2005		969,203	1,537,456	2,506,659	0.59

Debt service coverage excludes transfers from the General Fund.

Demographic Statistics Last Ten Fiscal Years

			Per	
Fiscal			Capita	Unemployment
Year	Population (1)	_	Income (1)	Rate (2)
1996	33,300	\$	19,157	3.60%
1997	33,700		19,914	3.50%
1998	34,100		20,153	2.80%
1999	34,600		21,261	2.60%
2000	34,780		22,516	2.20%
2001	34,900		24,270	1.80%
2002	35,000		25,999	2.50%
2003	35,200		26,480	2.70%
2004	35,200		N/A	2.60%
2005	35,200		N/A	3.40%

<sup>(1)</sup> Center for Public Service at the University of Virginia.

<sup>(2)</sup> Virginia Employment Commission.

School Demographic Statistics (1) Last Ten Fiscal Years

Fiscal Year	School Facilities	Average Daily Membership (1)	Annual Operating Costs (2)	Cost per Student	Instructional Positions End of Year (3)	Student Teacher Ratio
1996	8	6,528	\$ 29,534,926 \$	4,524	446	14.6
1997	8	6,541	31,681,624	4,844	450	14.5
1998	9	6,555	33,544,095	5,117	469	14.0
1999	9	6,613	35,903,284	5,429	478	13.8
2000	10	6,526	39,004,891	5,977	491	13.3
2001	10	6,411	40,748,366	6,356	458	14.0
2002	10	6,350	41,787,759	6,581	457	13.9
2003	10	6,309	43,462,014	6,889	457	13.8
2004	10	6,147	44,343,647	7,214	456	13.5
2005	9	6,078	48,028,716	7,902	438	13.9

<sup>(1)</sup> County of Gloucester Public Schools

<sup>(2)</sup> County of Gloucester's Financial Reports

<sup>(3)</sup> Superintendent's Annual Report for Virginia

Residential and Commercial Construction and Bank Deposits Last Ten Fiscal Years

	Reside	ential	Commo	ercial		
Calendar				_	Fiscal	Bank
Year	Number	Value	Number	Value	Year	 Deposits (2)
1995	348 \$	20,921,661	16 \$	1,908,395	1996	\$ 246,138,000
1996	348	23,234,151	13	16,100,065	1997	251,791,000
1997	352	28,254,161	20	3,496,700	1998	257,767,000
1998	347	23,442,187	9	3,041,134	1999	267,179,000
1999	307	24,583,927	23	4,446,850	2000	274,703,000
2000	272	22,790,508	20	4,512,540	2001	287,893,000
2001	304	27,715,663	23	23,645,750	2002	294,611,000
2002	319	27,588,037	7	1,969,500	2003	308,000,000
2003	344	41,358,034	18	16,413,899	2004	328,000,000
2004	327	40,675,502	18	4,542,992	2005	N/A

<sup>(1)</sup> Source - County of Gloucester Building Inspection Department.

<sup>(2)</sup> Source - State Corporation Commission, Bureau of Financial Institutions, Federal Deposit Insurance Corporation (2003 and 2004)

Principal Taxpayers (1) Calendar Year 2005

		_	% of
Company	Industry	Amount	Total (2)
Wal-Mart Real Estate Business Trust Evergreen Development Co. LLC	Shopping center Developer	15,914,400 13,450,100	0.76% 0.64%
York River Crossing Assoc., LLC	Shopping center	8,169,600	0.39%
Lowe's Home Center Inc.	Shopping center	6,853,600	0.33%
Butler Inv I, II, III	Developer	5,028,200	0.24%
Horn Harbor Nursing Home, Inc.	Nursing home	4,998,800	0.24%
E. Claiborne Robins, Jr.	Individual	4,634,100	0.22%
Gloucester County Waste Management Leaseholder	Landfill	4,402,900	0.21%
Newport News General and Non-Sectarian Hospital	Hospital	4,321,000	0.21%
Thousand Trails, Inc.	Campground	3,743,600	0.18%
	Total		3.42%

<sup>(1)</sup> Rankings based on 2005 real estate assessments.

<sup>(2)</sup> Total includes real estate original assessment of \$ 2,092,142,000.

# Miscellaneous Statistics

Miscerianeous statistics	
Date established	1651
Form of government	Traditional - County Administrator
Number of employees	
Full-time	295
Permanent part-time	15
Total	310
Area in square miles	225
Library:	
Number of libraries	2
Number of bookmobiles	1
Materials circulated	176,469
Library patrons	24,608
Parks and recreation:	
Number of parks maintained	8
Park acreage owned by County	185
Park acreage leased	40
Total	225
Water system:	
Number of customers	4,099
Annual consumption in gallons	304,189,000
Daily average consumption in gallons	833,394
Treatment capacity per day in gallons	4,000,000
Facilties and services not included in reporting entity:	
Volunteer Fire and Rescue:	
Number of volunteers	251

High Volume Users of Water System Fiscal year ended June 30, 2005

	Monthly Average	
Customer name	Water Usage (1)	Daily (1)
Walter Reed Convalescent Center	452,000	15,067
Riverside Walter Reed Hospital	395,000	13,167
V.I.M.S Chesapeake Bay Hall	338,000	11,267
York River Yacht Haven	280,000	9,333
County Jail	221,000	7,367
U-Do-It Laundry	205,000	6,833
G and C Corporation	134,000	4,467
Riverside Wellness Center	122,000	4,067
Sanders Nursing Home	121,000	4,033
V.I.M.S Franklin Hall	114,000	3,800

<sup>(1)</sup> Source - Gloucester County Utility Department

Principal Employers Fiscal year ended June 30, 2005

Taxpayer	Type of Business	Number of Employees
Gloucester County	Local government and schools	1,260
Wal-Mart	Retail	470
Virginia Institute of Marine Science	Marine biology	429
Riverside Walter Reed Hospital	Medical services	420
Industrial Resources Technologies, Inc.	Manufacturing and recycling	308
Lowe's Home Improvement	Home improvement retailer	100
Home Depot	Home improvement retailer	100
Dominion Virginia Power	Utility-power	61
York River Yacht Haven	Marina and boat repair	60
Peace Frogs	Manufacturer specialty retail	50
Verizon	Utility service	50
Rappahannock Concrete Corporation	Concrete and masonry supplies	41

<sup>(1)</sup> Source - Gloucester County Department of Economic Development

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Gloucester, Virginia, as of and for the year ended June 30, 2005, which collectively comprise the County of Gloucester, Virginia's basic financial statements and have issued our report thereon dated October 12, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Gloucester, Virginia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance and Other Matters

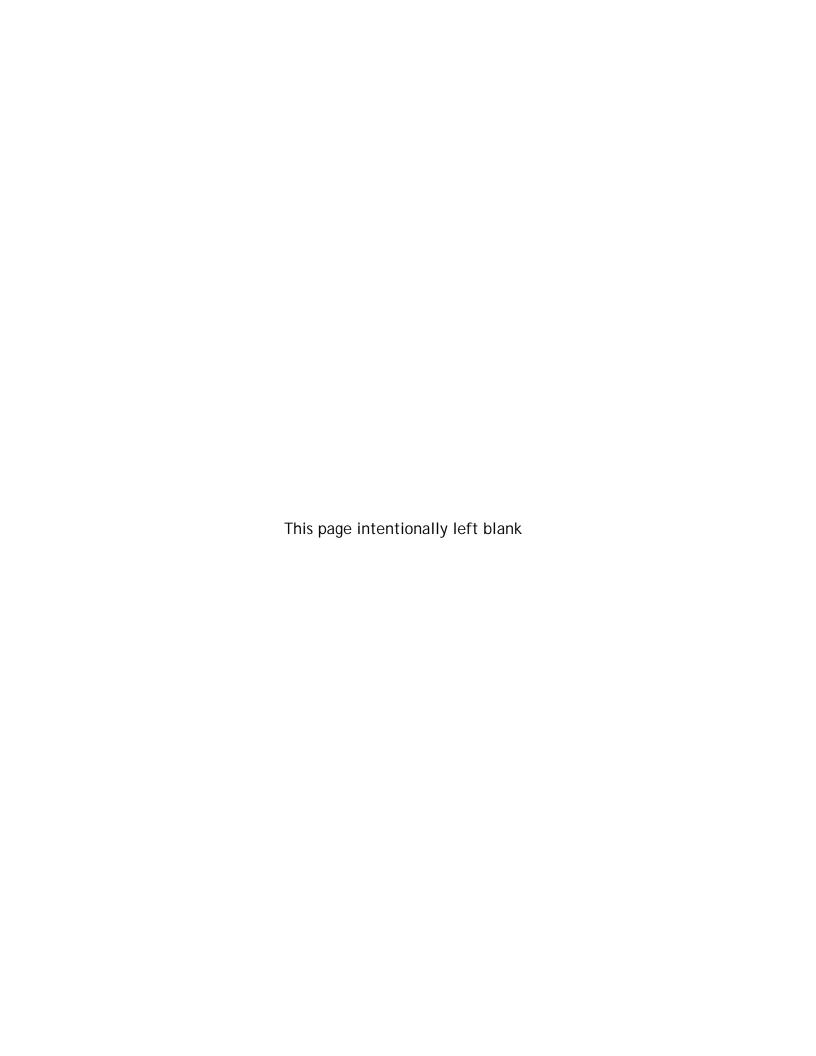
As part of obtaining reasonable assurance about whether the County of Gloucester, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

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

Charlottesville, Virginia

Rofinan, Farm, Cox Ossociator

October 12, 2005



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

### **Compliance**

We have audited the compliance of the County of Gloucester, Virginia with the types of compliance requirements described in the <u>U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement</u> that are applicable to each of its major federal programs for the fiscal year ended June 30, 2005. The County of Gloucester, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Gloucester, Virginia's management. Our responsibility is to express an opinion on the County of Gloucester, Virginia's compliance based on our audit.

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

In our opinion, the County of Gloucester, Virginia, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2005.

### **Internal Control Over Compliance**

The management of the County of Gloucester, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Gloucester, Virginia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Supervisors, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Charlottesville, Virginia October 12, 2005

Rofinan, Farm, Cox Associates

Schedule of Expenditures of Federal Awards For the year ended June 30, 2005

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
		<u> </u>
Department of Health and Human Services: Pass Through Payments:		
Department of Social Services:		
Family Preservation and Support	93.556	\$ 20,711
Temporary Assist to Needy Families (TANF)	93.558	175,362
Refugee and Entrant Assistance - Discretionary Grants	93.566	346
Low Income Home Energy Assistance	93.568	10,756
Payments to States for Child Care Assistance	93.575	210,633
Child Care and Development Fund	93.596	139,186
Adoption Incentive Payments Program	93.603	2,500
Foster Care - Title IV-E	93.658	256,614
Adoption Assistance	93.659	52,282
Social Services Block Grant	93.667	158,793
Independent Living	93.674	2,221
Medical Assistance Program (Title XIX)	93.778	204,644
Total Dept. Health & Human Services-pass through		\$1,234,048
Total Department Health and Human Services		\$ 1,234,048
Department of Agriculture: Pass Through Payments: Department of Agriculture:		
Food DistributionSchool	10.555	69,172
Department of Education:	.0.000	07,1.12
National school breakfast program	10.553	109,602
National school lunch program	10.555	420,043
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	\$ 240,146
Total Department of Agriculture - pass-through payments		\$ 838,963
Total Department of Agriculture		\$ 838,963
Institute of Museum and Library Services: Direct payments:		
National Foundation on the Arts and Humanities:		
LSCA Construction Grants	45.310	\$ 3,770
Department of Justice:		
Direct payments:	1/ /07	¢ 1 / 0 4
Bulletproof vest program		\$ 1,684
Public Safety and Community Policing Grants  Crants to openurage arrest police	16.710 16.500	34,266 222,554
Grants to encourage arrest police	16.590	222,554
Total Department of Justice - direct		\$ 258,504

Schedule of Expenditures of Federal Awards (Continued) For the year ended June 30, 2005

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Pass Through Payments:		
Department of Criminal Justice Service:		
State domestic preparedness grant	16.007	\$ 163,901
Crime victims assistance	16.575	
Drug control and system improvement grant	16.579	5,025
Domestic Violence Grant	16.588	24,425
Local law enforcement block grant	16.592	131,604
Total Department of Justice - pass-through		\$ 324,955
Total Department of Justice		\$ 583,459
Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Assistance:		
Disaster Assistance		\$ 15,368
SHSGP - Citizens Corps Program	97.004	3,690
Hazardous Material Assistance Program	97.021	6,000
Total Department of Homeland Security		\$ 25,058
Department of Housing and Urban Development: Pass Through Payments: Department of Housing and Community Development:		
Community Development Block Grant	14.228	\$ 159,577
Federal Emergency Management Agency:		
Pass Through Payments:		
Department of Emergency Services: Hazard Mitigation grant program acquisition/elevation	83.580	\$ 63,932
Department of Labor:		
Pass Through Payments:		
Department of Education:		
Employment services and job training	17.249	\$ 18,607
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
State and Community Highway Safety Funds	20.000	\$ 18,713
Highway Planning and Construction (ISTEA)	20.205	12,456
Recreational trail program	20.219	1,318
163 Funds08 BAC Incentive	20.605	2,944
HMEP	20.703	3,619
Total Department of Transportation		\$ 39,050
Department of the Navy:		
Direct Payments:		
ROTC	12.xxx	\$ 52,897

Schedule of Expenditures of Federal Awards (Continued) For the year ended June 30, 2005

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	. <u> </u>	Expenditures
Department of the Interior:			
Direct Payments:			
Gateways Riverwalk grant	15.xxx	\$	17,043
Department of Education:			
Direct Payments:			
School assistance in federally affected areas	84.041	\$	71,976
Pass Through Payments:			
Department of Education:			
Adult Basic Education	84.002		48,285
Title I: Educationally deprived children	84.010		908,277
Title VI-B: Handicapped state grants	84.027		1,116,194
Vocational Education: Basic grants to states	84.048		110,708
Title VI-B: Handicapped preschool incentive grant	84.173		71,836
Drug free schools and communities	84.186		50,227
Technology Literacy Challenge	84.318		25,054
Title II - Part A	84.367		250,369
Total Department of Education		\$	2,684,460
Environmental Protection Agency:			
Pass Through Payments:			
Chesapeake Bay Local Assistance Department:			
Chesapeake Bay Grant	66.466	\$	2,045
Total Federal Assistance		\$	5,722,909

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2005

#### Note 1 - General

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

#### Note 2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in note 1 to the County's basic financial statements.

#### Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:					
Primary government:					
General Fund	\$	657,969			
Special Revenue Funds:					
Virginia Public Assistance Fund		1,453,454			
CSA Fund		20,740			
Capital Projects Funds:					
County Capital Projects Fund		235,965			
Total primary government	\$	2,368,128			
Component Unit Public Schools:					
School Operating Fund	\$	2,755,964			
School Cafeteria Fund		529,645			
Total component unit public schools	\$	3,285,609			
Total federal expenditures per basic financial					
statements	\$	5,653,737			
Non-cash expenditures - value of donated commodities	\$	69,172			
Total federal expenditures per the Schedule of Expenditures					
of Federal Awards	\$	5,722,909			
	1				

Schedule of Findings and Questioned Costs For the year ended June 30, 2005

## **Section I-Summary of Auditors' Results**

Financ	cial Statements					
Туре	of auditors' report issued	<u>ur</u>	nqualified			
Intern	al control over financial reporting:					
a.	Material weaknesses identified?	yes	<u>X</u> no			
b.	Reportable conditions identified that are not considered to be material weaknesses?	yes	X none			
Nonco	ompliance material to financial statements noted?	yes	<u>X</u> no			
Federa	al Awards					
Intern	al control over major programs					
A.	Material weaknesses identified?	yes	<u>X</u> no			
В.	Reportable conditions identified that are not considered to be material weaknesses?	yes	<u>X</u> no			
Туре	of auditors' report issued on compliance for major programs	unc	<u>qualified</u>			
	udit findings disclosed that are required to be reported ordance with section 510(a) of Circular A-133?	yes	<u>X</u> no			
Identi	fication of major programs:					
CFDA	Numbers Name of Federa	al Program or C	<u>luster</u>			
	1.010 Title I 1.027/84.173 Special Educati	on Cluster				
Dollar	threshold used to distinguish between type A and type B programs:		\$300,000			
Audite	ee qualified as low-risk auditee?	X yes	no			
Section II-Financial Statement Findings						
None						
Section III-Federal Award Findings and Questioned Costs						
No	one					

