

# COUNTY OF RICHMOND, VIRGINIA



ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**COUNTY OF RICHMOND, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

COUNTY OF RICHMOND, VIRGINIA

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BOARD OF SUPERVISORS

---

Randall W. Packett, Jr., Chairperson

Randy L. Phelps  
Richard E. Thomas, Sr.

Courtney M. Sisson  
F. Lee Sanders

COUNTY SCHOOL BOARD

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OTHER OFFICIALS

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Judge of the Circuit Court ..... Harry T. Taliaferro, III  
Clerk of the Circuit Court ..... Rosa S. Forrester  
Judge of the General District Court ..... Gordon A. Wilkins  
Judge of the Juvenile and Domestic Relations Court ..... R. Michael McKenney  
Commonwealth's Attorney ..... Wayne L. Emery  
Commissioner of the Revenue ..... Vickie W. Lewis  
Treasurer ..... Edith A. Sanders  
Sheriff ..... Douglas A. Bryant  
Superintendent of Schools ..... Marilyn Barr  
Director of Social Services ..... Claudette Henderson  
County Administrator ..... William E. Duncanson

COUNTY OF RICHMOND, VIRGINIA  
 ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Richmond, Virginia, as of and for the year ended June 30, 2011, 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 Richmond, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Richmond, Virginia, as of June 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the County of Richmond, Virginia adopted the provisions of *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2012, on our consideration of the County of Richmond, 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Richmond, Virginia's, financial statements as a whole. The combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

Richmond, Virginia  
January 16, 2012

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **To the Honorable Members of the Board of Supervisors To the Citizens of Richmond County County of Richmond, Virginia**

As management of the County of Richmond, Virginia, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2011. Please read it in conjunction with the County's basic financial statements, which follow this section.

### **Financial Highlights**

#### Government-wide Financial Statements

- < The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$6,409,939 (net assets).

#### Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures and other financing uses in excess of revenues and other financing sources of \$1,289,336 (Exhibit 5) after making contributions totaling \$4,615,746 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$2,784,198, a decrease of \$1,289,336 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,759,159, or 13% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased by \$535,900 during the current fiscal year.



## **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements 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 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 whether the financial position of the County is improving or deteriorating.

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

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

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

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

## **Overview of the Financial Statements (Continued)**

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

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

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

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

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$6,409,939 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Assets:

		<u>Governmental Activities</u>	
		<u>2011</u>	<u>2010</u>
Current and other assets	\$	3,194,409	\$ 4,724,690
Capital assets		<u>9,972,088</u>	<u>10,377,871</u>
Total assets	\$	<u>13,166,497</u>	\$ <u>15,102,561</u>
Current liabilities	\$	233,241	\$ 338,535
Long-term liabilities outstanding		<u>6,523,317</u>	<u>7,059,217</u>
Total liabilities	\$	<u>6,756,558</u>	\$ <u>7,397,752</u>
Net assets:			
Invested in capital assets, net of related debt	\$	3,626,029	\$ 3,500,614
Unrestricted		<u>2,783,910</u>	<u>4,204,195</u>
Total net assets	\$	<u>6,409,939</u>	\$ <u>7,704,809</u>

**Government-wide Financial Analysis (Continued)**

The County's net assets decreased by \$1,294,870 during the current fiscal year. The following table summarizes the County's Statement of Activities

<u>County of Richmond, Virginia's Changes in Net Assets</u>		
	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Charges for services	\$ 499,826	\$ 321,894
Operating grants and contributions	2,200,305	2,476,553
General property taxes	5,812,489	5,503,475
Other local taxes	1,306,532	1,209,769
Grants and other contributions not restricted	1,210,495	1,152,837
Other general revenues	<u>123,225</u>	<u>166,819</u>
Total revenues	<u>\$ 11,152,872</u>	<u>\$ 10,831,347</u>
General government administration	\$ 1,189,224	\$ 1,247,741
Judicial administration	696,062	707,540
Public safety	2,308,389	1,967,062
Public works	818,640	826,963
Health and welfare	1,521,335	1,504,350
Education	5,390,116	4,907,061
Parks, recreation, and cultural	120,655	165,934
Community development	217,423	165,662
Interest and other fiscal charges	<u>185,898</u>	<u>470,384</u>
Total expenses	<u>\$ 12,447,742</u>	<u>\$ 11,962,697</u>
Change in net assets	\$ (1,294,870)	\$ (1,131,350)
Net assets, beginning of year	7,704,809	8,836,159
Net assets, end of year	<u>\$ 6,409,939</u>	<u>\$ 7,704,809</u>

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

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$2,784,198, a decrease of \$1,289,336 in comparison with the prior year. Approximately 63% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

## **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were increases of \$1,805,821 and can be briefly summarized as follows:

- < \$ 672,384 increase in capital projects expenditures
- < \$ 570,794 increase in health and welfare expenditures
- < \$ 237,200 increase in general government administration expenditures
- < \$ 232,951 increase in education expenditures
- < \$ 92,492 increase in various other expenditures

During the year, revenues and other sources exceeded budgetary estimates by \$28,700. Budgetary estimates exceeded expenditures and other uses by \$772,913 resulting in a positive variance of \$801,613.

## **Capital Asset and Debt Administration**

- < **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2011 amounts to \$9,972,088 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, and machinery and equipment.

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

**Long-term debt** - At the end of the current fiscal year, the County had total debt outstanding of \$6,346,059. Of this amount, \$3,207,433 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease/revenue bonds).

The County's total debt decreased by \$531,198 during the current fiscal year.

Additional information on the County of Richmond, Virginia's long-term debt can be found in the notes of this report.

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

- < The unemployment rate for the County of 7.1 percent compares to the state's average unemployment rate of 6.5 percent.
- < Inflationary trends in the region compare to national indexes.

All of these factors were considered in preparing the County's budget for the 2012 fiscal year.

The fiscal year 2012 budget increased by approximately 4%. The real estate tax rate decreased from \$.79 to \$.67 due to reassessment and all other tax rates remained the same.

### **Requests for Information**

This financial report is designed to provide a general overview of the County of Richmond, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 1000, Warsaw, Virginia 22572.

*BASIC FINANCIAL STATEMENTS*

*GOVERNMENT-WIDE FINANCIAL STATEMENTS*



County of Richmond, Virginia  
Statement of Net Assets  
June 30, 2011

	Primary Government		Component Units	
	<u>Governmental Activities</u>	<u>School Board</u>	<u>IDA</u>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,072,674	\$ 253,334	\$ 70,964	
Receivables (net of allowance for uncollectibles):				
Taxes receivable	296,470	-	-	
Accounts receivable	185,993	-	-	
Due from other governmental units	639,272	273,730	-	
Capital assets (net of accumulated depreciation):				
Land	409,475	64,085	56,739	
Buildings and improvements	9,001,422	1,967,495	-	
Machinery, equipment and vehicles	561,191	842,267	-	
Construction in progress	-	504,922	-	
Total assets	<u>\$ 13,166,497</u>	<u>\$ 3,905,833</u>	<u>\$ 127,703</u>	
<b>LIABILITIES</b>				
Accounts payable	\$ 136,508	\$ 6,645	\$ -	
Accrued interest payable	75,203	-	-	
Due to other governmental units	-	179,168	-	
Unearned revenue	21,530	-	-	
Long-term liabilities:				
Due within one year	555,206	20,689	-	
Due in more than one year	5,968,111	212,091	-	
Total liabilities	<u>\$ 6,756,558</u>	<u>\$ 418,593</u>	<u>\$ -</u>	
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 3,626,029	\$ 3,378,769	\$ 56,739	
Unrestricted (deficit)	2,783,910	108,471	70,964	
Total net assets	<u>\$ 6,409,939</u>	<u>\$ 3,487,240</u>	<u>\$ 127,703</u>	

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

County of Richmond, Virginia  
Statement of Activities  
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	School Board	IDA
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government administration	\$ 1,189,224	\$ 11,299	\$ 152,638	\$ -	\$ (1,025,287)		
Judicial administration	696,062	28,422	306,164	-	(361,476)		
Public safety	2,308,389	457,083	846,739	-	(1,004,567)		
Public works	818,640	3,022	-	-	(815,618)		
Health and welfare	1,521,335	-	825,234	-	(696,101)		
Education	5,390,116	-	69,530	-	(5,320,586)		
Parks, recreation, and cultural	120,655	-	-	-	(120,655)		
Community development	217,423	-	-	-	(217,423)		
Interest on long-term debt	185,898	-	-	-	(185,898)		
Total governmental activities	\$ 12,447,742	\$ 499,826	\$ 2,200,305	\$ -	\$ (9,747,611)		
Total primary government	\$ 12,447,742	\$ 499,826	\$ 2,200,305	\$ -			
<b>COMPONENT UNITS:</b>							
School Board	\$ 12,215,560	\$ 155,127	\$ 7,592,232	\$ -	\$ (4,468,201)	\$ -	\$ -
IDA	137,397	97,175	-	-	-	(40,222)	(40,222)
Total component units	\$ 12,352,957	\$ 252,302	\$ 7,592,232	\$ -	\$ (4,468,201)	\$ (40,222)	\$ (40,222)
General revenues:							
General property taxes					\$ 5,812,489	\$ -	\$ -
Other local taxes:							
Local sales and use taxes					1,112,212	-	-
Other local taxes					194,320	-	-
Unrestricted revenues from use of money and property					64,972	127	76
Miscellaneous					58,253	82,908	-
Grants and contributions not restricted to specific programs					1,210,495	-	-
Payments from Richmond County					-	4,597,161	-
Total general revenues					\$ 8,452,741	\$ 4,680,196	\$ 76
Change in net assets					\$ (1,294,870)	\$ 211,995	\$ (40,146)
Net assets - beginning					7,704,809	3,275,245	167,849
Net assets - ending					\$ 6,409,939	\$ 3,487,240	\$ 127,703

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

*FUND FINANCIAL STATEMENTS*

County of Richmond, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2011

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Sheriff's Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,542,919	\$ 527,775	\$ 1,980	\$ 2,072,674
Receivables (net of allowance for uncollectibles):				
Taxes receivable	296,470	-	-	296,470
Accounts receivable	185,993	-	-	185,993
Due from other governmental units	639,272	-	-	639,272
Total assets	<u>\$ 2,664,654</u>	<u>\$ 527,775</u>	<u>\$ 1,980</u>	<u>\$ 3,194,409</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 136,508	\$ -	\$ -	\$ 136,508
Deferred revenue	273,703	-	-	273,703
Total liabilities	<u>\$ 410,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 410,211</u>
Fund balances:				
Restricted	\$ 219,123	\$ -	\$ 1,980	\$ 221,103
Committed	276,161	527,775	-	803,936
Unassigned	1,759,159	-	-	1,759,159
Total fund balances	<u>\$ 2,254,443</u>	<u>\$ 527,775</u>	<u>\$ 1,980</u>	<u>\$ 2,784,198</u>
Total liabilities and fund balances	<u>\$ 2,664,654</u>	<u>\$ 527,775</u>	<u>\$ 1,980</u>	<u>\$ 3,194,409</u>

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

County of Richmond, Virginia  
 Reconciliation of the Balance Sheet of Governmental Funds  
 To the Statement of Net Assets  
 June 30, 2011

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 2,784,198
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		9,972,088
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		252,173
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:		
Lease revenue bond	\$ (3,138,626)	
General obligations bonds	(3,207,433)	
Compensated absences	(147,157)	
OPEB liability	(14,894)	
Landfill postclosure liability	(15,207)	
Accrued interest payable	(75,203)	(6,598,520)
Net assets of governmental activities		\$ 6,409,939

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

County of Richmond, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2011

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Sheriff's Funds</u>	<u>Total</u>
<b>REVENUES</b>				
General property taxes	\$ 5,955,280	\$ -	\$ -	\$ 5,955,280
Other local taxes	1,306,532	-	-	1,306,532
Permits, privilege fees, and regulatory licenses	53,247	-	-	53,247
Fines and forfeitures	26,086	-	-	26,086
Revenue from the use of money and property	50,954	14,018	-	64,972
Charges for services	420,493	-	-	420,493
Miscellaneous	58,253	-	-	58,253
Recovered costs	738,210	-	-	738,210
Intergovernmental revenues:				
Commonwealth	3,006,936	-	-	3,006,936
Federal	403,864	-	-	403,864
Total revenues	<u>\$ 12,019,855</u>	<u>\$ 14,018</u>	<u>\$ -</u>	<u>\$ 12,033,873</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,164,161	\$ -	\$ -	\$ 1,164,161
Judicial administration	608,545	-	-	608,545
Public safety	2,279,225	-	-	2,279,225
Public works	832,318	-	-	832,318
Health and welfare	1,847,211	-	-	1,847,211
Education	4,624,636	-	-	4,624,636
Parks, recreation, and cultural	137,909	-	-	137,909
Community development	274,025	-	-	274,025
Nondepartmental	140,371	-	-	140,371
Capital projects	690,572	-	-	690,572
Debt service:				
Principal retirement	531,198	-	-	531,198
Interest and other fiscal charges	193,038	-	-	193,038
Total expenditures	<u>\$ 13,323,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,323,209</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,303,354)</u>	<u>\$ 14,018</u>	<u>\$ -</u>	<u>\$ (1,289,336)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 233,604	\$ -	\$ -	\$ 233,604
Transfers out	-	(233,604)	-	(233,604)
Total other financing sources (uses)	<u>\$ 233,604</u>	<u>\$ (233,604)</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ (1,069,750)	\$ (219,586)	\$ -	\$ (1,289,336)
Fund balances - beginning, as restated	3,324,193	747,361	1,980	4,073,534
Fund balances - ending	<u>\$ 2,254,443</u>	<u>\$ 527,775</u>	<u>\$ 1,980</u>	<u>\$ 2,784,198</u>

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

County of Richmond, Virginia  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of Governmental Funds  
 To the Statement of Activities  
 For the Year Ended June 30, 2011

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

Net change in fund balances - total governmental funds \$ (1,289,336)

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

Capital outlay	\$ 67,394	
Depreciation expense	(491,762)	
Transfer of joint tenancy assets to Component Unit School Board from Primary Government	18,585	(405,783)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (142,791)

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

Principal retirement on lease revenue bonds	\$ 280,068	
Principal retirement on general obligation bonds	247,041	
Principal retirement on state literary loans	4,089	
Decrease in landfill postclosure liability	12,128	543,326

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

The following is a summary of items supporting this adjustment:

(Increase) decrease in compensated absences	\$ 268	
(Increase) decrease in OPEB liability	(7,694)	
(Increase) decrease in accrued interest	7,140	(286)

Change in net assets of governmental activities \$ (1,294,870)

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

County of Richmond, Virginia  
 Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 June 30, 2011

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 454,254
Total assets	\$ 454,254
 <b>LIABILITIES</b>	
Accounts payable	\$ 28,762
Amounts held for social services clients	32,360
Amounts held for Northern Neck Regional Vocational Center	393,132
Total liabilities	\$ 454,254

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



*NOTES TO THE FINANCIAL STATEMENTS*

## COUNTY OF RICHMOND, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2011

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#### *Note 1—Summary of Significant Accounting Policies:*

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

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

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

#### Government-wide and Fund Financial Statements

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

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

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

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

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

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

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

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

**A. Financial Reporting Entity**

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

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

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**B. Individual Component Unit Disclosures**

*Blended Component Unit.*

The County has no blended component units at June 30, 2011.

*Discretely Presented Component Units.*

The Richmond County School Board members are appointed by the Richmond County School Board Selection Commission. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2011.

The Richmond County Industrial Development Authority is responsible for industrial and commercial development in the County. The Board of Supervisors appoints the Authority board members. 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, 2011. The Authority does not issue a separate financial report.

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

None

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

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

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

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

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

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

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

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

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

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

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

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

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

**1. Governmental Funds**

Governmental Funds are those through which most governmental functions typically are financed. The County reports the following governmental funds.

**a. General Fund**

The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for 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 government-wide reporting purposes.

**b. Special Revenue Funds**

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The only special revenue fund the is the Sheriff's Fund, which is considered a major fund.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

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

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

c. Capital Projects Fund

The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The Capital Projects Fund is considered a major fund.

2. Fiduciary Funds - (Trust and Agency Funds)

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

E. Cash and Cash Equivalents

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

F. Investments

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

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

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$86,880 at June 30, 2011 and is comprised solely of property taxes.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

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

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G. Receivables and payables (Continued)

Real and Personal Property Tax Data:

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

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

H. Capital Assets

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

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

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

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

<u>Assets</u>	<u>Years</u>
Building improvements	50
Vehicles	5
Buses	10
Equipment	10



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

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I. Compensated Absences

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

J. Retirement Plan

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

K. Use of Estimates

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

L. 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.

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

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**M. Long-term Obligations**

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

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

**N. Fund Equity**

Beginning with fiscal year 2011, the County implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

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

**N. Fund Equity (Continued)**

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

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

	<u>General</u>	Capital Projects <u>Fund</u>	Sheriff's <u>Funds</u>	<u>Total</u>
Fund balances:				
Restricted for:				
School construction	\$ 219,123	\$ -	\$ -	\$ 219,123
Drug seizure	-	-	1,980	1,980
Total restricted fund balance	<u>\$ 219,123</u>	<u>\$ -</u>	<u>\$ 1,980</u>	<u>\$ 221,103</u>
Committed to:				
Courthouse maintenance	\$ 29,148	\$ -	\$ -	\$ 29,148
E-911 wireless funds	247,013	-	-	247,013
Capital projects	-	527,775	-	527,775
Total committed fund balance	<u>\$ 276,161</u>	<u>\$ 527,775</u>	<u>\$ -</u>	<u>\$ 803,936</u>
Unassigned fund balance	\$ 1,759,159	\$ -	\$ -	\$ 1,759,159
Total fund balances	<u>\$ 2,254,443</u>	<u>\$ 527,775</u>	<u>\$ 1,980</u>	<u>\$ 2,784,198</u>

*Note 2—Stewardship, Compliance, and Accounting:*

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

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

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*Note 2—Stewardship, Compliance, and Accounting:*

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4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

Expenditures and Appropriations

Expenditures exceeded appropriations in the School Cafeteria fund.

*Note 3—Cash and Cash Equivalents:*

---

Deposits

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

Investments

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

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*Note 4—Due from/to Other Governments:*

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At June 30, 2011, amounts due from other governments are as follows:

	Primary Government	Component Unit School Board
	<u>                    </u>	<u>                    </u>
Other Local Governments:		
Richmond County School Board	\$ 179,168	\$ -
Commonwealth of Virginia:		
Mobile home titling tax	2,813	-
Recordation tax	3,637	-
Rolling stock tax	542	-
Welfare	20,313	-
State sales Tax	-	178,133
Local sales tax	199,729	-
PSAP technology grant	6,667	-
Constitutional officer reimbursements	88,044	-
Medicaid reimbursements	-	1,571
Project graduation	-	4,306
Special education - jails	-	1,803
Comprehensive services act	29,327	-
Communications tax	48,784	-
Wireless grant	2,448	-
Juror claims	1,388	-
Virginia domestic violence grant	20,000	-
Federal Government:		
School fund grants	-	87,917
Ground transportation safety grant	4,241	-
Welfare	32,171	-
	<u>                    </u>	<u>                    </u>
Total due from other governments	<u>\$ 639,272</u>	<u>\$ 273,730</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

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*Note 4—Due from/to Other Governments: (Continued)*

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At June 30, 2011, amounts due to other local governments are as follows:

	Primary Government	Component Unit School Board
	<u>                    </u>	<u>                    </u>
Other Local Governments:		
County of Richmond	<u>\$ -</u>	<u>\$ 179,168</u>

*Note 5—Interfund Obligations:*

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Details of the School Board’s interfund receivables and payables as of June 30, 2011, are as follows:

	Interfund Receivable	Interfund Payable
	<u>                    </u>	<u>                    </u>
<b>School Board</b>		
School Operating Fund	\$ -	\$ 21,555
School Cafeteria Fund	21,555	-
Total School Board Funds	<u>\$ 21,555</u>	<u>\$ 21,555</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

*Note 6—Capital Assets:*

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2011:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<i>Primary Government:</i>				
Capital assets not subject to depreciation:				
Land	\$ 409,475	\$ -	\$ -	\$ 409,475
Total capital assets not subject to depreciation	\$ 409,475	\$ -	\$ -	\$ 409,475
Capital assets subject to depreciation:				
Buildings and improvements	\$ 7,039,576	\$ -	\$ -	\$ 7,039,576
Machinery, equipment, & vehicles	1,277,331	67,394	-	1,344,725
Jointly owned assets	6,616,488	37,340	-	6,653,828
Total capital assets subject to depreciation	\$ 14,933,395	\$ 104,734	\$ -	\$ 15,038,129
Less accumulated depreciation for:				
Buildings and improvements	\$ 1,188,967	\$ 160,961	\$ -	\$ 1,349,928
Machinery, equipment, & vehicles	618,377	165,157	-	783,534
Jointly owned assets	3,157,655	184,399	-	3,342,054
Total accumulated depreciation	\$ 4,964,999	\$ 510,517	\$ -	\$ 5,475,516
Total capital assets subject to depreciation, net	\$ 9,968,396	\$ (405,783)	\$ -	\$ 9,562,613
Governmental activities capital assets, net	<u>\$ 10,377,871</u>	<u>\$ (405,783)</u>	<u>\$ -</u>	<u>\$ 9,972,088</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

*Note 6—Capital Assets: (Continued)*

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
<i>Component Unit-School Board:</i>				
Capital assets not subject to depreciation:				
Land	\$ 64,085	\$ -	\$ -	\$ 64,085
Construction in progress	-	504,922	-	504,922
	<u>64,085</u>	<u>504,922</u>	<u>-</u>	<u>569,007</u>
Total capital assets not subject to depreciation	\$ 64,085	\$ 504,922	\$ -	\$ 569,007
Capital assets subject to depreciation:				
Machinery, equipment, & vehicles	\$ 2,142,282	\$ 144,059	\$ -	\$ 2,286,341
Jointly owned assets	3,990,319	-	37,340	3,952,979
	<u>6,132,601</u>	<u>144,059</u>	<u>37,340</u>	<u>6,239,320</u>
Total capital assets subject to depreciation	\$ 6,132,601	\$ 144,059	\$ 37,340	\$ 6,239,320
Less accumulated depreciation for:				
Machinery, equipment, & vehicles	\$ 1,249,786	\$ 194,288	\$ -	\$ 1,444,074
Jointly owned assets	1,904,341	81,143	-	1,985,484
	<u>3,154,127</u>	<u>275,431</u>	<u>-</u>	<u>3,429,558</u>
Total accumulated depreciation	\$ 3,154,127	\$ 275,431	\$ -	\$ 3,429,558
Governmental activities capital assets, net	<u>\$ 3,042,559</u>	<u>\$ 373,550</u>	<u>\$ 37,340</u>	<u>\$ 3,378,769</u>

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

Governmental activities:	
General government administration	\$ 4,667
Judicial administration	140,062
Public safety	92,762
Public works	66,632
Education	184,398
Community development	21,996
	<u>510,517</u>
Total Governmental activities	<u>\$ 510,517</u>
Component Unit School Board	<u>\$ 275,431</u>



COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

**Note 7—Interfund Transfers:**

Interfund transfers for the year ended June 30, 2011 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General fund	\$ 233,604	\$ -
Capital projects fund	-	233,604
Total	<u>\$ 233,604</u>	<u>\$ 233,604</u>

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

**Note 8—Long-Term Obligations:**

**Primary Government:**

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2011:

	Amounts Payable at July 1, 2010	Increases	Decreases	Amounts Payable at June 30, 2011	Amounts Due Within One Year
Governmental Obligations:					
Incurred by County:					
Claims, judgments and compensated absences payable	\$ 147,425	\$ 14,475	\$ 14,743	\$ 147,157	\$ 14,716
Lease revenue bonds payable	3,418,694	-	280,068	3,138,626	292,272
OPEB liability	7,200	12,394	4,700	14,894	-
Landfill post closure care	27,335	-	12,128	15,207	-
Total incurred by County	<u>\$ 3,600,654</u>	<u>\$ 26,869</u>	<u>\$ 311,639</u>	<u>\$ 3,315,884</u>	<u>\$ 306,988</u>
Incurred by School Board:					
State Literary Fund Loans	\$ 4,089	\$ -	\$ 4,089	\$ -	\$ -
General obligation bonds	3,454,474	-	247,041	3,207,433	248,218
Total incurred by School Board	<u>\$ 3,458,563</u>	<u>\$ -</u>	<u>\$ 251,130</u>	<u>\$ 3,207,433</u>	<u>\$ 248,218</u>
Total Governmental Obligations	<u>\$ 7,059,217</u>	<u>\$ 26,869</u>	<u>\$ 562,769</u>	<u>\$ 6,523,317</u>	<u>\$ 555,206</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

*Note 8—Long-Term Obligations: (Continued)*

Primary Government: (Continued)

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

Year Ending June 30	County Obligations	
	Lease Revenue Bonds Payable	
	Principal	Interest
2012	\$ 292,272	\$ 136,253
2013	305,487	123,553
2014	318,710	110,280
2015	332,943	96,433
2016	347,185	81,965
2017	362,437	66,880
2018	377,700	51,131
2019	393,972	34,720
2020	407,920	18,621
Total	<u>\$ 3,138,626</u>	<u>\$ 719,836</u>

Year Ending June 30	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2012	\$ 248,218	\$ 39,716
2013	249,449	35,035
2014	250,739	30,295
2015	252,359	25,225
2016	254,329	19,805
2017-2021	1,069,987	25,831
2022-2026	735,294	-
2026-2027	147,058	-
Total	<u>\$ 3,207,433</u>	<u>\$ 175,907</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Long-Term Obligations:

Incurred by County:

Lease Revenue Bonds:

\$4,575,000 IDA bonds issued September 2, 2004, due in annual principal installments through February 1, 2020, interest payable semi-annually at 4.35%.

	Total Amount
	\$ 3,086,000

\$59,800 USDA revenue bonds issued January 29, 2010, due in monthly principal installments through January 31, 2010, interest payable monthly at 4%.

	52,626
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Total Lease Revenue Bonds

	\$ 3,138,626
--	--------------

Landfill post closure care (payable by General Fund)

	\$ 15,207
--	-----------

Compensated absences (payable by General Fund)

	\$ 147,157
--	------------

OPEB liability (payable by General Fund)

	\$ 14,894
--	-----------

Total incurred by County

	\$ 3,315,884
--	--------------

	Total Amount
--	-----------------

Incurred by School Board:

General Obligation Bonds:

\$1,999,022 School bonds issued November 19, 1998, due in annual principal installments through January 15, 2019, interest payable semi-annually ranges from 3.6% to 5.1%.

	\$ 854,492
--	------------

\$2,500,000 School bonds issued September 1, 2010, due in annual principal installments through September 1, 2026. This bond is interest-free.

	2,352,941
--	-----------

Total General Obligation Bonds

	\$ 3,207,433
--	--------------

Total incurred by School Board

	\$ 3,207,433
--	--------------

Total Long-Term Obligations, Primary Government

	\$ 6,523,317
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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

*Note 8—Long-Term Obligations: (Continued)*

**Component Unit-School Board:**

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2011:

	Amounts Payable at July 1, 2010	Increases	Decreases	Amounts Payable at June 30, 2011	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences	\$ 83,396	\$ 131,834	\$ 8,340	\$ 206,890	\$ 20,689
OPEB liability	12,000	55,790	41,900	25,890	-
Total Component Unit-School Board	<u>\$ 95,396</u>	<u>\$ 187,624</u>	<u>\$ 50,240</u>	<u>\$ 232,780</u>	<u>\$ 20,689</u>

*Note 9—Northern Neck Regional Jail Lease Agreement:*

On June 29, 2000, Richmond County, along with Westmoreland County signed a financing lease agreement with the County of Northumberland for lease of Northern Neck Regional Jail. Presently, Richmond County owns 32% and Westmoreland County owns 68% of the jail. The lease term expires on December 15, 2015. At the end of this term, the ownership in the jail will be reallocated as follows: 25% to Richmond County, 25% to Northumberland County, and 50% to Westmoreland County.

Future minimum lease payments to be received as of June 30, 2011 are as follows:

Year Ending June 30	
2012	\$ 124,800
2013	124,800
2014	124,800
2015	124,800
2016	<u>124,800</u>
Total minimum future lease payments	<u>\$ 624,000</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

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*Note 10—Deferred Revenue:*

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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 \$273,703 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$252,173 at June 30, 2011.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2011 but paid in advance by the taxpayers totaled \$21,530 at June 30, 2011.

*Note 11—Commitments and Contingent Liabilities:*

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

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

*Note 12—Litigation:*

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At June 30, 2011, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

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*Note 13 –Risk Management:*

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

The County is a member of the VACO Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

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

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

*Note 14–Defined Benefit Pension Plan:*

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**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 (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plans for local government employees - Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least ten years of service credit.

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

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**A. Plan Description (Continued)**

- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with a least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the members plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1, of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. 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 the report may be obtained from the VRS Website at: <http://varetire.org/Pdf/Publications/2010-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

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

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**B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund its 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's contribution rates for the fiscal year ended 2011 was 9.18% and 8.62% of annual covered payroll, respectively.

The Richmond County School Board professional employees' current rate is 3.93% of annual covered payroll. The contribution requirements of plan members and Richmond County School Board are established and may be amended by the VRS Board of Trustees. The School Board's contributions to VRS for the years ended June 30, 2011, 2010, and 2009 were \$238,581, \$531,769, and \$526,582, respectively, and equal to the required contributions for each year.

**C. Annual Pension Cost**

For fiscal year 2011, the County's annual pension cost of \$344,915 (which includes the portion of the employee share assumed by the employer which was \$121,620) was equal to the County's required and actual contributions.

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

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

C. Annual Pension Cost (Continued)

For fiscal year 2011, the County School Board’s annual pension cost for the Board’s non-professional employees was \$33,920 (which includes the portion of the employees share assumed by the Board which was \$12,452) which was equal to the Board’s required and actual contributions.

Three Year Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
County:			
June 30, 2011	\$ 223,295	100%	\$ -
June 30, 2010	210,841	100%	-
June 30, 2009	198,153	100%	-
School Board:			
Non-Professional:			
June 30, 2011	\$ 21,468	100%	\$ -
June 30, 2010	24,767	100%	-
June 30, 2009	22,757	100%	-

(1) Employer portion only

The fiscal year 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County’s assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

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

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**D. Funded Status and Funding Progress:**

As of June 30, 2010, the most recent actuarial valuation date, the County’s plan was 80.48% funded. The actuarial accrued liability for benefits was \$11,026,948, and the actuarial value of assets was \$8,874,429, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,152,519. The covered payroll (annual payroll of active employees covered by the plan) was \$2,518,538, and ratio of the UAAL to the covered payroll was 85.47%.

As of June 30, 2010, the most recent actuarial valuation date, the School Board’s Non-Professional plan was 110.51% funded. The actuarial accrued liability for benefits was \$517,949, and the actuarial value of assets was \$572,383, resulting in an unfunded actuarial accrued liability (UAAL) of \$(54,434). The covered payroll (annual payroll of active employees covered by the plan) was \$249,045, and ratio of the UAAL to the covered payroll was (21.86%).

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

**Note 15—Surety Bonds:**

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	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety:	
Rosa S. Forrester, Clerk of Circuit Court	\$ 103,000
Edith Anne Sanders, Treasurer	300,000
Vickie W. Lewis, Commissioner of the Revenue	3,000
Douglas A. Bryant, Sheriff	30,000
The above constitutional officer's employee - blanket bond	50,000
The Cincinnati Insurance Company - Surety:	
Randall W. Packett, Jr., Supervisor	2,000
Randy L. Phelps, Supervisor	2,000
Richard E. Thomas, Sr., Supervisor	2,000
Courtney M. Sisson, Supervisor	2,000
F. Lee Sanders, Supervisor	2,000
Marilyn Barr, Superintendent of Schools	10,000
Edith L. Williams, Director of Finance, School Board	10,000
Janet B. Rice, Assistant Director of Finance, School Board	10,000
All Department of Social Services Employees-blanket bond	100,000

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

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*Note 16–Landfill Postclosure Costs:*

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The County, which operates a joint landfill with Northumberland and Lancaster Counties, closed the landfill and is liable for postclosure monitoring for a period of eight years plus an additional four years of corrective action monitoring. The amount reported as landfill postclosure liability at June 30, 2011, represents one third of the total liability for postclosure monitoring. The County's portion is \$15,207 over a period of one year. This amount is based on what it would cost to perform all postclosure care in 2011. The total current cost of landfill post-closure care is an estimate subject to change resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

The County demonstrated financial assurance for closure, postclosure care, and corrective action costs through the submission of a local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

*Note 17–Postemployment Benefits Other Than Pensions:*

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Plan Description

The County allows retirees that retire at the age of 55 with at least 30 years of service with the County or 65 with at least 5 years of service with the County to remain on their health insurance plan. Health benefits include medical and dental. The retiree is responsible for 100% of the premium which is paid directly to Anthem. Benefits are offered to the retiree and spouse for the lifetime of the retiree.

The School Board allows retirees that retire at the age of 50 with a least 12 consecutive years of service to remain on their health insurance plan until the age of 65. This coverage is at the retiree's own expense. Health benefits include medical only.

The School Board allows retirees that retire at the age of 55 with at least 12 consecutive years of service to remain on their health insurance plan until the age of 65. The School Board pays a portion of each retiree's premium at a rate to be determined annually by the School Board. Health benefits include medical only.

Funding Policy

The funding policies of both groups of retirees are described above. The Schools currently have 8 retirees and 3 spouses on their plan. The County has 1 retiree with 0 spouses.

Annual OPEB Cost and Net OPEB Obligation

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

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

Annual OPEB Cost and Net OPEB Obligation (Continued)

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Annual required contribution	\$ 12,400	\$ 55,800
Interest on net OPEB obligation	288	480
Adjustment to annual required contribution	(294)	(490)
Annual OPEB cost (expense)	<u>\$ 12,394</u>	<u>\$ 55,790</u>
Estimated Contributions made	<u>(4,700)</u>	<u>(41,900)</u>
Increase in net OPEB obligation	7,694	13,890
Net OPEB obligation-beginning of year	7,200	12,000
Net OPEB obligation-end of year	<u><u>\$ 14,894</u></u>	<u><u>\$ 25,890</u></u>

The County and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2011 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County:			
6/30/2011	\$ 12,394	37.92%	\$ 14,894
6/30/2010	11,900	39.50%	7,200
Schools:			
6/30/2011	\$ 55,790	75.10%	\$ 25,890
6/30/2010	53,900	77.74%	12,000

Funded Status and Funding Progress

As of June 30, 2010, the County's actuarial accrued liability for benefits was \$94,400, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,615,600, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 3.61 percent.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

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

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Funded Status and Funding Progress (Continued)

As of June 30, 2010, the School Board's actuarial accrued liability for benefits was \$594,800, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$6,648,200, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.95 percent.

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

Actuarial Methods and Assumptions

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

The following simplifying assumptions were made:

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

*Mortality*-Life expectancies were based on mortality tables from the RP-2000 Combined Healthy mortality tables for males and females projected to 2011 using Scale AA.

*Coverage elections* -The actuary assumed that 30% of eligible retirees will elect coverage and that 30% of retirees who elect coverage will cover a spouse.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount of 4.0% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010 was thirty years.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2011

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**Note 18-Other Post-Employment Benefits (OPEB):**

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**A. Plan Description**

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

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

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

**B. Funding Policy**

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is .60% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2011, 2010, and 2009 were \$36,425, \$44,884, and \$64,553, respectively and equaled the required contributions for each year.

**Note 19-Restatement of Beginning Fund Balance:**

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The following changes were made to beginning fund balances at June 30, 2011:

	<u>General Fund</u>
Fund balance, as previously reported at June 30, 2010	\$ 3,077,180
Adjustments:	
To combine E911 Special Revenue fund with General Fund	<u>247,013</u>
Fund balance as restated at July 1, 2010	<u><u>\$ 3,324,193</u></u>

*REQUIRED SUPPLEMENTARY INFORMATION*

*NOTE TO REQUIRED SUPPLEMENTARY INFORMATION:*

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

County of Richmond, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 5,864,184	\$ 5,864,184	\$ 5,955,280	\$ 91,096
Other local taxes	1,792,000	1,792,000	1,306,532	(485,468)
Permits, privilege fees, and regulatory licenses	67,350	67,350	53,247	(14,103)
Fines and forfeitures	48,500	48,500	26,086	(22,414)
Revenue from the use of money and property	141,500	141,500	50,954	(90,546)
Charges for services	386,250	386,250	420,493	34,243
Miscellaneous	25,000	25,000	58,253	33,253
Recovered costs	400,550	400,550	738,210	337,660
Intergovernmental revenues:				
Commonwealth	2,740,425	2,740,425	3,006,936	266,511
Federal	460,000	460,000	403,864	(56,136)
Total revenues	\$ 11,925,759	\$ 11,925,759	\$ 12,019,855	\$ 94,096
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 933,334	\$ 1,170,534	\$ 1,164,161	\$ 6,373
Judicial administration	650,061	661,061	608,545	52,516
Public safety	2,304,778	2,328,428	2,279,225	49,203
Public works	956,916	983,416	832,318	151,098
Health and welfare	1,414,241	1,985,035	1,847,211	137,824
Education	4,606,627	4,839,578	4,624,636	214,942
Parks, recreation, and cultural	136,812	137,912	137,909	3
Community development	315,724	318,524	274,025	44,499
Nondepartmental	96,563	124,005	140,371	(16,366)
Capital projects	725,000	1,397,384	690,572	706,812
Debt service:				
Principal retirement	104,235	104,235	531,198	(426,963)
Interest and other fiscal charges	46,010	46,010	193,038	(147,028)
Total expenditures	\$ 12,290,301	\$ 14,096,122	\$ 13,323,209	\$ 772,913
Excess (deficiency) of revenues over (under) expenditures	\$ (364,542)	\$ (2,170,363)	\$ (1,303,354)	\$ 867,009
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 299,000	\$ 299,000	\$ 233,604	\$ (65,396)
Total other financing sources and uses	\$ 299,000	\$ 299,000	\$ 233,604	\$ (65,396)
Net change in fund balances	\$ (65,542)	\$ (1,871,363)	\$ (1,069,750)	\$ 801,613
Fund balances - beginning, as restated	725,000	2,530,821	3,324,193	793,372
Fund balances - ending	\$ 659,458	\$ 659,458	\$ 2,254,443	\$ 1,594,985



County of Richmond, Virginia  
 Sheriff's Funds  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ -	\$ -	\$ -	\$ -
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	1,980	1,980
Fund balances - ending	\$ -	\$ -	\$ 1,980	\$ 1,980

County of Richmond, Virginia  
 Schedule of Pension Funding Progress  
 For the Year Ended June 30, 2011

*County:*

Valuation as of (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets at % of AAL (2) (3) (5)	Annual Covered Payroll (6)	UAAL as % of Covered Payroll (4)/(6) (7)
6/30/2010	\$ 8,874,429	\$ 11,026,948	\$ 2,152,519	80.48%	\$ 2,518,538	85.47%
6/30/2009	8,734,052	9,863,000	1,128,948	88.55%	2,456,244	45.96%
6/30/2008	8,532,233	9,262,933	730,700	92.11%	2,127,903	34.34%
6/30/2007	7,740,387	8,633,854	893,467	89.65%	1,956,094	45.68%
6/30/2006	6,931,706	7,163,713	232,007	96.76%	1,773,061	13.09%
6/30/2005	6,525,512	7,225,709	700,197	90.31%	1,724,502	40.60%
6/30/2004	6,343,256	6,606,913	263,657	96.01%	1,514,724	17.41%
6/30/2003	6,269,649	6,110,986	(158,663)	102.60%	1,539,826	-10.30%

*School Board Non-Professionals:*

Valuation as of (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets at % of AAL (2) (3) (5)	Annual Covered Payroll (6)	UAAL as % of Covered Payroll (4)/(6) (7)
6/30/2010	\$ 572,383	\$ 517,949	\$ (54,434)	110.51%	\$ 249,045	-21.86%
6/30/2009	540,474	655,263	114,789	82.48%	228,945	50.14%
6/30/2008	504,673	627,708	123,035	80.40%	182,475	67.43%
6/30/2007	442,549	550,270	107,721	80.42%	181,725	59.28%
6/30/2006	380,275	502,018	121,743	75.75%	170,735	71.31%
6/30/2005	356,679	478,564	121,885	74.53%	159,005	76.65%
6/30/2004	348,153	354,219	6,066	98.29%	155,185	3.91%
6/30/2003	331,588	291,440	(40,148)	113.78%	126,473	-31.74%

County of Richmond, Virginia

Schedule of Funding Progress for Retiree Health Insurance Plan

For the Year Ended June 30, 2011

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded		Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
			(Excess Funded) Actuarial Accrued Liability (UAAL) (3-2)	(4)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Primary Government:							
6/30/2010	\$ -	\$ 94,400	\$ 94,400	0.00%	\$ 2,615,600	3.61%	
Discretely Presented Component Unit:							
6/30/2010	\$ -	\$ 594,800	\$ 594,800	0.00%	\$ 6,648,200	8.95%	

*OTHER SUPPLEMENTARY INFORMATION*

*COMBINING AND INDIVIDUAL FUNDS STATEMENTS  
AND SCHEDULES*

County of Richmond, Virginia  
 Capital Projects Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 14,018	\$ 14,018
Total revenues	\$ -	\$ -	\$ 14,018	\$ 14,018
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 14,018	\$ 14,018
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ -	\$ -	\$ (233,604)	\$ (233,604)
Total other financing sources and uses	\$ -	\$ -	\$ (233,604)	\$ (233,604)
Net change in fund balances	\$ -	\$ -	\$ (219,586)	\$ (219,586)
Fund balances - beginning	-	-	747,361	747,361
Fund balances - ending	\$ -	\$ -	\$ 527,775	\$ 527,775

County of Richmond, Virginia  
 Combining Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 June 30, 2011

	Agency Funds					
	Northern Neck Regional Vocational Center					
	Library	Special Welfare	Regional Vocational Center	Local Sales Tax Fund	Total	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 28,762	\$ 32,360	\$ 393,132	\$ -	\$ -	\$ 454,254
Total assets	\$ 28,762	\$ 32,360	\$ 393,132	\$ -	\$ -	\$ 454,254
<b>LIABILITIES</b>						
Accounts payable	\$ 28,762	\$ -	\$ -	\$ -	\$ -	\$ 28,762
Amounts held for social services clients	-	32,360	-	-	-	32,360
Amounts held for Northern Neck Regional Vocational Center	-	-	393,132	-	-	393,132
Total liabilities	\$ 28,762	\$ 32,360	\$ 393,132	\$ -	\$ -	\$ 454,254

County of Richmond, Virginia  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2011

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
<b><u>Library:</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 28,024	\$ 114,123	\$ 113,385	\$ 28,762
Receivables:				
Interest and dividends	53	-	53	-
Total assets	<u>\$ 28,077</u>	<u>\$ 114,123</u>	<u>\$ 113,438</u>	<u>\$ 28,762</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 28,077</u>	<u>\$ 114,123</u>	<u>\$ 113,438</u>	<u>\$ 28,762</u>
<b><u>Special Welfare:</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 27,812</u>	<u>\$ 36,127</u>	<u>\$ 31,579</u>	<u>\$ 32,360</u>
<b>LIABILITIES</b>				
Amounts held for social services clients	<u>\$ 27,812</u>	<u>\$ 36,127</u>	<u>\$ 31,579</u>	<u>\$ 32,360</u>
<b><u>Northern Neck Regional Vocational Center:</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 315,702</u>	<u>\$ 1,783,825</u>	<u>\$ 1,706,395</u>	<u>\$ 393,132</u>
<b>LIABILITIES</b>				
Amounts held for Northern Neck Regional Vocational Center	<u>\$ 315,702</u>	<u>\$ 1,783,825</u>	<u>\$ 1,706,395</u>	<u>\$ 393,132</u>



County of Richmond, Virginia  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2011

	Balance Beginning <u>of Year</u>	<u>Additions</u>	<u>Deletions</u>	Balance End <u>of Year</u>
<b><u>Local Sales Tax Fund:</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 1,152,398	\$ 1,152,398	\$ -
<b>LIABILITIES</b>				
Amounts held for others	\$ -	\$ 1,152,398	\$ 1,152,398	\$ -
<b><u>Total - All Agency Funds:</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 371,538	\$ 3,086,473	\$ 3,003,757	\$ 454,254
Receivables:				
Interest and dividends	53	-	53	-
Total assets	\$ 371,591	\$ 3,086,473	\$ 3,003,810	\$ 454,254
<b>LIABILITIES</b>				
Accounts payable	\$ 28,077	\$ 114,123	\$ 113,438	\$ 28,762
Amounts held for social services clients	27,812	36,127	31,579	32,360
Amounts held for Northern Neck Regional Vocational Center	315,702	1,783,825	1,706,395	393,132
Amounts held for others	-	1,152,398	1,152,398	-
Total liabilities	\$ 371,591	\$ 3,086,473	\$ 3,003,810	\$ 454,254

*DISCRETELY PRESENTED COMPONENT UNIT  
SCHOOL BOARD*

County of Richmond, Virginia  
Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2011

	School Operating <u>Fund</u>	School Cafeteria <u>Fund</u>	Title I <u>Fund</u>	Total Governmental <u>Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 231,275	\$ 22,059	\$ 253,334
Due from other funds	-	21,555	-	21,555
Due from other governmental units	207,368	-	66,362	273,730
Total assets	<u>\$ 207,368</u>	<u>\$ 252,830</u>	<u>\$ 88,421</u>	<u>\$ 548,619</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 6,645	\$ -	\$ -	\$ 6,645
Due to other funds	21,555	-	-	21,555
Due to other governmental units	179,168	-	-	179,168
Total liabilities	<u>\$ 207,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,368</u>
Fund balances:				
Committed	\$ -	\$ 252,830	\$ 88,421	\$ 341,251
Total fund balances	<u>\$ -</u>	<u>\$ 252,830</u>	<u>\$ 88,421</u>	<u>\$ 341,251</u>
Total liabilities and fund balances	<u>\$ 207,368</u>	<u>\$ 252,830</u>	<u>\$ 88,421</u>	<u>\$ 548,619</u>

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

Total fund balances per above	\$ 341,251
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,378,769
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(232,780)
Net assets of governmental activities	<u>\$ 3,487,240</u>

County of Richmond, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2011

	School Operating Fund	School Cafeteria Fund	Title I Fund	Total Governmental Funds
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ 104	\$ 23	\$ 127
Charges for services	-	155,127	-	155,127
Miscellaneous	60,065	22,843	-	82,908
Intergovernmental revenues:				
Local government	4,615,746	-	-	4,615,746
Commonwealth	6,096,836	8,783	-	6,105,619
Federal	805,698	347,442	333,473	1,486,613
Total revenues	<u>\$ 11,578,345</u>	<u>\$ 534,299</u>	<u>\$ 333,496</u>	<u>\$ 12,446,140</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 11,578,345	\$ 520,993	\$ 333,633	\$ 12,432,971
Total expenditures	<u>\$ 11,578,345</u>	<u>\$ 520,993</u>	<u>\$ 333,633</u>	<u>\$ 12,432,971</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 13,306	\$ (137)	\$ 13,169
Net change in fund balances	\$ -	\$ 13,306	\$ (137)	\$ 13,169
Fund balances - beginning	-	239,524	88,558	328,082
Fund balances - ending	<u>\$ -</u>	<u>\$ 252,830</u>	<u>\$ 88,421</u>	<u>\$ 341,251</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:				
Net change in fund balances - total governmental funds - per above			\$	13,169
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:				
Capital outlay			\$ 648,981	
Depreciation expense			(294,186)	
Transfer of joint tenancy assets to Component Unit School Board from Primary Government			<u>(18,585)</u>	336,210
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.				
Decrease (increase) in compensated absences			\$ (123,494)	
Decrease (increase) in OPEB liability			<u>(13,890)</u>	<u>(137,384)</u>
Change in net assets of governmental activities			<u>\$</u>	<u>211,995</u>

County of Richmond, Virginia  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2011

	School Operating Fund				Title I Fund				School Cafeteria Fund				
	Budgeted Amounts		Variance with Final Budget		Budgeted Amounts		Variance with Final Budget		Budgeted Amounts		Variance with Final Budget		
	Original	Final	Actual	(Negative) / Positive	Original	Final	Actual	(Negative) / Positive	Original	Final	Actual	(Negative) / Positive	
<b>REVENUES</b>													
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23	\$ 23	\$ -	\$ -	\$ 104	\$ 104
Charges for services	-	-	-	-	-	-	-	-	-	-	-	155,127	155,127
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental revenues:													
Local government	8,000	8,000	60,065	52,065	-	-	-	-	-	-	-	22,843	22,843
Commonwealth	4,597,737	4,830,688	4,615,746	(214,942)	-	-	-	-	-	-	-	-	-
Federal	6,160,407	6,160,407	6,096,836	(63,571)	-	-	-	-	9,246	9,246	8,783	(463)	(463)
Total revenues	\$ 11,380,204	\$ 11,613,155	\$ 11,578,345	\$ (34,810)	\$ -	\$ 333,633	\$ 333,496	\$ (137)	\$ 269,246	\$ 269,246	\$ 534,299	\$ 265,053	\$ 265,053
<b>EXPENDITURES</b>													
Current:													
Education	\$ 11,602,204	\$ 11,835,155	\$ 11,578,345	\$ 256,810	\$ -	\$ 333,633	\$ 333,633	\$ -	\$ 269,246	\$ 269,246	\$ 520,993	\$ (251,747)	\$ (251,747)
Total expenditures	\$ 11,602,204	\$ 11,835,155	\$ 11,578,345	\$ 256,810	\$ -	\$ 333,633	\$ 333,633	\$ -	\$ 269,246	\$ 269,246	\$ 520,993	\$ (251,747)	\$ (251,747)
Excess (deficiency) of revenues over (under) expenditures	\$ (222,000)	\$ (222,000)	\$ -	\$ 222,000	\$ -	\$ -	\$ (137)	\$ (137)	\$ -	\$ -	\$ 13,306	\$ 13,306	\$ 13,306
Net change in fund balances	\$ (222,000)	\$ (222,000)	\$ -	\$ 222,000	\$ -	\$ -	\$ (137)	\$ (137)	\$ -	\$ -	\$ 13,306	\$ 13,306	\$ 13,306
Fund balances - beginning	222,000	222,000	-	(222,000)	-	-	88,558	88,558	-	-	239,524	239,524	239,524
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,421	\$ 88,421	\$ -	\$ -	\$ 252,830	\$ 252,830	\$ 252,830

*DISCRETELY PRESENTED COMPONENT UNIT  
INDUSTRIAL DEVELOPMENT AUTHORITY*

County of Richmond, Virginia  
 Balance Sheet  
 Discretely Presented Component Unit - Industrial Development Authority  
 June 30, 2011

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		<b>Industrial Development <u>Authority</u></b>
<b>ASSETS</b>		
Cash and cash equivalents	\$	70,964
Capital assets:		
Land		56,739
Total assets	\$	<u>127,703</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	\$	56,739
Unrestricted		70,964
Total net assets	\$	<u>127,703</u>

County of Richmond, Virginia  
Statement of Revenues, Expenditures, and Changes in Net Assets  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2011

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	<u>Industrial Development Authority</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Rents	\$ 97,175
Total operating revenues	\$ 97,175
<b>OPERATING EXPENSES</b>	
Other charges	\$ 137,397
Total operating expenses	\$ 137,397
Operating income (loss)	\$ (40,222)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	\$ 76
Total nonoperating revenues (expenses)	\$ 76
Changes in net assets	\$ (40,146)
Net change in net assets	\$ (40,146)
Net assets - beginning	167,849
Net assets - ending	\$ 127,703



County of Richmond, Virginia  
Statement of Cash Flows  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2011

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 108,508
Other receipts (payments)	<u>(137,397)</u>
Net cash provided (used) by operating activities	<u>\$ (28,889)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends received	<u>\$ 76</u>
Net cash provided (used) by investing activities	<u>\$ 76</u>
 Net increase (decrease) in cash and cash equivalents	 \$ (28,813)
 Cash and cash equivalents - beginning	 <u>99,777</u>
Cash and cash equivalents - ending	<u><u>\$ 70,964</u></u>

*SUPPORTING SCHEDULES*

County of Richmond, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2011

Schedule 1  
 Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,085,864	\$ 4,085,864	\$ 4,265,538	\$ 179,674
Real and personal public service corporation taxes	220,000	220,000	246,885	26,885
Personal property taxes	1,400,000	1,400,000	1,262,170	(137,830)
Mobile home taxes	24,000	24,000	14,611	(9,389)
Merchant's capital taxes	50,000	50,000	53,925	3,925
Machinery and tools taxes	320	320	240	(80)
Penalties	54,000	54,000	67,283	13,283
Interest	30,000	30,000	44,628	14,628
Total general property taxes	<u>\$ 5,864,184</u>	<u>\$ 5,864,184</u>	<u>\$ 5,955,280</u>	<u>\$ 91,096</u>
Other local taxes:				
Local sales and use taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,112,212	\$ (87,788)
Consumers' utility taxes	290,000	290,000	121,801	(168,199)
Consumption tax	20,000	20,000	24,717	4,717
Motor vehicle licenses	210,000	210,000	-	(210,000)
Taxes on recordation and wills	72,000	72,000	47,802	(24,198)
Total other local taxes	<u>\$ 1,792,000</u>	<u>\$ 1,792,000</u>	<u>\$ 1,306,532</u>	<u>\$ (485,468)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,000	\$ 10,000	\$ 9,889	\$ (111)
Transfer fees	350	350	240	(110)
Permits and other licenses	57,000	57,000	43,118	(13,882)
Total permits, privilege fees, and regulatory licenses	<u>\$ 67,350</u>	<u>\$ 67,350</u>	<u>\$ 53,247</u>	<u>\$ (14,103)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 48,500	\$ 48,500	\$ 26,086	\$ (22,414)
Revenue from use of money and property:				
Revenue from use of money	\$ 123,500	\$ 123,500	\$ 34,135	\$ (89,365)
Revenue from use of property	18,000	18,000	16,819	(1,181)
Total revenue from use of money and property	<u>\$ 141,500</u>	<u>\$ 141,500</u>	<u>\$ 50,954</u>	<u>\$ (90,546)</u>
Charges for services:				
Sheriff's fees	\$ 1,000	\$ 1,000	\$ 989	\$ (11)
Charges for courthouse maintenance	16,000	16,000	3,022	(12,978)
Charges for courthouse security	25,000	25,000	15,546	(9,454)
Charges for other court costs	350	350	1,788	1,438
Charges for Commonwealth's Attorney	500	500	548	48

County of Richmond, Virginia  
 Schedule of Revenues - Budget and Actual  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for EMS billings	\$ 340,000	\$ 340,000	\$ 367,487	\$ 27,487
Charges for correction and detention	-	-	1,742	1,742
Charges for other protection	-	-	18,072	18,072
Charges for streetlights	2,900	2,900	-	(2,900)
Charges for sales of publications	500	500	-	(500)
Charges for DMV fees	-	-	11,299	11,299
Total charges for services	<u>\$ 386,250</u>	<u>\$ 386,250</u>	<u>\$ 420,493</u>	<u>\$ 34,243</u>
Miscellaneous revenue:				
Miscellaneous	\$ 25,000	\$ 25,000	\$ 58,253	\$ 33,253
Recovered costs:				
Northern Neck regional jail payment	\$ 124,800	\$ 124,800	\$ 134,800	\$ 10,000
Industrial Development Authority	-	-	120,000	120,000
Circuit Court payroll	-	-	57,533	57,533
Social services payroll	260,000	260,000	334,621	74,621
Museum payroll	-	-	17,254	17,254
Preschool program	-	-	37,083	37,083
Streetlights	-	-	1,670	1,670
Court services unit	15,750	15,750	413	(15,337)
School resource officer	-	-	10,000	10,000
Other recovered costs	-	-	24,836	24,836
Total recovered costs	<u>\$ 400,550</u>	<u>\$ 400,550</u>	<u>\$ 738,210</u>	<u>\$ 337,660</u>
Total revenue from local sources	<u>\$ 8,725,334</u>	<u>\$ 8,725,334</u>	<u>\$ 8,609,055</u>	<u>\$ (116,279)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Payment in lieu of taxes	31,000	31,000	57,036	26,036
Motor vehicle carriers' tax	1,200	1,200	542	(658)
Mobile home titling tax	17,500	17,500	4,686	(12,814)
Motor vehicle rental tax	-	-	1,476	1,476
State recordation tax	17,500	17,500	14,867	(2,633)
Communications tax	-	-	320,352	320,352
Personal property tax relief funds	803,954	803,954	803,954	-
Total noncategorical aid	<u>\$ 871,154</u>	<u>\$ 871,154</u>	<u>\$ 1,202,913</u>	<u>\$ 331,759</u>

County of Richmond, Virginia  
 Schedule of Revenues - Budget and Actual  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 165,917	\$ 165,917	\$ 158,300	\$ (7,617)
Sheriff	626,303	626,303	583,129	(43,174)
Commissioner of revenue	58,763	58,763	56,462	(2,301)
Treasurer	75,461	75,461	68,857	(6,604)
Medical examiner	90	90	-	(90)
Registrar/electoral board	35,786	35,786	27,295	(8,491)
Clerk of the Circuit Court	175,231	175,231	147,864	(27,367)
Total shared expenses	<u>\$ 1,137,551</u>	<u>\$ 1,137,551</u>	<u>\$ 1,041,907</u>	<u>\$ (95,644)</u>
Other categorical aid:				
Four for life grant	\$ 9,200	\$ 9,200	\$ 9,650	\$ 450
Fire program funds	19,500	19,500	22,303	2,803
Comprehensive services act program	250,000	250,000	243,182	(6,818)
Public assistance and welfare administration	235,000	235,000	200,999	(34,001)
Local law enforcement block grant	10,620	10,620	1,649	(8,971)
Litter control grant	6,300	6,300	-	(6,300)
At risk four year olds	67,000	67,000	69,530	2,530
Domestic violence grant	40,000	40,000	62,536	22,536
DMV selective enforcement	25,500	25,500	-	(25,500)
Wireless grant	41,000	41,000	39,220	(1,780)
Byrne grant	-	-	71,250	71,250
Court security grant	22,000	22,000	-	(22,000)
RSAF grant	-	-	39,248	39,248
Project lifesaver	-	-	25	25
Emergency services grant	-	-	2,500	2,500
Other state grants	5,600	5,600	24	(5,576)
Total other categorical aid	<u>\$ 731,720</u>	<u>\$ 731,720</u>	<u>\$ 762,116</u>	<u>\$ 30,396</u>
Total categorical aid	<u>\$ 1,869,271</u>	<u>\$ 1,869,271</u>	<u>\$ 1,804,023</u>	<u>\$ (65,248)</u>
Total revenue from the Commonwealth	<u>\$ 2,740,425</u>	<u>\$ 2,740,425</u>	<u>\$ 3,006,936</u>	<u>\$ 266,511</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 25,000	\$ 25,000	\$ 7,582	\$ (17,418)

County of Richmond, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from the federal government: (Continued)				
Categorical aid:				
State and community highway safety	\$ 15,000	\$ 15,000	\$ 15,229	\$ 229
Public assistance and welfare administration	420,000	420,000	377,554	(42,446)
Public assistance and welfare administration - ARRA	-	-	3,499	3,499
Total categorical aid	<u>\$ 435,000</u>	<u>\$ 435,000</u>	<u>\$ 396,282</u>	<u>\$ (38,718)</u>
 Total revenue from the federal government	 <u>\$ 460,000</u>	 <u>\$ 460,000</u>	 <u>\$ 403,864</u>	 <u>\$ (56,136)</u>
 Total General Fund	 <u><u>\$ 11,925,759</u></u>	 <u><u>\$ 11,925,759</u></u>	 <u><u>\$ 12,019,855</u></u>	 <u><u>\$ 94,096</u></u>
 <b>Capital Projects Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:	\$ -	\$ -	\$ 14,018	\$ 14,018
 Total Primary Government	 <u><u>\$ 11,925,759</u></u>	 <u><u>\$ 11,925,759</u></u>	 <u><u>\$ 12,033,873</u></u>	 <u><u>\$ 108,114</u></u>
 <b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ 8,000	\$ 8,000	\$ 60,065	\$ 52,065
 Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Richmond, Virginia	\$ 4,597,737	\$ 4,830,688	\$ 4,615,746	\$ (214,942)
 Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,002,005	\$ 1,002,005	\$ 1,042,967	\$ 40,962
Basic school aid	3,481,261	3,481,261	3,288,330	(192,931)
Adult literacy - CTE	-	-	396	396
At risk payments	93,457	93,457	93,235	(222)
Early reading intervention	27,386	27,386	23,473	(3,913)
English as a second language	50,737	50,737	45,525	(5,212)
Fringe benefits	337,306	337,306	336,319	(987)
GED preparation assistance	-	-	7,859	7,859
Gifted and talented	35,055	35,055	34,952	(103)
Industry certification	-	-	1,752	1,752
Mentor teacher program	-	-	2,135	2,135
Primary class size	128,557	128,557	128,884	327
Project graduation	-	-	3,229	3,229
Regular foster care	10,000	10,000	32,578	22,578
Remedial education	88,027	88,027	87,769	(258)
Remedial summer education	41,870	41,870	43,344	1,474

County of Richmond, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2011

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Special education	\$ 469,736	\$ 469,736	\$ 469,127	\$ (609)
Special education - jails	-	-	6,466	6,466
Standards of Learning algebra readiness	-	-	12,029	12,029
State lottery payments	141,519	141,519	136,026	(5,493)
Technology	128,000	128,000	128,000	-
Textbook payment	40,928	40,928	40,809	(119)
Vocational education	75,563	75,563	75,342	(221)
Vocational education - career and tech	1,000	1,000	1,000	-
Vocational education - equipment	-	-	15,361	15,361
Vocational education - occupational preparedness	-	-	39,929	39,929
Other state funds	8,000	8,000	-	(8,000)
Total categorical aid	<u>\$ 6,160,407</u>	<u>\$ 6,160,407</u>	<u>\$ 6,096,836</u>	<u>\$ (63,571)</u>
Total revenue from the Commonwealth	<u>\$ 6,160,407</u>	<u>\$ 6,160,407</u>	<u>\$ 6,096,836</u>	<u>\$ (63,571)</u>
Revenue from the federal government:				
Categorical aid:				
Language acquisition	\$ -	\$ -	\$ 5,481	\$ 5,481
Title VI-B, special education flow-through	225,959	225,959	225,959	-
Title VI-B, special education flow-through - ARRA	193,946	193,946	154,946	(39,000)
Title VI-B, special education pre-school - ARRA	-	-	836	836
Vocational education	-	-	21,979	21,979
Title II, Part A	-	-	75,368	75,368
Title II, Part D	-	-	30,983	30,983
Safe and drug-free schools and communities	-	-	125	125
State fiscal stabilization funds - ARRA	194,155	194,155	290,021	95,866
Total categorical aid	<u>\$ 614,060</u>	<u>\$ 614,060</u>	<u>\$ 805,698</u>	<u>\$ 191,638</u>
Total revenue from the federal government	<u>\$ 614,060</u>	<u>\$ 614,060</u>	<u>\$ 805,698</u>	<u>\$ 191,638</u>
Total School Operating Fund	<u>\$ 11,380,204</u>	<u>\$ 11,613,155</u>	<u>\$ 11,578,345</u>	<u>\$ (34,810)</u>

County of Richmond, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2011

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Funds: (Continued)</b>				
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 104	\$ 104
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 155,127	\$ 155,127
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 22,843	\$ 22,843
Total revenue from local sources	\$ -	\$ -	\$ 178,074	\$ 178,074
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 9,246	\$ 9,246	\$ 8,783	\$ (463)
Revenue from the federal government:				
Categorical aid:				
School lunch and breakfast programs	\$ 260,000	\$ 260,000	\$ 315,383	\$ 55,383
Commodities	-	-	32,059	32,059
Total categorical aid	260,000	260,000	347,442	87,442
Total School Cafeteria Fund	\$ 269,246	\$ 269,246	\$ 534,299	\$ 265,053
<b>PL 89-10 (Title I) Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 23	\$ 23
Revenue from the federal government:				
Categorical aid:				
Title I	\$ -	\$ 333,633	\$ 258,840	\$ (74,793)
Title I - ARRA	-	-	74,633	74,633
Total categorical aid	\$ -	\$ 333,633	\$ 333,473	\$ (160)
Total revenue from the federal government	\$ -	\$ 333,633	\$ 333,473	\$ (160)
Total PL 89-10 (Title I) Fund	\$ -	\$ 333,633	\$ 333,496	\$ (137)
Total Discretely Presented Component Unit - School Board	\$ 11,649,450	\$ 12,216,034	\$ 12,446,140	\$ 230,106



County of Richmond, Virginia  
Schedule of Expenditures - Budget and Actual  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of Supervisors	\$ 94,914	\$ 197,514	\$ 198,302	\$ (788)
General and financial administration:				
County administrator	\$ 178,556	\$ 178,556	\$ 180,949	\$ (2,393)
Information technology	197,202	197,202	196,607	595
Commissioner of revenue	161,604	163,704	163,815	(111)
Assessor	25,000	151,000	150,607	393
Treasurer	203,728	203,728	199,914	3,814
Total general and financial administration	<u>\$ 766,090</u>	<u>\$ 894,190</u>	<u>\$ 891,892</u>	<u>\$ 2,298</u>
Board of elections:				
Electoral board and officials	\$ 18,843	\$ 18,843	\$ 13,885	\$ 4,958
Registrar	53,487	59,987	60,082	(95)
Total board of elections	<u>\$ 72,330</u>	<u>\$ 78,830</u>	<u>\$ 73,967</u>	<u>\$ 4,863</u>
Total general government administration	<u>\$ 933,334</u>	<u>\$ 1,170,534</u>	<u>\$ 1,164,161</u>	<u>\$ 6,373</u>
Judicial administration:				
Courts:				
Circuit court	\$ 57,239	\$ 68,239	\$ 68,134	\$ 105
General district court	12,185	12,185	3,735	8,450
Magistrate	100	100	94	6
Court services unit	57,798	57,798	26,436	31,362
Clerk of the circuit court	210,946	210,946	199,074	11,872
Total courts	<u>\$ 338,268</u>	<u>\$ 349,268</u>	<u>\$ 297,473</u>	<u>\$ 51,795</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 311,793	\$ 311,793	\$ 311,072	\$ 721
Total judicial administration	<u>\$ 650,061</u>	<u>\$ 661,061</u>	<u>\$ 608,545</u>	<u>\$ 52,516</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,241,228	\$ 1,241,228	\$ 1,221,257	\$ 19,971
Fire and rescue services:				
Volunteer fire department	\$ 147,000	\$ 147,000	\$ 146,386	\$ 614
Volunteer rescue squad	587,917	600,667	605,791	(5,124)
Total fire and rescue services	<u>\$ 734,917</u>	<u>\$ 747,667</u>	<u>\$ 752,177</u>	<u>\$ (4,510)</u>
Correction and detention:				
Juvenile group home	\$ 21,237	\$ 21,237	\$ 21,237	\$ -

County of Richmond, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Inspections:				
Building	\$ 106,010	\$ 108,010	\$ 108,656	\$ (646)
Other protection:				
Animal control	\$ 56,691	\$ 65,591	\$ 62,217	\$ 3,374
Civil defense	71,895	71,895	70,153	1,742
Medical examiner	400	400	20	380
E-911 system	72,400	72,400	43,508	28,892
Total other protection	<u>\$ 201,386</u>	<u>\$ 210,286</u>	<u>\$ 175,898</u>	<u>\$ 34,388</u>
Total public safety	<u>\$ 2,304,778</u>	<u>\$ 2,328,428</u>	<u>\$ 2,279,225</u>	<u>\$ 49,203</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 4,150	\$ 4,150	\$ 4,089	\$ 61
Sanitation and waste removal:				
Refuse collection and disposal	\$ 675,300	\$ 675,300	\$ 523,987	\$ 151,313
Maintenance of general buildings and grounds:				
General properties	\$ 277,466	\$ 303,966	\$ 304,242	\$ (276)
Total public works	<u>\$ 956,916</u>	<u>\$ 983,416</u>	<u>\$ 832,318</u>	<u>\$ 151,098</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 127,354	\$ 127,354	\$ 126,796	\$ 558
Mental health and mental retardation:				
Community services board	\$ 26,000	\$ 26,000	\$ 26,000	\$ -
Welfare:				
Social services board	\$ -	\$ 336,408	\$ 339,009	\$ (2,601)
Family development center	114,000	114,757	114,832	(75)
Area agency on aging	7,650	7,650	7,650	-
Virginia public assistance	959,237	959,237	808,967	150,270
Comprehensive services	180,000	413,629	423,957	(10,328)
Total welfare	<u>\$ 1,260,887</u>	<u>\$ 1,831,681</u>	<u>\$ 1,694,415</u>	<u>\$ 137,266</u>
Total health and welfare	<u>\$ 1,414,241</u>	<u>\$ 1,985,035</u>	<u>\$ 1,847,211</u>	<u>\$ 137,824</u>
Education:				
Other instructional costs:				
Contributions to Rappahannock Community College	\$ 8,890	\$ 8,890	\$ 8,890	\$ -
Contribution to County School Board	4,597,737	4,830,688	4,615,746	214,942
Total education	<u>\$ 4,606,627</u>	<u>\$ 4,839,578</u>	<u>\$ 4,624,636</u>	<u>\$ 214,942</u>

County of Richmond, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Parks, recreation, and cultural:				
Parks and recreation:				
Recreational programs	\$ 39,525	\$ 39,525	\$ 39,525	\$ -
Cultural enrichment:				
Richmond County museum	\$ 18,129	\$ 19,229	\$ 19,226	\$ 3
Library:				
Contribution to county library	\$ 79,158	\$ 79,158	\$ 79,158	\$ -
Total parks, recreation, and cultural	\$ 136,812	\$ 137,912	\$ 137,909	\$ 3
Community development:				
Planning and community development:				
Planning	\$ 181,002	\$ 181,002	\$ 154,580	\$ 26,422
Economic development	40,738	40,738	29,038	11,700
Northern Neck planning district commission	10,000	10,000	9,500	500
Total planning and community development	\$ 231,740	\$ 231,740	\$ 193,118	\$ 38,622
Environmental management:				
Contribution to soil and water conservation district	\$ 10,850	\$ 10,850	\$ 10,850	\$ -
Wetlands board	4,080	4,080	3,879	201
Litter and recycling program	9,000	9,000	3,090	5,910
Total environmental management	\$ 23,930	\$ 23,930	\$ 17,819	\$ 6,111
Cooperative extension program:				
Extension office	\$ 60,054	\$ 62,854	\$ 63,088	\$ (234)
Total community development	\$ 315,724	\$ 318,524	\$ 274,025	\$ 44,499
Nondepartmental:				
Other nondepartmental	\$ 96,563	\$ 124,005	\$ 140,371	\$ (16,366)
Capital projects:				
School renovations	\$ 725,000	\$ 1,326,134	\$ 618,422	\$ 707,712
Public safety equipment	-	71,250	72,150	(900)
Total capital projects	\$ 725,000	\$ 1,397,384	\$ 690,572	\$ 706,812
Debt service:				
Principal retirement	\$ 104,235	\$ 104,235	\$ 531,198	\$ (426,963)
Interest and other fiscal charges	46,010	46,010	193,038	(147,028)
Total debt service	\$ 150,245	\$ 150,245	\$ 724,236	\$ (573,991)
Total General Fund	\$ 12,290,301	\$ 14,096,122	\$ 13,323,209	\$ 772,913
Total Primary Government	\$ 12,290,301	\$ 14,096,122	\$ 13,323,209	\$ 772,913

County of Richmond, Virginia  
 Schedule of Expenditures - Budget and Actual  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special revenue funds:</b>				
<b>School Operating Fund:</b>				
Education:				
Instruction costs:				
Instructional costs	\$ 8,996,225	\$ 9,229,176	\$ 8,964,997	\$ 264,179
Operating costs:				
Attendance and health services	\$ 569,575	\$ 569,575	\$ 645,952	\$ (76,377)
Pupil transportation	693,625	693,625	816,852	(123,227)
Operation and maintenance of school plant	1,107,225	1,107,225	1,110,477	(3,252)
Facilities	194,155	194,155	-	194,155
Total operating costs	<u>\$ 2,564,580</u>	<u>\$ 2,564,580</u>	<u>\$ 2,573,281</u>	<u>\$ (8,701)</u>
School food services:				
Administration of school food program	\$ 41,399	\$ 41,399	\$ 40,067	\$ 1,332
Total education	<u>\$ 11,602,204</u>	<u>\$ 11,835,155</u>	<u>\$ 11,578,345</u>	<u>\$ 256,810</u>
Total School Operating Fund	<u>\$ 11,602,204</u>	<u>\$ 11,835,155</u>	<u>\$ 11,578,345</u>	<u>\$ 256,810</u>
<b>School Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 269,246	\$ 269,246	\$ 488,934	\$ (219,688)
Commodities	-	-	32,059	(32,059)
Total school food services	<u>\$ 269,246</u>	<u>\$ 269,246</u>	<u>\$ 520,993</u>	<u>\$ (251,747)</u>
Total education	<u>\$ 269,246</u>	<u>\$ 269,246</u>	<u>\$ 520,993</u>	<u>\$ (251,747)</u>
Total School Cafeteria Fund	<u>\$ 269,246</u>	<u>\$ 269,246</u>	<u>\$ 520,993</u>	<u>\$ (251,747)</u>
<b>PL 89-10 (Title I) Fund:</b>				
Education:				
Instruction costs:				
Instructional costs	\$ -	\$ 307,840	\$ 307,840	\$ -
Operating costs:				
Administration, attendance, and health	\$ -	\$ 25,793	\$ 25,793	\$ -
Total education	<u>\$ -</u>	<u>\$ 333,633</u>	<u>\$ 333,633</u>	<u>\$ -</u>
Total PL 89-10 (Title I) Fund	<u>\$ -</u>	<u>\$ 333,633</u>	<u>\$ 333,633</u>	<u>\$ -</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 11,871,450</u>	<u>\$ 12,438,034</u>	<u>\$ 12,432,971</u>	<u>\$ 5,063</u>

*OTHER STATISTICAL INFORMATION*

County of Richmond, Virginia  
Government-Wide Expenses by Function  
Last Ten Fiscal Years (1)

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2010-11	\$ 1,189,224	\$ 696,062	\$ 2,308,389	\$ 818,640	\$ 1,521,335	\$ 5,390,116	\$ 120,655	\$ 217,423	\$ 185,898	\$ 12,447,742
2009-10	1,247,741	707,540	1,967,062	826,963	1,504,350	4,819,073	165,934	165,662	470,384	11,874,709
2008-09	887,637	738,746	2,124,489	904,776	1,493,767	4,482,010	124,819	294,235	378,731	11,429,210
2007-08	864,726	1,233,067	1,585,738	900,170	1,866,168	4,443,785	139,272	311,368	234,691	11,578,985
2006-07	730,497	648,463	1,418,622	771,453	1,432,078	4,171,087	118,814	177,170	247,003	9,715,187
2005-06	697,272	406,443	1,242,662	1,067,093	1,543,325	3,752,680	95,294	139,381	262,193	9,206,343

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

Table 2

County of Richmond, Virginia  
Government-Wide Revenues  
Last Ten Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Gain on Sale of Capital Assets		
2010-11	\$ 499,826	\$ 2,200,305	\$ -	\$ 5,812,489	\$ 1,306,532	\$ 64,972	\$ 58,253	\$ 1,210,495	\$ -	\$ 11,152,872	
2009-10	321,894	2,457,852	-	5,503,475	1,209,769	88,122	78,697	1,171,538	-	10,831,347	
2008-09	390,629	2,133,243	-	5,484,432	1,605,267	273,471	62,299	844,261	-	10,793,602	
2007-08	158,352	2,447,905	-	5,291,354	1,890,206	249,852	143,575	883,429	75,854	11,140,527	
2006-07	126,029	2,201,339	-	4,965,281	1,941,182	335,739	171,022	916,138	154,704	10,811,434	
2005-06	125,082	2,398,709	-	4,580,282	1,969,243	282,547	49,371	921,932	-	10,327,166	

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

County of Richmond, Virginia  
 General Governmental Expenditures by Function (1) (2)  
 Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Capital Projects	Non-departmental	Debt Service	Total
2011	\$ 1,164,161	\$ 608,545	\$ 2,279,225	\$ 832,318	\$ 1,847,211	\$ 12,441,861	\$ 137,909	\$ 274,025	\$ 690,572	\$ 140,371	\$ 724,236	\$ 21,140,434
2010	1,190,412	662,736	2,488,050	882,014	1,509,373	13,019,411	144,436	275,542	1,344,575	150,988	846,569	22,514,106
2009	945,269	672,311	2,225,390	923,742	1,490,733	12,929,843	138,294	311,486	1,417,637	122,877	740,525	21,918,107
2008	850,599	675,746	1,661,920	912,019	1,863,998	12,179,225	129,529	292,957	628,508	85,043	601,335	19,880,879
2007	713,750	615,881	1,526,306	780,781	1,427,785	11,673,412	118,814	244,181	2,521,293	77,908	602,693	20,302,804
2006 (4)	668,888	546,957	1,626,249	827,527	1,555,509	10,935,534	112,811	314,837	2,021,322	64,756	610,290	19,284,680
2005 (3)	715,943	531,476	1,619,931	658,064	1,269,078	13,796,849	433,620	171,087	272,682	-	375,043	19,843,773
2004	620,476	509,165	1,108,521	695,648	1,185,624	13,032,121	461,433	164,771	322,842	-	229,619	18,330,220
2003	672,264	543,198	1,170,973	571,701	1,203,655	9,079,206	258,111	148,553	375,719	-	265,857	14,289,237
2002	663,347	579,371	1,105,964	537,284	1,069,586	9,052,861	156,739	182,949	461,541	-	271,925	14,081,567

(1) Includes general and special revenue funds of the Primary Government, and its Discretely Presented Component Unit-School Board.  
 (2) For 2005, 2004, 2003, and 2002, \$52,866, \$38,583, \$47,561 and \$47,061 respectively, of miscellaneous expenditures are included in general administration.  
 (3) Education expenditures include \$3,415,513 of operating funds from the County to the Component Unit-School Board.  
 (4) Beginning in FY2006, excludes contribution from Primary Government to Component Unit - School Board.



County of Richmond, Virginia  
General Governmental Revenues by Source (1)  
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2011	\$ 5,955,280	\$ 1,306,532	\$ 53,247	\$ 26,086	\$ 65,099	\$ 575,620	\$ 141,161	\$ 738,210	\$ 11,003,032	\$ 19,864,267
2010	5,324,410	1,209,769	53,083	31,958	88,280	439,430	115,188	629,433	11,760,077	19,651,628
2009	5,427,144	1,605,267	63,041	39,536	188,999	514,400	93,032	423,577	11,322,727	19,677,723
2008	5,271,537	1,890,206	67,647	50,216	146,054	288,076	216,495	354,020	10,975,894	19,260,145
2007	4,956,725	1,941,203	62,798	39,383	336,316	266,775	204,572	286,488	10,509,405	18,603,665
2006 (3)	4,527,993	1,969,243	66,472	35,228	349,388	273,144	76,922	518,818	10,566,898	18,384,106
2005 (2)	3,950,046	1,737,192	44,724	26,076	337,803	377,908	485,098	-	13,545,578	20,504,425
2004	3,957,050	1,547,386	63,103	15,520	241,767	366,346	366,676	-	12,302,081	18,859,929
2003	3,394,968	1,443,311	49,044	17,967	256,321	223,219	307,777	-	8,230,299	13,922,906
2002	3,358,341	1,382,228	56,757	23,683	165,382	215,043	427,524	-	8,381,689	14,010,647

(1) Includes general and special revenue funds of the Primary Government and its Discretely Presented Component Unit-School Board; excludes capital projects funds.

(2) Intergovernmental revenue includes \$3,415,513 of operating funds from the County to the Component Unit-School Board.

(3) Beginning in FY2006, excludes contribution from Primary Government to Component Unit - School Board.

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1,2)	Total Tax Collections	Percent of	
						Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1, 2)
							Percent of Delinquent Taxes to Tax Levy
2011	\$ 5,824,819	\$ 5,559,527	95.45%	\$ 283,844	\$ 5,843,371	100.32%	4.33%
2010	5,367,359	5,074,996	94.55%	169,423	5,244,419	97.71%	6.03%
2009	5,418,715	5,197,121	95.91%	139,341	5,336,462	98.48%	5.12%
2008	5,154,559	5,089,100	98.73%	100,343	5,189,443	100.68%	5.08%
2007	5,651,753	5,550,726	98.21%	130,459	5,681,185	100.52%	4.56%
2006 (4)	5,307,595	5,156,333	97.15%	111,949	5,268,282	99.26%	4.25%
2005 (3)	3,857,690	3,770,503	97.74%	101,852	3,872,355	100.38%	3.84%
2004 (3)	3,816,618	3,709,307	97.19%	145,866	3,855,173	101.01%	4.42%
2003 (3)	3,375,832	3,235,113	95.83%	99,567	3,334,680	98.78%	6.53%
2002 (3)	3,331,219	3,188,005	95.70%	109,873	3,297,878	99.00%	7.32%

(1) Exclusive of penalties and interest.

(2) Delinquent tax collections are exclusive of land redemptions.

(3) Tax levy net of personal property tax relief act (PPTRA) reduction of \$744,066, \$780,452, \$742,119, and \$736,743 for the years ended June 30, 2005, 2004, 2003, and 2002, respectively.

(4) Beginning in FY 2006, PPTRA is included with Tax Levy and Current Tax Collections.

County of Richmond, Virginia  
Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)		Total
					Real Estate	Personal Property	
2011	\$ 535,213,370	\$ 55,959,138	\$ 2,926,283	\$ 1,647,700	\$ 27,847,132	\$ 861,618	\$ 624,455,241
2010	531,312,380	53,760,890	3,079,608	1,690,180	37,964,495	1,206,024	629,013,577
2009	527,089,300	63,387,130	3,265,563	1,665,480	19,514,656	439,498	615,361,627
2008	519,347,200	59,893,830	3,585,620	1,511,680	22,174,210	480,370	606,992,910
2007	508,564,720	59,112,310	3,797,920	1,569,400	25,194,248	529,373	598,767,971
2006	498,595,965	56,476,220	4,345,030	1,513,460	28,427,984	740,165	590,098,824
2005	488,968,435	50,489,420	4,595,610	1,576,270	37,778,201	853,727	584,261,663
2004	483,153,190	46,314,460	4,720,080	1,425,890	44,763,253	851,319	581,228,192
2003	401,346,300	43,814,780	4,588,770	1,513,210	37,783,289	720,909	489,767,258
2002	395,049,190	43,795,790	4,418,290	1,489,800	40,400,419	638,764	485,792,253

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

County of Richmond, Virginia  
Property Tax Rates  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital	Public Utility	
					Real Estate	Personal Property
2011	\$ 0.79	\$ 3.50	\$ 0.01	\$ 3.50	\$ 0.79	\$ 3.50
2010	0.70	3.50	0.50	3.50	0.70	3.50
2009	0.70	3.50	0.50	3.50	0.70	3.50
2008	0.67	3.50	0.50	3.50	0.67	3.50
2007	0.67	3.50	0.50	3.50	0.67	3.50
2006	0.63	3.50	0.50	3.50	0.63	3.50
2005	0.54	3.50	0.50	3.50	0.54	3.50
2004	0.54	3.50	0.50	3.50	0.54	3.50
2003	0.56	3.50	0.50	3.50	0.56	3.50
2002	0.56	3.50	0.50	3.50	0.56	3.50

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands)(2)	Gross and Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2011	9,254	\$ 624,455	\$ 3,207,433	0.51%	\$ 347
2010	9,254	629,014	3,458,563	0.55%	374
2009	8,809	615,362	1,061,722	0.17%	121
2008	8,809	606,993	1,163,928	0.19%	132
2007	8,809	598,768	1,281,842	0.21%	146
2006	8,809	590,099	1,398,998	0.24%	159
2005	8,809	584,262	1,517,736	0.26%	172
2004	8,809	581,228	1,635,779	0.28%	186
2003	8,809	489,767	1,753,156	0.36%	199
2002	8,809	485,792	1,932,397	0.40%	219

(1) Center for Public Service at the University of Virginia from 2000 and 2010 census.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt and literary fund loans.

Excludes revenue bonds, landfill closure/post-closure care liability, capital leases,  
and compensated absences.

*COMPLIANCE SECTION*

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Richmond, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of Richmond, Virginia's basic financial statements and have issued our report thereon dated January 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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

Compliance and Other Matters

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

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

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

Richmond, Virginia  
January 16, 2012



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

### Compliance

We have audited County of Richmond, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Richmond, Virginia's major federal programs for the year ended June 30, 2011. The County of Richmond, 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 Richmond, Virginia's management. Our responsibility is to express an opinion on the County of Richmond, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Richmond, 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 Richmond, Virginia's compliance with those requirements.

In our opinion, the County of Richmond, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

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

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



Richmond, Virginia  
January 16, 2012

County of Richmond, Virginia  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>Department of Health and Human Services:</b>			
Pass Through Payments:			
<i>Department of Social Services:</i>			
Promoting safe and stable families	93.556	0950109/0950110	\$ 14,489
Temporary assistance for needy families	93.558	0400109/0400110	70,283
Refugee and entrant assistance - state administered programs	93.566	0500109/0500110	215
Low-income home energy assistance	93.568	0600409/00600410	6,109
Child care and development fund cluster:			
Child care and development block grant	93.575	0770109/0770110	5,324
Child care mandatory and matching funds of the child care and development fund	93.596	0760109/0760110	16,408
ARRA - Child care and development block grant	93.713	0740109/0780109	228
Stephanie Tubbs Jones Child welfare services program	93.645	0900109/090110	339
Foster care - Title IV-E	93.658	1100109/1100110	\$ 37,649
ARRA - Foster care - Title IV-E	93.658	1100109/1100110	792
			38,441
Adoption assistance	93.659	1120109/11201110	\$ 5,488
ARRA - Adoption assistance	93.659	1120109/11201110	215
			5,703
Social services block grant	93.667	1000109/1000110	44,171
Chafee foster care independence program	93.674	9150109/9150110	721
Children's health insurance program	93.767	0540109/0540110	3,419
Medical assistance program	93.778	1200109/1200110	64,657
			<u>38,441</u>
Total Department of Health and Human Services			<u>\$ 270,507</u>
<b>Department of Agriculture:</b>			
Pass Through Payments:			
<i>Department of Agriculture:</i>			
Food Distribution	10.555	17901-45707	\$ 32,059
<i>Department of Education:</i>			
Child nutrition cluster:			
National School Lunch Program	10.555	17901-40623	236,134
			\$ 268,193
School Breakfast Program	10.553	17901-40591	79,249
<i>Department of Social Services:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010109/0010110	\$ 108,281
	10.561	0040109/0040110	2,265
			<u>110,546</u>
Total Department of Agriculture - pass-through payments			<u>\$ 457,988</u>
Total Department of Agriculture			<u>\$ 457,988</u>
<b>Department of the Interior:</b>			
Direct payments:			
Payments in Lieu of Taxes	15.226	N/A	\$ 7,582
<b>Department of Transportation:</b>			
Pass Through Payments:			
<i>Department of Motor Vehicles:</i>			
State and Community Highway Safety	20.600	60507-5015	\$ 15,229

County of Richmond, Virginia  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>Department of Education:</b>			
Pass Through Payments:			
<i>Department of Education:</i>			
Title I, Part A cluster:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 258,840
ARRA - Title I Grants to Local Educational Agencies	84.389	17901-42913	74,633
Special education cluster:			
Special Education - Grants to States	84.027	17901-43071	225,959
ARRA - Special Education - Grants to States	84.391	17901-61245	154,946
ARRA - Special Education - Preschool - Grants to States	84.392	17901-61247	836
Career and Technical Education - Basic Grants to States	84.048	17901-61095	21,979
Safe and Drug-Free School and Communities - State Grants	84.186	18204-86871	125
English Language Acquisition Grants	84.365	17901-60512	5,481
Education Technology State Grants	84.318	17901-61600	30,983
ARRA - State Fiscal Stabilization Fund - Education state grants	84.394	17901-62532	290,021
Improving Teacher Quality State Grants	84.367	17901-61480	75,368
Total Department of Education			<u>\$ 1,139,171</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,890,477</u></u>

See accompanying notes to schedule of expenditures of federal awards.

County of Richmond, Virginia  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

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Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Richmond, Virginia under programs of the federal government for the year ended June 30, 2011. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Richmond, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Richmond, Virginia.

Note B - Summary of Significant Accounting Policies

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

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

Note C - Food Donation

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

Note D - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 403,864
Total primary government	\$ 403,864

Component Unit Public Schools:

School Operating Fund	\$ 805,698
School Cafeteria Fund	347,442
PL 89-10 (Title I) Fund	333,473
Total component unit public schools	\$ 1,486,613

Total federal expenditures per basic financial statements	\$ 1,890,477
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 1,890,477
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County of Richmond, Virginia  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2011

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

**Financial Statements**

Type of auditor's report issued: unqualified  
 Internal control over financial reporting:  
 Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_  \_\_\_\_\_ no  
 Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_  \_\_\_\_\_ none reported  
 Noncompliance material to financial statements noted? \_\_\_\_\_ yes \_\_\_\_\_  \_\_\_\_\_ no

**Federal Awards**

Internal control over major programs:  
 Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_  \_\_\_\_\_ no  
 Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_  \_\_\_\_\_ none reported  
 Type of auditor's report issued on compliance  
 for major programs: unqualified  
 Any findings disclosed that are required to be  
 reported in accordance with section 510(a) of  
 OMB Circular A-133? \_\_\_\_\_ yes \_\_\_\_\_  \_\_\_\_\_ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010/84.389	Title I, Part A Cluster
84.027 / 84.391/84.392	Special Education Cluster (IDEA)
10.553/10.555	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? \_\_\_\_\_  \_\_\_\_\_ yes \_\_\_\_\_  \_\_\_\_\_ no

**Section II-Financial Statement Findings**

None

**Section III-Federal Award Findings and Questioned Costs**

None

County of Richmond, Virginia  
Schedule of Prior Year Findings and Questioned Costs  
For the Year Ended June 30, 2011

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There were no prior year findings or questioned costs.