

COUNTY OF SUSSEX, VIRGINIA



ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2007

COUNTY OF SUSSEX, VIRGINIA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2007

COUNTY OF SUSSEX, VIRGINIA

Board of Supervisors

Rufus E. Tyler, Sr., Chairperson
Charlie E. Caple, Jr., Vice Chairperson
Wayne M. Harrell

William J. Collins, Jr.
C. Eric Fly
Alice W. Jones

Department of Social Services

Charlie E. Caple, Jr., Chairperson
Will Massenburg, Jr., Vice Chairperson
Delores Spain
Freddie Stringfield

William Bain
Dora N. Parham
Roslyn C. Tyler

County School Board

Rosa Davis-Overby, Chairperson
James A. Thorpe, Jr., Vice Chairperson
J. Lafayette Edmond

Waverly L. Burrow
Jarvis Stringfield
Rose M. Rivers

Other Officials

County Administrator.....	Mary E. Jones
Deputy County Administrator	Jacqueline Macklin-Brown
Director of Finance	Jerry L. Whitaker
Director of Social Services.....	Chequila H. Fields
Superintendent of Schools.....	Dr. Charles H. Harris, III
Treasurer	Onnie L. Woodruff
Commissioner of the Revenue	Ellen G. Boone
Commonwealth's Attorney	Lyndia Person-Ramsey
Sheriff.....	Raymond R. Bell
Clerk of the Circuit Court.....	Gary M. Williams
Judge of the Circuit Court.....	W. Allan Sharrett
Judge of the General District Court	Stephen Bloom
Judge of the Juvenile and Domestic Relations Court	Carson Saunders

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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 Sussex
Sussex, Virginia**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Sussex, Virginia, as of and for the year ended June 30, 2007, 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 Sussex, Virginia's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Sussex, Virginia, as of June 30, 2007, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2008, on our consideration of the County of Sussex, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, and Schedule of Pension Funding Progress as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America.

We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Robert Farnsworth Associates

Richmond, Virginia
February 11, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Sussex, 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, 2007. 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 \$25,998,951 (net assets).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources of \$3,488,946 in excess of expenditures and other financing uses (Exhibit 5) after making contributions totaling \$7,918,671 to the School Board.

- ▶ As of the close of the current fiscal year; the County's funds reported ending fund balances of \$13,333,904 an increase of \$3,488,946 in comparison with the prior year.
- ▶ At the end of the current fiscal year, unreserved fund balance for the general fund was \$6,060,259 or 24% of total general fund expenditures and other uses.
- ▶ The combined long-term obligations decreased \$450,578 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 Sussex, Virginia itself (known as the primary government), but also a legally separate school district for which the County of Sussex, Virginia is financially accountable. Financial information for the component unit is 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 Sussex, 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 two major governmental funds – the General Fund and County Capital Projects Fund.

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 unit - School Board. The School Board does 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 \$25,998,951 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Assets:

<u>County of Sussex, Virginia's Net Assets</u>		
	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 13,917,231	\$ 10,350,572
Restricted assets	58,972	
Capital assets	<u>29,986,334</u>	<u>29,276,981</u>
Total assets	<u>\$ 43,962,537</u>	<u>\$ 48,197,959</u>
Current liabilities	\$ 560,745	\$ 541,668
Long-term liabilities outstanding	<u>17,402,841</u>	<u>17,853,419</u>
Total liabilities	<u>\$ 17,963,586</u>	<u>\$ 23,186,250</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 15,020,773	\$ 11,651,507
Restricted for Debt Service	58,972	
Unrestricted	<u>10,919,206</u>	<u>9,580,959</u>
Total net assets	<u>\$ 25,998,951</u>	<u>\$ 21,232,466</u>

Government-wide Financial Analysis (Continued)

The County's net assets increased by \$4,766,485 during the current fiscal year. The education cost for 2006 included an adjustment of \$7,094,799 to align assets and debt. The following table summarizes the County's Statement of Activities

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Charges for services	\$ 10,439,597	\$ 10,155,481
Operating grants and contributions	4,491,605	4,330,399
Capital grants and contributions	307,875	438,841
General property taxes	7,139,978	6,107,518
Other local taxes	1,144,545	1,044,356
Grants and other contributions not restricted	1,491,852	1,654,751
Other general revenues	<u>2,029,495</u>	<u>925,556</u>
Total revenues	\$ <u>27,044,947</u>	\$ <u>24,656,902</u>
General government administration	\$ 1,714,597	\$ 1,418,612
Judicial administration	959,376	914,681
Public safety	4,961,173	4,357,806
Public works	818,400	931,467
Health and welfare	3,010,045	3,052,246
Education	8,894,187	14,602,012
Parks, recreation, and cultural	202,177	147,446
Community development	1,319,723	908,138
Interest and other fiscal charges	<u>398,784</u>	<u>1,167,092</u>
Total expenses	\$ <u>22,278,462</u>	\$ <u>27,499,500</u>
Change in net assets	\$ 4,766,485	\$ (2,842,598)
Net assets, beginning of year	<u>21,232,466</u>	<u>24,075,064</u>
Net assets, end of year	\$ <u><u>25,998,951</u></u>	\$ <u><u>21,232,466</u></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 \$13,333,904 an increase of \$3,488,946 in comparison with the prior year. Approximately 45% of this total amount constitutes unreserved General Fund balance, which is available for spending at the County's discretion.

The County Capital Projects Fund accounts for all major general public improvements. At the end of the fiscal year, the unreserved fund balance was \$6,878,205, all of which was designated for current or future capital projects.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were increases of \$1,386,863 and can be briefly summarized as follows:

- ▶ \$427,745 increase in public safety expenditures
- ▶ \$400,000 increase in education expenditures
- ▶ \$266,471 increase in health and welfare expenditures
- ▶ \$208,173 increase in public works expenditures
- ▶ \$ 49,958 increase in general government administration expenditures
- ▶ \$ 12,548 increase in community development expenditures
- ▶ \$ 12,500 increase in parks, recreation and cultural expenditures
- ▶ \$ 9,468 increase in judicial administration expenditures

The increase in budgeted General Fund expenditures resulted in an increase in the budgeted beginning General Fund balance. During the year, revenues and other financing sources exceeded budgetary estimates by \$643,174. Budgetary estimates exceeded expenditures and other financing uses by \$2,110,117. The combination of the two resulted in a positive variance of \$2,753,291.

Capital Asset and Debt Administration

- ▶ **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2007 amounts to \$29,986,334 (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 bonded debt outstanding of \$14,965,561. Of this amount, \$11,674,133 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, limited obligation notes).

The County's total debt decreased by \$516,842 during the current fiscal year.

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

Economic Factors and Next Year's Budgets and Rates

- ▶ The unemployment rate for the County was 4.3 percent. The state's average unemployment rate of 3.0 percent and the national average rate of 4.6 percent.
- ▶ Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2008 fiscal year.

The fiscal year 2008 budget increased by approximately 4.3% and the property tax rates remained the same as the prior year.

Requests for Information

This financial report is designed to provide a general overview of the County of Sussex, 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 1397, Sussex, Virginia 23884.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

County of Sussex, Virginia
Statement of Net Assets
June 30, 2007

	<u>Primary Government</u>		<u>Component Unit</u>
	<u>Governmental</u> <u>Activities</u>	<u>Total</u>	<u>School Board</u>
ASSETS			
Cash and cash equivalents	\$ 11,380,501	\$ 11,380,501	\$ 952,527
Receivables (net of allowance for uncollectibles):			
Taxes receivable	280,928	280,928	-
Accounts receivable	935,025	935,025	-
Due from other governmental units	1,320,777	1,320,777	854,309
Restricted assets:			
Temporarily restricted:			
Bond sinking funds	58,972	58,972	-
Capital assets (net of accumulated depreciation):			
Land	7,212,697	7,212,697	111,236
Buildings and system	19,295,454	19,295,454	15,058,865
Machinery and equipment	2,538,453	2,538,453	1,428,743
Construction in progress	939,730	939,730	-
Total assets	<u>\$ 43,962,537</u>	<u>\$ 43,962,537</u>	<u>\$ 18,405,680</u>
LIABILITIES			
Accounts payable	\$ 288,715	\$ 288,715	\$ 218,276
Accrued liabilities	-	-	773,660
Accrued interest payable	260,263	260,263	-
Due to other governmental units	-	-	619,583
Deferred revenue	11,767	11,767	-
Long-term liabilities:			
Due within one year	762,277	762,277	100,529
Due in more than one year	16,640,564	16,640,564	1,711,788
Total liabilities	<u>\$ 17,963,586</u>	<u>\$ 17,963,586</u>	<u>\$ 3,423,836</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 15,020,773	\$ 15,020,773	\$ 16,598,844
Restricted for:			
Debt service and bond covenants	58,972	58,972	-
Unrestricted (deficit)	10,919,206	10,919,206	(1,617,000)
Total net assets	<u>\$ 25,998,951</u>	<u>\$ 25,998,951</u>	<u>\$ 14,981,844</u>
Total Liabilities and Net Assets	<u>\$ 43,962,537</u>	<u>\$ 43,962,537</u>	<u>\$ 18,405,680</u>

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

**County of Sussex, Virginia
Statement of Activities
For the Year Ended June 30, 2007**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
					Governmental Activities	Total	School Board
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 1,714,597	\$ -	\$ 228,402	\$ -	\$ (1,486,195)	\$ (1,486,195)	\$ -
Judicial administration	959,376	889,937	438,557	-	369,118	369,118	-
Public safety	4,961,173	178,103	1,680,735	-	(3,102,335)	(3,102,335)	-
Public works	818,400	9,364,159	-	-	8,545,759	8,545,759	-
Health and welfare	3,010,045	-	2,136,789	-	(873,256)	(873,256)	-
Education	8,894,187	-	-	-	(8,894,187)	(8,894,187)	-
Parks, recreation, and cultural	202,177	-	5,000	-	(197,177)	(197,177)	-
Community development	1,319,723	7,398	2,122	307,875	(1,002,328)	(1,002,328)	-
Interest on long-term debt	398,784	-	-	-	(398,784)	(398,784)	-
Total government activities	\$ 22,278,462	\$ 10,439,597	\$ 4,491,605	\$ 307,875	\$ (7,039,385)	\$ (7,039,385)	\$ -
Total primary government	\$ 22,278,462	\$ 10,439,597	\$ 4,491,605	\$ 307,875	\$ (7,039,385)	\$ (7,039,385)	\$ -
COMPONENT UNITS:							
School Board	\$ 21,626,500	\$ 340,901	\$ 12,398,468	\$ -	\$ -	\$ -	\$ (8,887,131)
Total component units	\$ 21,626,500	\$ 340,901	\$ 12,398,468	\$ -	\$ -	\$ -	\$ (8,887,131)
General revenues:							
General property taxes					\$ 7,139,978	\$ 7,139,978	\$ -
Local sales tax					510,285	510,285	-
Consumer's utility tax					120,106	120,106	-
Other local taxes					514,154	514,154	-
Unrestricted revenues from use of money and property					670,959	670,959	11,809
Miscellaneous					110,145	110,145	365,208
Grants and contributions not restricted to specific programs					1,491,852	1,491,852	-
Payment from Sussex County School Board					1,248,391	1,248,391	-
Payment from Sussex County					-	-	9,011,676
Total general revenues					\$ 11,805,870	\$ 11,805,870	\$ 9,388,693
Change in net assets					\$ 4,766,485	\$ 4,766,485	\$ 501,562
Net assets - beginning					21,232,466	21,232,466	14,480,282
Net assets - ending					\$ 25,998,951	\$ 25,998,951	\$ 14,981,844

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

FUND FINANCIAL STATEMENTS

County of Sussex, Virginia
Balance Sheet
Governmental Funds
June 30, 2007

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 4,169,464	\$ 6,887,458	\$ 323,579	\$ 11,380,501
Receivables (net of allowance for uncollectibles):				
Taxes receivable	280,928	-	-	280,928
Accounts receivable	932,492	2,430	103	935,025
Due from other governmental units	1,307,622	-	13,155	1,320,777
Restricted assets:				
Temporarily restricted:				
Bond sinking funds	-	58,972	-	58,972
Total assets	<u>\$ 6,690,506</u>	<u>\$ 6,948,860</u>	<u>\$ 336,837</u>	<u>\$ 13,976,203</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 276,663	\$ 11,683	\$ 369	\$ 288,715
Deferred revenue	353,584	-	-	353,584
Total liabilities	<u>\$ 630,247</u>	<u>\$ 11,683</u>	<u>\$ 369</u>	<u>\$ 642,299</u>
Fund balances:				
Reserved for:				
Debt service	\$ -	\$ 58,972	\$ -	\$ 58,972
Unreserved, reported in:				
General fund	6,060,259	-	-	6,060,259
Special revenue funds	-	-	336,468	336,468
Capital projects funds	-	6,878,205	-	6,878,205
Total fund balances	<u>\$ 6,060,259</u>	<u>\$ 6,937,177</u>	<u>\$ 336,468</u>	<u>\$ 13,333,904</u>
Total liabilities and fund balances	<u>\$ 6,690,506</u>	<u>\$ 6,948,860</u>	<u>\$ 336,837</u>	<u>\$ 13,976,203</u>

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

County of Sussex, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2007

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 13,333,904
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		29,986,334
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		341,817
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:		
Compensated absences	(310,069)	
Landfill postclosure care	(2,127,211)	
State literary funds loans	(6,864,133)	
General obligation bonds	(4,810,000)	
QZAB bonds	(3,291,428)	
Accrued interest payable	<u>(260,263)</u>	(17,663,104)
Net assets of governmental activities		<u><u>\$ 25,998,951</u></u>

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

County of Sussex, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 7,050,851	\$ -	\$ -	\$ 7,050,851
Other local taxes	1,084,361	-	60,184	1,144,545
Permits, privilege fees, and regulatory licenses	119,255	-	-	119,255
Fines and forfeitures	760,953	-	-	760,953
Revenue from the use of money and property	460,771	191,772	18,416	670,959
Charges for services	9,526,888	31,300	1,201	9,559,389
Miscellaneous	109,368	-	777	110,145
Recovered costs	377,086	69,267	-	446,353
Intergovernmental revenues:				
Local government	-	1,248,391	-	1,248,391
Commonwealth	4,553,230	-	62,200	4,615,430
Federal	1,675,902	-	-	1,675,902
Total revenues	<u>\$ 25,718,665</u>	<u>\$ 1,540,730</u>	<u>\$ 142,778</u>	<u>\$ 27,402,173</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,520,901	\$ -	\$ -	\$ 1,520,901
Judicial administration	829,285	-	876	830,161
Public safety	4,750,612	-	241,072	4,991,684
Public works	913,695	-	-	913,695
Health and welfare	3,028,519	-	-	3,028,519
Education	7,926,593	-	-	7,926,593
Parks, recreation, and cultural	166,566	-	-	166,566
Community development	943,953	-	-	943,953
Capital projects	573,065	2,004,718	-	2,577,783
Debt service:				
Principal retirement	-	2,731,270	-	2,731,270
Interest and other fiscal charges	-	496,530	-	496,530
Total expenditures	<u>\$ 20,653,189</u>	<u>\$ 5,232,518</u>	<u>\$ 241,948</u>	<u>\$ 26,127,655</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,065,476</u>	<u>\$ (3,691,788)</u>	<u>\$ (99,170)</u>	<u>\$ 1,274,518</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 4,422,487	\$ -	\$ 4,422,487
Transfers out	(4,422,487)	-	-	(4,422,487)
Proceeds from debt issuance	-	2,214,428	-	2,214,428
Total other financing sources (uses)	<u>\$ (4,422,487)</u>	<u>\$ 6,636,915</u>	<u>\$ -</u>	<u>\$ 2,214,428</u>
Net change in fund balances	\$ 642,989	\$ 2,945,127	\$ (99,170)	\$ 3,488,946
Fund balances - beginning	5,417,270	3,992,049	435,637	9,844,956
Fund balances - ending	<u>\$ 6,060,259</u>	<u>\$ 6,937,176</u>	<u>\$ 336,467</u>	<u>\$ 13,333,902</u>

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

County of Sussex, Virginia
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2007

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

Net change in fund balances - total governmental funds \$ 3,488,946

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	1,579,555	
Depreciation expense	<u>(870,202)</u>	709,353

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 89,127

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 state literary fund loans	361,270	
Principal retirement on general obligation bonds	370,000	
Principal retirement on limited obligation note payable	2,000,000	
Issuance of QZAB bonds	(2,214,428)	
Decrease in landfill postclosure liability	<u>15,860</u>	532,702

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. (53,643)

Change in net assets of governmental activities \$ 4,766,485

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

County of Sussex, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	<u>Private-Purpose Trusts</u>	<u>Agency Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 75,580	\$ 14,188	\$ 89,768
Total assets	<u>\$ 75,580</u>	<u>\$ 14,188</u>	<u>\$ 89,768</u>
LIABILITIES			
Amounts held for social services clients	\$ -	\$ 4,676	\$ 4,676
Amounts held for others	-	4,693	4,693
Amounts held for inmates	-	4,819	4,819
Total liabilities	<u>\$ -</u>	<u>\$ 14,188</u>	<u>\$ 14,188</u>
NET ASSETS			
Held in trust for scholarships	\$ 75,580	\$ -	\$ 75,580
Total net assets	<u>\$ 75,580</u>	<u>\$ -</u>	<u>\$ 75,580</u>
Total liabilities and net assets	<u>\$ 75,580</u>	<u>\$ 14,188</u>	<u>\$ 89,768</u>

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

County of Sussex, Virginia
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2007

	Private Purpose Trust Funds
ADDITIONS	
Investment earnings (losses)	\$ 3,450
Private donations	7,075
Total additions	\$ 10,525
DEDUCTIONS	
Scholarships	\$ 1,500
Total deductions	\$ 1,500
Change in net assets	9,025
Net assets - beginning	\$ 66,555
Net assets - ending	\$ 75,580

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2007

Note 1—Summary of Significant Accounting Policies:

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

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

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 unit. 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 SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2007

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

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

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

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

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

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Sussex (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 SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2007

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2007.

Discretely Presented Component Units. The School Board members are elected by the citizens of Sussex County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2007.

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

None

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the 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 provided have been met.

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2007

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

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

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

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

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

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

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2007

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

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

Governmental Funds

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

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

Capital Projects Funds - Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities.

The County reports the following non-major governmental funds:

Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

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

E. Cash and Cash Equivalents

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

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

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

F. Investments

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2007

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

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 \$118,204 at June 30, 2007 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	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	40
Furniture, Vehicles, and Office Equipment	5-20
Buses	10

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2007

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

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 received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

J. Retirement Plan

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

K. Use of Estimates

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

L. Fund Equity

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

M. Net Assets

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2007

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

N. Long-term Obligations

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

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

Note 2—Stewardship, Compliance, and Accounting:

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

1. On or before March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The 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 following funds at June 30, 2007:

	<u>Amount</u>
Capital projects fund	\$ 3,194,901
Special revenue fund	14,398

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2007

Note 3—Deposits and Investments:

Deposits

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

Investments

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

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2007 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale.

	<u>Fair Quality Ratings</u>	
	<u>AAAm</u>	
Local Government Investment Pool	\$	8,967,189
Money Market Mutual Fund		<u>58,972</u>
Total	\$	<u><u>9,026,161</u></u>

External Investment Pools

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2007

Note 4—Due to/from Other Governments:

At June 30, 2007, the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Other Local Governments:		
Sussex County School Board	\$ 619,583	\$ -
Commonwealth of Virginia:		
Local sales tax	84,927	-
Jail clean up	1,033	-
Welfare	51,349	-
Rolling stock tax	66,001	-
State Sales Tax	-	213,545
Constitutional officer reimbursements	197,881	-
Recordation tax	4,939	-
Mobile home titling tax	1,377	-
Wine tax	5,398	-
ABC profits	5,150	-
Communications tax	30,463	-
E-911 wireless	13,155	-
Clerk's excess fees	22,223	-
BJA block grant	3,976	-
Comprehensive services	98,726	-
Federal Government:		
School fund grants	-	640,764
CDBG	27,500	-
Welfare	87,096	-
Total due from other governments	\$ <u>1,320,777</u>	\$ <u>854,309</u>

At June 30, 2007, amounts due to other local governments are as follows:

Other Local Governments:		
County of Sussex	\$ <u>-</u>	\$ <u>619,583</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2007

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2007:

Primary Government:

	<u>Balance July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 7,212,697	\$ -	\$ -	\$ 7,212,697
Construction in progress	<u>1,148,545</u>	<u>-</u>	<u>208,815</u>	<u>939,730</u>
Total capital assets not subject to depreciation	<u>\$ 8,361,242</u>	<u>\$ -</u>	<u>\$ 208,815</u>	<u>\$ 8,152,427</u>
Capital assets subject to depreciation:				
Buildings and system	\$ 6,123,719	\$ 229,350	\$ -	\$ 6,353,069
Machinery and equipment	5,028,989	630,848	374,355	5,285,482
Jointly owned assets	<u>15,653,086</u>	<u>1,759,905</u>	<u>831,733</u>	<u>16,581,258</u>
Total capital assets being depreciated	<u>\$ 26,805,794</u>	<u>\$ 2,620,103</u>	<u>\$ 1,206,088</u>	<u>\$ 28,219,809</u>
Less accumulated depreciation for:				
Buildings and system	\$ 1,862,226	\$ 160,950	\$ -	\$ 2,023,176
Machinery and equipment	2,673,404	447,980	374,355	2,747,029
Jointly owned assets	<u>1,354,425</u>	<u>261,272</u>	<u>-</u>	<u>1,615,697</u>
Total accumulated depreciation	<u>\$ 5,890,055</u>	<u>\$ 870,202</u>	<u>\$ 374,355</u>	<u>\$ 6,385,902</u>
Total capital assets being depreciated, net	<u>\$ 20,915,739</u>	<u>\$ 1,749,901</u>	<u>\$ 831,733</u>	<u>\$ 21,833,907</u>
Governmental capital assets , net	<u>\$ 29,276,981</u>	<u>\$ 1,749,901</u>	<u>\$ 1,040,548</u>	<u>\$ 29,986,334</u>

Component Unit - School Board:

	<u>Balance July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 111,236	\$ -	\$ -	\$ 111,236
Total capital assets not subject to depreciation	<u>\$ 111,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,236</u>
Capital assets subject to depreciation:				
Machinery and equipment	\$ 2,547,155	\$ 467,995	\$ 278,000	\$ 2,737,150
Jointly owned assets	<u>15,852,902</u>	<u>831,733</u>	<u>-</u>	<u>16,684,635</u>
Total capital assets being depreciated	<u>\$ 18,400,057</u>	<u>\$ 1,299,728</u>	<u>\$ 278,000</u>	<u>\$ 19,421,785</u>
Less accumulated depreciation for:				
Machinery and equipment	\$ 1,290,685	\$ 295,722	\$ 278,000	\$ 1,308,407
Jointly owned assets	<u>1,371,715</u>	<u>258,464</u>	<u>4,409</u>	<u>1,625,770</u>
Total accumulated depreciation	<u>\$ 2,662,400</u>	<u>\$ 554,186</u>	<u>\$ 282,409</u>	<u>\$ 2,934,177</u>
Total capital assets being depreciated, net	<u>\$ 15,737,657</u>	<u>\$ 745,542</u>	<u>\$ (4,409)</u>	<u>\$ 16,487,608</u>
Governmental capital assets , net	<u>\$ 15,848,893</u>	<u>\$ 745,542</u>	<u>\$ (4,409)</u>	<u>\$ 16,598,844</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2007

Note 5—Capital Assets: (Continued)

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

Governmental activities:

General government	\$	22,671
Judicial administration		88,215
Public safety		444,964
Public works		5,311
Health and welfare		42,072
Education		261,272
Parks, recreation and cultural		<u>5,697</u>
Total Governmental activities	\$	<u>870,202</u>
Component Unit School Board	\$	<u>549,777</u>

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2007, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 4,422,487
County capital projects fund	<u>4,422,487</u>	<u>-</u>
Total	<u>\$ 4,422,487</u>	<u>\$ 4,422,487</u>

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2007

Note 7—Long Term Obligations:

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

	Amounts Payable at July 1, 2006	Increases	Decreases	Amounts Payable at June 30, 2007	Amounts Due Within One Year
Governmental Obligations:					
Incurred by County:					
Compensated absences payable	\$ 227,945	\$ 104,919	\$ 22,795	\$ 310,069	\$ 31,007
Landfill postclosure care	2,143,071	-	15,860	2,127,211	-
Total incurred by County	<u>\$ 3,483,506</u>	<u>\$ 104,919</u>	<u>\$ 38,655</u>	<u>\$ 2,437,280</u>	<u>\$ 31,007</u>
Incurred by School Board:					
State Literary Fund Loans	\$ 7,225,403	\$ -	\$ 361,270	\$ 6,864,133	\$ 361,270
General obligation bonds	5,180,000	-	370,000	4,810,000	370,000
QZAB Bonds	1,077,000	2,214,428	-	3,291,428	-
Limited obligation note payable	2,000,000	-	2,000,000	-	-
Total incurred by School Board	<u>\$ 19,048,661</u>	<u>\$ 2,214,428</u>	<u>\$ 2,731,270</u>	<u>\$ 14,965,561</u>	<u>\$ 731,270</u>
Total Governmental Obligations	<u>\$ 22,532,167</u>	<u>\$ 2,319,347</u>	<u>\$ 2,769,925</u>	<u>\$ 17,402,841</u>	<u>\$ 762,277</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2007

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

Year Ending June 30	School Obligations					
	General Obligation Bonds		QZAB Bond		Literary Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 370,000	\$ 223,110	\$ -	\$ -	\$ 361,270	\$ 205,924
2009	370,000	207,524	-	-	361,270	195,086
2010	370,000	190,272	-	-	361,270	184,248
2011	370,000	172,559	-	-	361,270	173,410
2012	370,000	155,770	-	-	361,270	162,571
2013	370,000	138,750	-	-	361,270	151,733
2014	370,000	121,499	-	-	361,270	150,895
2015	370,000	104,016	-	-	361,270	130,057
2016	370,000	85,840	-	-	361,270	119,219
2017	370,000	66,970	-	-	361,270	108,381
2018	370,000	48,100	-	-	361,270	97,543
2019	370,000	28,999	-	-	361,270	86,705
2020	370,000	9,666	-	-	361,270	75,867
2021	-	-	1,077,000	-	361,270	65,029
2022	-	-	-	-	361,270	54,191
2023	-	-	2,214,428	-	361,270	43,352
2024	-	-	-	-	361,270	32,514
2025	-	-	-	-	361,270	21,676
2026	-	-	-	-	361,273	10,838
Total	\$ 4,810,000	\$ 1,553,075	\$ 3,291,428	\$ -	\$ 6,864,133	\$ 2,069,239

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2007

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

General Obligations:

Incurred by County:

Landfill Postclosure cost	\$	2,127,211
Compensated absences (payable from the General Fund)	\$	<u>310,069</u>
Total incurred by County	\$	<u><u>2,437,280</u></u>

General Obligations:

Incurred by School Board:

QZAB Bonds:

\$1,077,000 QZAB bond issued December 23, 2005, due in one lump sum at December 23, 2020, interest rate at 0%. \$ 1,077,000

\$2,214,428 QZAB bonds issued November 17, 2006, due in one lump sum payment at November 17, 2022, interest at 0%. 2,214,428

Total QZAB Bonds \$ 3,291,428

General Obligation Bonds:

\$7,430,000 VPSA bond issued April 26, 1999 in annual installments, interest payable semi-annually at coupon rates of 4.100% to 5.225% through July 15, 2019 \$ 4,810,000

Literary Fund Loans:

\$7,225,403 Literary loan issued October 1, 2005, due in annual installments of \$361,270 through October 1, 2025, interest at 3%. \$ 6,864,133

Total incurred by School Board \$ 14,965,561

Total General Obligations, Primary Government \$ 17,402,841

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2007

Note 7—Long-Term Obligations: (Continued)

Component Unit-School Board	Amounts Payable at July 1, 2006			Amounts Payable at June 30, 2007		Amounts Due Within One Year
		Increases	Decreases			
Component Unit-School Board:						
Early retirement incentive	\$ 1,178,286	\$ -	\$ 31,463	\$ 1,146,823	\$ 33,980	
Compensated absences	<u>339,689</u>	<u>359,774</u>	<u>33,969</u>	<u>665,494</u>	<u>66,549</u>	
Total Component Unit-School Board	<u>\$ 1,517,975</u>	<u>\$ 359,774</u>	<u>\$ 65,432</u>	<u>\$ 1,812,317</u>	<u>\$ 100,529</u>	

Year Ending June 30	VRS Retirement Liability	
	Principal	Interest
2008	\$ 33,980	\$ 91,746
2009	36,698	89,028
2010	39,634	86,092
2011	42,804	82,922
2012	46,229	79,497
2013	49,928	75,798
2014	53,921	71,805
2015	58,236	67,490
2016	62,894	62,832
2017	67,925	57,801
2018	73,360	52,366
2019	79,228	46,498
2020	85,567	40,159
2021	92,412	33,314
2022	99,805	25,921
2023	107,789	17,937
2024	<u>116,413</u>	<u>9,313</u>
Total	<u>\$ 1,146,823</u>	<u>\$ 990,519</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2007

Note 7—Long-Term Obligations: (Continued)

Capital Lease Obligations:

Early Retirement Incentive	\$	<u>1,146,823</u>
Compensated absence liability (Payable from the School Fund)	\$	<u>665,494</u>
Total General obligations, Component Unit - School Board	\$	<u><u>1,812,317</u></u>

Note 8—Closure and Postclosure Costs:

The County closed its two landfills and is liable for postclosure monitoring for a period of thirty years. In conjunction with the closing of the landfill, an environmental engineering firm was engaged to devise a closure plan in accordance with Federal and State Regulations. The \$2,127,211 reported as landfill closure and postclosure liability at June 30, 2007, represents the estimated liability for postclosure monitoring, over the remaining twenty-three years. These amounts are based on what it would cost to perform all closure and postclosure care in 2007. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The County has demonstrated financial assurance requirements 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 9—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$353,584 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$341,817 at June 30, 2007.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2007 but paid in advance by the taxpayers totaled \$11,767 at June 30, 2007.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2007

Note 10—Contingent Liabilities:

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 11—Litigation:

At June 30, 2007, 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.

Note 12 —Risk Management:

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

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. 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 Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2007

Note 13 – Defined Benefit Pension Plan:

Primary Government:

A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 with 5 years of service for participating law enforcement officers, firefighters, and sheriffs) or at age 50 with 30 years of service if elected by the employer (age 50 with 25 years of service for participating law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. Participating law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/pdf/2006AnnuRept.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their reported compensation to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The County and School Board non-professional employees' contribution rates for the fiscal year ended 2007 were 6.81% and 6.60% of annual covered payroll, respectively.

The School Board's professional employees contributed \$707,331, \$487,785, and \$437,671 to the teacher cost-sharing pool for the fiscal years ended June 30, 2007, 2006, and 2005 respectively, and these contributions represented 9.20%, 6.62%, and 6.03% respectively, of current covered payroll.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2007

Note 13 –Defined Benefit Pension Plan (Continued):

Primary Government: (continued)

C. Annual Pension Cost

For fiscal 2007, the County’s annual pension cost of \$300,008 (which does not include the portion of the employees share assumed by the County of \$220,270) was equal to the County’s required and actual contributions. The required contributions were determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method.

For fiscal 2007, the County School Board’s annual pension cost for the Board’s non-professional employees was \$73,235 (which does not include the portion of the employees share assumed by the School Board of \$55,481) was equal to the Board’s required and actual contributions. The required contributions were determined as a part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method.

	<u>County</u>	<u>Non-Professional School Board Employees</u>
Valuation date	June 30, 2005	June 30, 2005
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent, open	Level percent, open
Payroll growth rate	3%	3%
Remaining amortization period	21 years	21 years
Asset valuation method	Modified market	Modified market
Actuarial assumptions:		
Investment rate of return ¹	7.50%	7.50%
Projected salary increases: ¹		
Non LEO Employees	3.50% to 5.73%	3.50% to 5.73%
LEO Employees	3.50% to 4.71%	3.50% to 4.71%
Cost-of-living adjustments	2.50%	2.50%

¹ Includes inflation at 2.50%

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2007

Note 13 – Defined Benefit Pension Plan: (Continued)

Primary Government: (continued)

C. Annual Pension Cost: (continued)

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
County:			
June 30, 2007	\$ 300,008	100%	\$ -
June 30, 2006	167,370	100%	-
June 30, 2005	140,480	100%	-
School Board:			
Non-Professional:			
June 30, 2007	\$ 73,235	100%	\$ -
June 30, 2006	76,133	100%	-
June 30, 2005	73,682	100%	-

(1) Employer portion only

Note 14 – Surety Bonds:

	Amount
Division of Risk Management Surety Bond:	
Commonwealth Funds	
Gary M. Williams, Clerk of the Circuit Court	\$ 210,000
Onnie L. Woodruff, Treasurer	400,000
Ellen G. Boone, Commissioner of the Revenue	20,000
E. S. Kitchen, Jr., Sheriff	30,000
Continental Insurance Company-Surety:	
Dr. Charles H. Harris, III, Superintendent of Schools and Clerk of the Board	10,000
All County, Social Service and School Board Employees	100,000

Note 15 – Jointly Governed Organizations:

District 19 Community Services Board

The District 19 Community Services Board is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The governing body of this organization is appointed by the participating jurisdictions which include the cities of Colonial Heights, Emporia, Hopewell, Petersburg, and the Counties of Sussex, Greensville, Surry, and Sussex. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Sussex County contributed \$56,449 to the District 19 Community Services Board for the fiscal year ended June 30, 2007.

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 Sussex, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 7,275,448	\$ 7,275,448	\$ 7,050,851	\$ (224,597)
Other local taxes	961,962	961,962	1,084,361	122,399
Permits, privilege fees, and regulatory licenses	89,250	89,250	119,255	30,005
Fines and forfeitures	600,000	600,000	760,953	160,953
Revenue from the use of money and property	269,600	269,600	460,771	191,171
Charges for services	8,828,930	8,828,930	9,526,888	697,958
Miscellaneous	32,775	32,775	109,368	76,593
Recovered costs	207,058	207,058	377,086	170,028
Intergovernmental revenues:				
Commonwealth	4,436,042	4,436,042	4,553,230	117,188
Federal	2,374,426	2,374,426	1,675,902	(698,524)
Total revenues	<u>\$ 25,075,491</u>	<u>\$ 25,075,491</u>	<u>\$ 25,718,665</u>	<u>\$ 643,174</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,470,307	\$ 1,520,265	\$ 1,520,901	\$ (636)
Judicial administration	864,661	874,129	829,285	44,844
Public safety	4,509,759	4,937,504	4,750,612	186,892
Public works	686,627	894,800	913,695	(18,895)
Health and welfare	2,705,812	2,972,283	3,028,519	(56,236)
Education	8,559,992	8,959,992	7,926,593	1,033,399
Parks, recreation, and cultural	154,066	166,566	166,566	-
Community development	1,157,019	1,169,567	943,953	225,614
Capital projects	1,268,200	1,268,200	573,065	695,135
Total expenditures	<u>\$ 21,376,443</u>	<u>\$ 22,763,306</u>	<u>\$ 20,653,189</u>	<u>\$ 2,110,117</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,699,048</u>	<u>\$ 2,312,185</u>	<u>\$ 5,065,476</u>	<u>\$ 2,753,291</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (3,682,898)	\$ (3,682,898)	\$ (4,422,487)	\$ (739,589)
Total other financing sources (uses)	<u>\$ (3,682,898)</u>	<u>\$ (3,682,898)</u>	<u>\$ (4,422,487)</u>	<u>\$ (739,589)</u>
Net change in fund balances	\$ 16,150	\$ (1,370,713)	\$ 642,989	\$ 2,013,702
Fund balances - beginning	-	1,370,713	5,417,270	4,046,557
Fund balances - ending	<u>\$ 16,150</u>	<u>\$ -</u>	<u>\$ 6,060,259</u>	<u>\$ 6,060,259</u>

County of Sussex, Virginia
County Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ 100,000	\$ 100,000	\$ 191,772	\$ 91,772
Charges for services	-	-	31,300	31,300
Recovered costs	-	-	69,267	69,267
Intergovernmental revenues:				
Local government	-	-	1,248,391	1,248,391
Total revenues	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 1,540,730</u>	<u>\$ 1,440,730</u>
EXPENDITURES				
Current:				
Capital projects	\$ 565,000	\$ 565,000	\$ 2,004,718	\$ (1,439,718)
Debt service:				
Principal retirement	1,246,085	1,246,085	2,731,270	(1,485,185)
Interest and other fiscal charges	226,532	226,532	496,530	(269,998)
Total expenditures	<u>\$ 2,037,617</u>	<u>\$ 2,037,617</u>	<u>\$ 5,232,518</u>	<u>\$ (3,194,901)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,937,617)</u>	<u>\$ (1,937,617)</u>	<u>\$ (3,691,788)</u>	<u>\$ (1,754,171)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,682,898	\$ 3,682,898	\$ 4,422,487	\$ 739,589
Issuance of debt			2,214,428	2,214,428
Total other financing sources (uses)	<u>\$ 3,682,898</u>	<u>\$ 3,682,898</u>	<u>\$ 6,636,915</u>	<u>\$ 2,954,017</u>
Net change in fund balances	\$ 1,745,281	\$ 1,745,281	\$ 2,945,127	\$ 1,199,846
Fund balances - beginning	-	-	3,992,049	3,992,049
Fund balances - ending	<u>\$ 1,745,281</u>	<u>\$ 1,745,281</u>	<u>\$ 6,937,176</u>	<u>\$ 5,191,895</u>

County of Sussex, Virginia
Schedule of Funding Progress - Virginia Retirement System

For the Year Ended June 30, 2007

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2) (3)	Annual Covered Payroll	UAAL as % of Payroll (4) (6)
County:						
6/30/2006	\$ 11,792,112	\$ 13,466,222	1,674,110	87.57%	\$ 4,198,077	39.88%
6/30/2005	10,957,504	13,225,780	2,268,276	82.85%	3,987,768	56.88%
6/30/2004	10,540,838	10,584,694	43,856	99.59%	3,403,806	1.29%
6/30/2003	10,545,855	9,878,468	(667,387)	106.76%	3,404,797	-19.60%
6/30/2002	10,287,988	8,669,632	(1,618,356)	118.67%	3,316,216	-48.80%
6/30/2001	9,824,180	7,975,207	(1,848,973)	123.18%	3,220,002	-57.42%
6/30/2000	8,815,215	7,078,174	(1,737,041)	124.54%	2,948,129	-58.92%
School Board Non-Professionals:						
6/30/2006	\$ 1,610,148	\$ 1,839,078	228,930	87.55%	\$ 1,081,735	21.16%
6/30/2005	1,429,884	1,815,486	385,602	78.76%	1,161,983	33.18%
6/30/2004	1,293,257	1,371,939	78,682	94.26%	1,061,045	7.42%
6/30/2003	1,178,624	1,185,649	7,025	99.41%	858,007	0.82%
6/30/2002	1,051,831	1,171,777	119,946	89.76%	901,610	13.30%
6/30/2001	917,180	905,960	(11,220)	101.24%	783,545	-1.43%
6/30/2000	759,108	871,798	112,690	87.07%	780,316	14.44%

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUNDS STATEMENTS AND SCHEDULES

County of Sussex, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund
For the Year Ended June 30, 2007

	County Special Revenue Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other local taxes	\$ 126,000	\$ 126,000	\$ 60,184	\$ (65,816)
Revenue from the use of money and property	1,450	1,450	18,416	16,966
Charges for services	1,200	1,200	1,201	1
Miscellaneous	600	600	777	177
Intergovernmental revenues:				
Commonwealth	44,000	44,000	62,200	18,200
Total revenues	<u>\$ 173,250</u>	<u>\$ 173,250</u>	<u>\$ 142,778</u>	<u>\$ (30,472)</u>
EXPENDITURES				
Current:				
Judicial administration	\$ 1,550	\$ 1,550	\$ 876	\$ 674
Public safety	205,045	226,000	241,072	(15,072)
Total expenditures	<u>\$ 206,595</u>	<u>\$ 227,550</u>	<u>\$ 241,948</u>	<u>\$ (14,398)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (33,345)</u>	<u>\$ (54,300)</u>	<u>\$ (99,170)</u>	<u>\$ (44,870)</u>
Net change in fund balances	\$ (33,345)	\$ (54,300)	\$ (99,170)	\$ (44,870)
Fund balances - beginning	33,345	54,300	435,637	381,337
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 336,467</u>	<u>\$ 336,467</u>

County of Sussex, Virginia
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	Agency Funds				Private Purpose Trust Funds					
	Special Welfare	Sheriff Information	Jail Inmate	Total	Robert Mitchell Scholarship	Rotary Scholarship	Richard Clements Moore III Scholarship	Millard Stith Family Scholarship	Total	
ASSETS										
Cash and cash equivalents	\$ 4,676	\$ 4,693	\$ 4,819	\$ 14,188	\$ 32,285	\$ 15,569	\$ 17,688	\$ 10,038	\$ 75,580	
Total assets	\$ 4,676	\$ 4,693	\$ 4,819	\$ 14,188	\$ 32,285	\$ 15,569	\$ 17,688	\$ 10,038	\$ 75,580	
LIABILITIES										
Amounts held for social services clients	\$ 4,676	\$ -	\$ -	\$ 4,676	\$ -	\$ -	\$ -	\$ -	\$ -	
Amounts held for others	-	4,693	-	4,693	-	-	-	-	-	
Amounts held for inmates	-	-	4,819	4,819	-	-	-	-	-	
Total liabilities	\$ 4,676	\$ 4,693	\$ 4,819	\$ 14,188	\$ -	\$ -	\$ -	\$ -	\$ -	
NET ASSETS										
Amounts held in trust for scholarships	\$ -	\$ -	\$ -	\$ -	\$ 32,285	\$ 15,569	\$ 17,688	\$ 10,038	\$ 75,580	
Total net assets	\$ -	\$ -	\$ -	\$ -	\$ 32,285	\$ 15,569	\$ 17,688	\$ 10,038	\$ 75,580	
Total liabilities and net assets	\$ 4,676	\$ 4,693	\$ 4,819	\$ 14,188	\$ 32,285	\$ 15,569	\$ 17,688	\$ 10,038	\$ 75,580	

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***DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD***

County of Sussex, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2007

	<u>School Operating Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 741,750	\$ 210,777	\$ 952,527
Due from other governmental units	830,096	24,213	854,309
Total assets	<u>\$ 1,571,846</u>	<u>\$ 234,990</u>	<u>\$ 1,806,836</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 210,513	\$ 7,763	\$ 218,276
Accrued liabilities	741,750	31,910	773,660
Due to other governmental units	619,583	-	619,583
Total liabilities	<u>\$ 1,571,846</u>	<u>\$ 39,673</u>	<u>\$ 1,611,519</u>
Fund balances:			
Unreserved:			
Undesignated	\$ -	\$ 195,317	\$ 195,317
Total fund balances	<u>\$ -</u>	<u>\$ 195,317</u>	<u>\$ 195,317</u>
Total liabilities and fund balances	<u>\$ 1,571,846</u>	<u>\$ 234,990</u>	<u>\$ 1,806,836</u>

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

Total fund balances per above	\$ 195,317
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,598,844
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,812,317)
Net assets of governmental activities	<u>\$ 14,981,844</u>

County of Sussex, 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, 2007

	School Operating Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 1,495	\$ 10,314	\$ 11,809
Charges for services	-	340,901	340,901
Miscellaneous	360,902	4,306	365,208
Intergovernmental revenues:			
Local government	7,918,671	-	7,918,671
Commonwealth	9,138,491	10,623	9,149,114
Federal	2,734,955	514,399	3,249,354
Total revenues	<u>\$ 20,154,514</u>	<u>\$ 880,543</u>	<u>\$ 21,035,057</u>
EXPENDITURES			
Current:			
Education	\$ 18,780,397	\$ 834,590	\$ 19,614,987
Capital projects	1,248,391	-	1,248,391
Debt service:			
Principal retirement	31,463	-	31,463
Interest and other fiscal charges	94,263	-	94,263
Total expenditures	<u>\$ 20,154,514</u>	<u>\$ 834,590</u>	<u>\$ 20,989,104</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 45,953</u>	<u>\$ 45,953</u>
Net change in fund balances	\$ -	\$ 45,953	\$ 45,953
Fund balances - beginning	-	149,364	149,364
Fund balances - ending	<u>\$ -</u>	<u>\$ 195,317</u>	<u>\$ 195,317</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 \$ 45,953

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. 749,951

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. 31,463

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. (325,805)

Change in net assets of governmental activities \$ 501,562

County of Sussex, 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, 2007

	<u>School Operating Fund</u>			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 1,495	\$ 1,495
Miscellaneous	190,670	190,670	360,902	170,232
Intergovernmental revenues:				
Local government	8,544,170	8,944,170	7,918,671	(1,025,499)
Commonwealth	9,484,335	9,484,335	9,138,491	(345,844)
Federal	1,848,815	1,848,815	2,734,955	886,140
Total revenues	<u>\$ 20,067,990</u>	<u>\$ 20,467,990</u>	<u>\$ 20,154,514</u>	<u>\$ (313,476)</u>
EXPENDITURES				
Current:				
Education	\$ 19,418,768	\$ 19,818,768	\$ 18,780,397	\$ 1,038,371
Capital projects	649,222	649,222	1,248,391	(599,169)
Debt service:				
Principal retirement	-	-	31,463	(31,463)
Interest and other fiscal charges	-	-	94,263	(94,263)
Total expenditures	<u>\$ 20,067,990</u>	<u>\$ 20,467,990</u>	<u>\$ 20,154,514</u>	<u>\$ 313,476</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Sussex, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2007

	School Special Revenue Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 10,314	\$ 10,314
Charges for services	332,012	332,012	340,901	8,889
Miscellaneous	-	-	4,306	4,306
Intergovernmental revenues:				
Commonwealth	11,915	11,915	10,623	(1,292)
Federal	487,913	487,913	514,399	26,486
Total revenues	<u>\$ 831,840</u>	<u>\$ 831,840</u>	<u>\$ 880,543</u>	<u>\$ 48,703</u>
EXPENDITURES				
Current:				
Education	\$ 831,840	\$ 831,840	\$ 834,590	\$ (2,750)
Total expenditures	<u>\$ 831,840</u>	<u>\$ 831,840</u>	<u>\$ 834,590</u>	<u>\$ (2,750)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,953</u>	<u>\$ 45,953</u>
Net change in fund balances	\$ -	\$ -	\$ 45,953	\$ 45,953
Fund balances - beginning	-	-	149,364	149,364
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,317</u>	<u>\$ 195,317</u>

SUPPORTING SCHEDULES

County of Sussex, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2007

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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>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 3,745,890	\$ 3,745,890	\$ 3,638,344	\$ (107,546)
Real and personal public service corporation taxes	377,446	377,446	375,141	(2,305)
Personal property taxes	1,929,356	1,929,356	1,884,405	(44,951)
Mobile home taxes	70,000	70,000	30,074	(39,926)
Machinery and tools taxes	946,096	946,096	936,736	(9,360)
Merchants capital taxes	66,660	66,660	70,341	3,681
Penalties	101,000	101,000	89,608	(11,392)
Interest	39,000	39,000	26,202	(12,798)
Total general property taxes	<u>\$ 7,275,448</u>	<u>\$ 7,275,448</u>	<u>\$ 7,050,851</u>	<u>\$ (224,597)</u>
Other local taxes:				
Local sales and use taxes	\$ 506,253	\$ 506,253	\$ 510,285	\$ 4,032
Consumers' utility taxes	150,000	150,000	120,106	(29,894)
Consumption tax	45,000	45,000	56,640	11,640
Cable franchise taxes	1,100	1,100	969	(131)
Business license taxes	155	155	26	(129)
Communications taxes	-	-	86,251	86,251
Motor vehicle licenses	210,000	210,000	199,763	(10,237)
Bank stock taxes	2,000	2,000	3,774	1,774
Taxes on recordation and wills	47,454	47,454	106,547	59,093
Total other local taxes	<u>\$ 961,962</u>	<u>\$ 961,962</u>	<u>\$ 1,084,361</u>	<u>\$ 122,399</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 4,800	\$ 4,800	\$ 5,820	\$ 1,020
Transfer fees	450	450	550	100
Permits and other licenses	84,000	84,000	112,885	28,885
Total permits, privilege fees, and regulatory licenses	<u>\$ 89,250</u>	<u>\$ 89,250</u>	<u>\$ 119,255</u>	<u>\$ 30,005</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 600,000	\$ 600,000	\$ 760,953	\$ 160,953
Total fines and forfeitures	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ 760,953</u>	<u>\$ 160,953</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 225,600	\$ 225,600	\$ 390,334	\$ 164,734
Revenue from use of property	44,000	44,000	70,437	26,437
Total revenue from use of money and property	<u>\$ 269,600</u>	<u>\$ 269,600</u>	<u>\$ 460,771</u>	<u>\$ 191,171</u>
Charges for services:				
Sheriff fees	\$ 665	\$ 665	\$ 665	\$ -
Charges for clerk's fees	10,255	10,255	14,379	4,124
Charges for Commonwealth's Attorney	440	440	500	60
Courthouse security fees	91,000	91,000	81,604	(9,396)
Charges for correction and detention	19,500	19,500	55,582	36,082
Charges for other protection	2,200	2,200	2,601	401
Charges for sanitation and waste removal:				
Tipping fees	8,500,000	8,500,000	9,196,916	696,916
Quality control fees	203,670	203,670	167,243	(36,427)
Charges for community development	1,200	1,200	7,398	6,198
Total charges for services	<u>\$ 8,828,930</u>	<u>\$ 8,828,930</u>	<u>\$ 9,526,888</u>	<u>\$ 697,958</u>
Miscellaneous revenue:				
Miscellaneous	\$ 32,775	\$ 32,775	\$ 109,368	\$ 76,593

County of Sussex, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2007

Schedule 1
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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>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
Wakefield sheriff patrol	\$ 53,929	\$ 53,929	\$ 51,661	\$ (2,268)
Local health department	-	-	4,002	4,002
Jail clean up	28,000	28,000	25,193	(2,807)
Medical expense-sheriff	6,000	6,000	8,972	2,972
Clerk of the circuit court	800	800	827	27
Social security bounty	600	600	1,200	600
Indoor plumbing	19,800	19,800	32,972	13,172
Waverly rescue - share of new vehicle	-	-	42,235	42,235
VHDA	50,000	50,000	143,804	93,804
School resource officer	47,929	47,929	-	(47,929)
Trash collections - school board	-	-	66,220	66,220
Total recovered costs	<u>\$ 207,058</u>	<u>\$ 207,058</u>	<u>\$ 377,086</u>	<u>\$ 170,028</u>
Total revenue from local sources	<u>\$ 18,265,023</u>	<u>\$ 18,265,023</u>	<u>\$ 19,489,533</u>	<u>\$ 1,224,510</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 5,150	\$ 5,150	\$ 5,150	\$ -
Wine taxes	5,398	5,398	5,398	-
Rolling stock tax	67,000	67,000	66,001	(999)
Mobile home titling tax	12,000	12,000	20,241	8,241
Taxes on deeds	12,546	12,546	28,168	15,622
Motor vehicle rental tax	650	650	456	(194)
State recordation tax	12,000	12,000	25,293	13,293
Personal property tax relief funds	1,017,153	1,017,153	993,455	(23,698)
Total noncategorical aid	<u>\$ 1,131,897</u>	<u>\$ 1,131,897</u>	<u>\$ 1,144,162</u>	<u>\$ 12,265</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 215,000	\$ 215,000	\$ 227,593	\$ 12,593
Sheriff	1,283,925	1,283,925	1,303,658	19,733
Commissioner of revenue	77,000	77,000	81,040	4,040
Treasurer	91,000	91,000	99,035	8,035
Medical examiner	150	150	-	(150)
Registrar/electoral board	49,000	49,000	48,159	(841)
Clerk of circuit court	144,000	144,000	155,521	11,521
Local jails	162,000	162,000	209,614	47,614
Total shared expenses	<u>\$ 2,022,075</u>	<u>\$ 2,022,075</u>	<u>\$ 2,124,620</u>	<u>\$ 102,545</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 395,582	\$ 395,582	\$ 457,016	\$ 61,434
Fire programs fund	12,000	12,000	21,306	9,306
Animal friendly plates	-	-	168	168
Clerk's records grant	-	-	1,280	1,280
Comprehensive services act	368,689	368,689	380,723	12,034
Indoor plumbing	113,250	113,250	2,122	(111,128)
Emergency medical services	4,500	4,500	7,862	3,362
Forfeited assets	-	-	3,142	3,142
Arts grant	5,000	5,000	5,000	-
Victim-witness grant	52,000	52,000	54,163	2,163
Other state grants	22,049	22,049	-	(22,049)
State law enforcement grant	-	-	3,976	3,976

County of Sussex, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2007

Schedule 1
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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>
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Payment in lieu of taxes-prison	\$ 309,000	\$ 309,000	\$ 347,690	\$ 38,690
Total other categorical aid	<u>\$ 1,282,070</u>	<u>\$ 1,282,070</u>	<u>\$ 1,284,448</u>	<u>\$ 2,378</u>
Total categorical aid	<u>\$ 3,304,145</u>	<u>\$ 3,304,145</u>	<u>\$ 3,409,068</u>	<u>\$ 104,923</u>
Total revenue from the Commonwealth	<u>\$ 4,436,042</u>	<u>\$ 4,436,042</u>	<u>\$ 4,553,230</u>	<u>\$ 117,188</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,124,426	\$ 1,124,426	\$ 1,299,050	\$ 174,624
Community development block grant	1,250,000	1,250,000	307,875	(942,125)
State homeland security	-	-	66,005	66,005
Transportation safety	-	-	2,972	2,972
Total categorical aid	<u>\$ 2,374,426</u>	<u>\$ 2,374,426</u>	<u>\$ 1,675,902</u>	<u>\$ (698,524)</u>
Total revenue from the federal government	<u>\$ 2,374,426</u>	<u>\$ 2,374,426</u>	<u>\$ 1,675,902</u>	<u>\$ (698,524)</u>
Total General Fund	<u>\$ 25,075,491</u>	<u>\$ 25,075,491</u>	<u>\$ 25,718,665</u>	<u>\$ 643,174</u>
Special Revenue Fund:				
County Special Revenue Fund				
Revenue from local sources:				
Other local taxes:				
E-911 taxes	\$ 126,000	\$ 126,000	\$ 60,184	\$ (65,816)
Total other local taxes	<u>\$ 126,000</u>	<u>\$ 126,000</u>	<u>\$ 60,184</u>	<u>\$ (65,816)</u>
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,450	\$ 1,450	\$ 18,416	\$ 16,966
Total revenue from use of money and property	<u>\$ 1,450</u>	<u>\$ 1,450</u>	<u>\$ 18,416</u>	<u>\$ 16,966</u>
Charges for services:				
Law library fees	\$ 1,200	\$ 1,200	\$ 1,201	\$ 1
Total charges for services	<u>\$ 1,200</u>	<u>\$ 1,200</u>	<u>\$ 1,201</u>	<u>\$ 1</u>
Miscellaneous revenue:				
Miscellaneous	\$ 600	\$ 600	\$ 777	\$ 177
Total miscellaneous revenue	<u>\$ 600</u>	<u>\$ 600</u>	<u>\$ 777</u>	<u>\$ 177</u>
Total revenue from local sources	<u>\$ 129,250</u>	<u>\$ 129,250</u>	<u>\$ 80,578</u>	<u>\$ (48,672)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Wireless grant	\$ 44,000	\$ 44,000	\$ 62,200	\$ 18,200
Total categorical aid	<u>\$ 44,000</u>	<u>\$ 44,000</u>	<u>\$ 62,200</u>	<u>\$ 18,200</u>
Total revenue from the Commonwealth	<u>\$ 44,000</u>	<u>\$ 44,000</u>	<u>\$ 62,200</u>	<u>\$ 18,200</u>
Total County Special Revenue Fund	<u>\$ 173,250</u>	<u>\$ 173,250</u>	<u>\$ 142,778</u>	<u>\$ (30,472)</u>

County of Sussex, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007

Schedule 1
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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>
Capital Projects Fund:				
County Capital Projects Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 100,000	\$ 100,000	\$ 191,772	\$ 91,772
Charges for services:				
Courthouse maintenance fees	\$ -	\$ -	\$ 31,300	\$ 31,300
Total charges for services	\$ -	\$ -	\$ 31,300	\$ 31,300
Recovered costs:				
VPSA rebate	\$ -	\$ -	\$ 69,267	\$ 69,267
Total recovered costs	\$ -	\$ -	\$ 69,267	\$ 69,267
Total revenue from local sources	\$ 100,000	\$ 100,000	\$ 292,339	\$ 192,339
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from Sussex School Board	\$ -	\$ -	\$ 1,248,391	\$ 1,248,391
Total revenues from local governments	\$ -	\$ -	\$ 1,248,391	\$ 1,248,391
Total County Capital Projects Fund	\$ 100,000	\$ 100,000	\$ 1,540,730	\$ 1,440,730
Total Primary Government	\$ 25,348,741	\$ 25,348,741	\$ 27,402,173	\$ 2,053,432
Discretely Presented Component Unit - School Board:				
School Operating Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ -	\$ 1,495	\$ 1,495
Total revenue from use of money and property	\$ -	\$ -	\$ 1,495	\$ 1,495
Miscellaneous revenue:				
Miscellaneous	\$ 190,670	\$ 190,670	\$ 360,902	\$ 170,232
Total revenue from local sources	\$ 190,670	\$ 190,670	\$ 362,397	\$ 171,727
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Sussex	\$ 8,544,170	\$ 8,944,170	\$ 7,918,671	\$ (1,025,499)
Total revenues from local governments	\$ 8,544,170	\$ 8,944,170	\$ 7,918,671	\$ (1,025,499)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,439,636	\$ 1,439,636	\$ 1,329,464	\$ (110,172)
Basic school aid	4,820,828	4,820,828	4,514,712	(306,116)
Remedial summer education	96,076	96,076	99,289	3,213
Gifted and talented	41,906	41,906	39,172	(2,734)
Remedial education	251,434	251,434	235,031	(16,403)
Special education	586,679	586,679	609,153	22,474
Textbook payment	104,059	104,059	95,808	(8,251)

County of Sussex, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007

Schedule 1
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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>
Discretely Presented Component Unit - School Board: (continued)				
School Operating Fund (continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
GED funding	\$ -	\$ -	\$ 7,859	\$ 7,859
Vocational education	118,562	118,562	123,948	5,386
School fringes	621,431	621,431	577,066	(44,365)
Mentor teacher program	-	-	6,954	6,954
State lottery payments	237,973	237,973	221,473	(16,500)
Early reading intervention	17,517	17,517	25,302	7,785
School construction	120,461	120,461	120,580	119
English as a second language	-	-	8,307	8,307
Enrollment loss	-	-	137,776	137,776
Salary supplement	-	-	117,515	117,515
At risk payments	378,444	378,444	352,274	(26,170)
Standards of Learning algebra readiness	31,901	31,901	25,967	(5,934)
Primary class size	257,723	257,723	275,039	17,316
Educational technology	180,000	180,000	180,000	-
Other state funds	179,705	179,705	35,802	(143,903)
Total categorical aid	<u>\$ 9,484,335</u>	<u>\$ 9,484,335</u>	<u>\$ 9,138,491</u>	<u>\$ (345,844)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 412,737	\$ 412,737	\$ 1,256,670	\$ 843,933
Title VI-B, special education flow-through	265,993	265,993	577,013	311,020
Vocational education	35,000	35,000	31,107	(3,893)
Title VI-B, special education pre-school	-	-	9,969	9,969
Drug free schools	-	-	3,820	3,820
School reform	1,001,171	1,001,171	692,336	(308,835)
AP grant	-	-	260	260
Title V	8,773	8,773	10,596	1,823
Title II Part A	113,671	113,671	78,544	(35,127)
Literacy challenge	-	-	13,473	13,473
JROTC	-	-	48,217	48,217
Other federal funds	11,470	11,470	12,950	1,480
Total categorical aid	<u>\$ 1,848,815</u>	<u>\$ 1,848,815</u>	<u>\$ 2,734,955</u>	<u>\$ 886,140</u>
Total School Operating Fund	<u>\$ 20,067,990</u>	<u>\$ 20,467,990</u>	<u>\$ 20,154,514</u>	<u>\$ (313,476)</u>
Discretely Presented Component Unit - School Board: (continued)				
School Special Revenue Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 10,314	\$ 10,314
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,314</u>	<u>\$ 10,314</u>
Charges for services:				
Cafeteria sales	\$ 332,012	\$ 332,012	\$ 340,901	\$ 8,889
Total charges for services	<u>\$ 332,012</u>	<u>\$ 332,012</u>	<u>\$ 340,901</u>	<u>\$ 8,889</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 4,306	\$ 4,306
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,306</u>	<u>\$ 4,306</u>
Total revenue from local sources	<u>\$ 332,012</u>	<u>\$ 332,012</u>	<u>\$ 355,521</u>	<u>\$ 23,509</u>

County of Sussex, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2007

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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>
Discretely Presented Component Unit - School Board: (continued)				
School Special Revenue Fund (Continued)				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 11,915	\$ 11,915	\$ 10,623	\$ (1,292)
Total categorical aid	<u>\$ 11,915</u>	<u>\$ 11,915</u>	<u>\$ 10,623</u>	<u>\$ (1,292)</u>
Total revenue from the Commonwealth	<u>\$ 11,915</u>	<u>\$ 11,915</u>	<u>\$ 10,623</u>	<u>\$ (1,292)</u>
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 437,913	\$ 437,913	\$ 478,851	\$ 40,938
Summer feeding	50,000	50,000	35,548	(14,452)
Total categorical aid	<u>\$ 487,913</u>	<u>\$ 487,913</u>	<u>\$ 514,399</u>	<u>\$ 26,486</u>
Total revenue from the federal government	<u>\$ 487,913</u>	<u>\$ 487,913</u>	<u>\$ 514,399</u>	<u>\$ 26,486</u>
Total School Special Revenue Fund	<u>\$ 831,840</u>	<u>\$ 831,840</u>	<u>\$ 880,543</u>	<u>\$ 48,703</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 20,899,830</u>	 <u>\$ 21,299,830</u>	 <u>\$ 21,035,057</u>	 <u>\$ (264,773)</u>

County of Sussex, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 96,767	\$ 96,767	\$ 105,424	\$ (8,657)
General and financial administration:				
County administrator	\$ 573,672	\$ 603,000	\$ 601,004	\$ 1,996
Legal services	113,744	113,744	87,653	26,091
Commissioner of revenue	203,436	218,000	217,474	526
Treasurer	338,594	344,660	319,379	25,281
Other general and financial administration	-	-	64,140	(64,140)
Total general and financial administration	<u>\$ 1,229,446</u>	<u>\$ 1,279,404</u>	<u>\$ 1,289,650</u>	<u>\$ (10,246)</u>
Board of elections:				
Electoral board and officials	\$ 144,094	\$ 144,094	\$ 125,827	\$ 18,267
Total general government administration	<u>\$ 1,470,307</u>	<u>\$ 1,520,265</u>	<u>\$ 1,520,901</u>	<u>\$ (636)</u>
Judicial administration:				
Courts:				
Circuit court	\$ 29,470	\$ 29,470	\$ 27,477	\$ 1,993
General district court	13,000	13,000	10,900	2,100
Special magistrates	6,967	6,967	3,246	3,721
Juvenile and domestic relations court	7,600	7,600	1	7,599
Sheriff	92,541	101,317	71,535	29,782
Victim witness	57,308	58,000	58,485	(485)
Clerk of the circuit court	268,065	268,065	280,352	(12,287)
Total courts	<u>\$ 474,951</u>	<u>\$ 484,419</u>	<u>\$ 451,996</u>	<u>\$ 32,423</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 389,710	\$ 389,710	\$ 377,289	\$ 12,421
Total commonwealth's attorney	<u>\$ 389,710</u>	<u>\$ 389,710</u>	<u>\$ 377,289</u>	<u>\$ 12,421</u>
Total judicial administration	<u>\$ 864,661</u>	<u>\$ 874,129</u>	<u>\$ 829,285</u>	<u>\$ 44,844</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,691,346	\$ 1,699,835	\$ 1,684,333	\$ 15,502
School resource officer grant	92,028	92,028	59,128	32,900
Crater criminal justice academy	15,430	15,430	15,430	-
Total law enforcement and traffic control	<u>\$ 1,798,804</u>	<u>\$ 1,807,293</u>	<u>\$ 1,758,891</u>	<u>\$ 48,402</u>
Fire and rescue services:				
Fire department	\$ 91,850	\$ 374,000	\$ 397,771	\$ (23,771)
Ambulance and rescue services	663,920	663,920	531,162	132,758
Forest fire extinction services	11,525	11,525	11,525	-
Emergency services	160,133	160,133	146,901	13,232
Total fire and rescue services	<u>\$ 927,428</u>	<u>\$ 1,209,578</u>	<u>\$ 1,087,359</u>	<u>\$ 122,219</u>
Correction and detention:				
Confinement and care of prisoners	\$ 1,345,376	\$ 1,473,000	\$ 1,516,498	\$ (43,498)
Juvenile probation and detention	80,000	89,482	89,482	-
Total correction and detention	<u>\$ 1,425,376</u>	<u>\$ 1,562,482</u>	<u>\$ 1,605,980</u>	<u>\$ (43,498)</u>
Inspections:				
Building	\$ 224,243	\$ 224,243	\$ 202,961	\$ 21,282
Total inspections	<u>\$ 224,243</u>	<u>\$ 224,243</u>	<u>\$ 202,961</u>	<u>\$ 21,282</u>

County of Sussex, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2007

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Animal control	\$ 133,908	\$ 133,908	\$ 95,421	\$ 38,487
Total other protection	<u>\$ 133,908</u>	<u>\$ 133,908</u>	<u>\$ 95,421</u>	<u>\$ 38,487</u>
Total public safety	<u>\$ 4,509,759</u>	<u>\$ 4,937,504</u>	<u>\$ 4,750,612</u>	<u>\$ 186,892</u>
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 96,386	\$ 260,000	\$ 252,883	\$ 7,117
Total sanitation and waste removal	<u>\$ 96,386</u>	<u>\$ 260,000</u>	<u>\$ 252,883</u>	<u>\$ 7,117</u>
Maintenance of general buildings and grounds:				
General properties	\$ 590,241	\$ 634,800	\$ 660,812	\$ (26,012)
Total maintenance of general buildings and grounds	<u>\$ 590,241</u>	<u>\$ 634,800</u>	<u>\$ 660,812</u>	<u>\$ (26,012)</u>
Total public works	<u>\$ 686,627</u>	<u>\$ 894,800</u>	<u>\$ 913,695</u>	<u>\$ (18,895)</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 157,219	\$ 166,932	\$ 166,932	\$ -
Total health	<u>\$ 157,219</u>	<u>\$ 166,932</u>	<u>\$ 166,932</u>	<u>\$ -</u>
Mental health and mental retardation:				
Community services board	\$ 56,449	\$ 56,449	\$ 56,449	\$ -
Total mental health and mental retardation	<u>\$ 56,449</u>	<u>\$ 56,449</u>	<u>\$ 56,449</u>	<u>\$ -</u>
Welfare:				
Public assistance and welfare administration	\$ 1,913,801	\$ 2,178,402	\$ 2,190,683	\$ (12,281)
Area agency on aging	1,600	1,600	1,600	-
Other social services	92,454	84,611	84,443	168
Comprehensive services act	484,289	484,289	528,412	(44,123)
Total welfare	<u>\$ 2,492,144</u>	<u>\$ 2,748,902</u>	<u>\$ 2,805,138</u>	<u>\$ (56,236)</u>
Total health and welfare	<u>\$ 2,705,812</u>	<u>\$ 2,972,283</u>	<u>\$ 3,028,519</u>	<u>\$ (56,236)</u>
Education:				
Other instructional costs:				
Contributions to Community Colleges	\$ 10,822	\$ 10,822	\$ 2,922	\$ 7,900
Tri-City literacy council	5,000	5,000	5,000	-
Contribution to County School Board	8,544,170	8,944,170	7,918,671	1,025,499
Total education	<u>\$ 8,559,992</u>	<u>\$ 8,959,992</u>	<u>\$ 7,926,593</u>	<u>\$ 1,033,399</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation center	\$ 15,000	\$ 20,000	\$ 20,000	\$ -
Total parks and recreation	<u>\$ 15,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>
Cultural enrichment:				
Wakefield foundation	\$ 5,000	\$ 10,000	\$ 10,000	\$ -
Carpenter museum	7,500	10,000	10,000	-
Total cultural enrichment	<u>\$ 12,500</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>
Library:				
Contribution to regional library	\$ 126,566	\$ 126,566	\$ 126,566	\$ -
Total library	<u>\$ 126,566</u>	<u>\$ 126,566</u>	<u>\$ 126,566</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 154,066</u>	<u>\$ 166,566</u>	<u>\$ 166,566</u>	<u>\$ -</u>

County of Sussex, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2007

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning and zoning	\$ 219,952	\$ 219,952	\$ 160,609	\$ 59,343
Industrial development authority	1,150	1,150	315	835
Planning district commission	10,128	10,128	10,128	-
Disaster recovery	300,000	300,000	189,650	110,350
Economic development	40,963	40,963	30,993	9,970
Indoor plumbing	116,900	101,400	96,136	5,264
Wakefield airport commission	5,000	5,000	-	5,000
Housing assistance and other	186,952	215,000	218,701	(3,701)
Total planning and community development	<u>\$ 881,045</u>	<u>\$ 893,593</u>	<u>\$ 706,532</u>	<u>\$ 187,061</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 7,000	\$ 7,000	\$ 7,000	\$ -
Environmental inspection	203,670	203,670	185,956	17,714
Other environmental management	3,000	3,000	-	3,000
Total environmental management	<u>\$ 213,670</u>	<u>\$ 213,670</u>	<u>\$ 192,956</u>	<u>\$ 20,714</u>
Cooperative extension program:				
Extension office	\$ 62,304	\$ 62,304	\$ 44,465	\$ 17,839
Total cooperative extension program	<u>\$ 62,304</u>	<u>\$ 62,304</u>	<u>\$ 44,465</u>	<u>\$ 17,839</u>
Total community development	<u>\$ 1,157,019</u>	<u>\$ 1,169,567</u>	<u>\$ 943,953</u>	<u>\$ 225,614</u>
Capital projects:				
Sussex gardens project	\$ 1,268,200	\$ 1,268,200	\$ 573,065	\$ 695,135
Total capital projects	<u>\$ 1,268,200</u>	<u>\$ 1,268,200</u>	<u>\$ 573,065</u>	<u>\$ 695,135</u>
Total General Fund	<u>\$ 21,376,443</u>	<u>\$ 22,763,306</u>	<u>\$ 20,653,189</u>	<u>\$ 2,110,117</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Judicial administration:				
Courts:				
Law library	\$ 1,550	\$ 1,550	\$ 876	\$ 674
Total judicial administration	<u>\$ 1,550</u>	<u>\$ 1,550</u>	<u>\$ 876</u>	<u>\$ 674</u>
Public Safety:				
Other Protection:				
E911	\$ 205,045	\$ 226,000	\$ 241,072	\$ (15,072)
Total other protection	<u>\$ 205,045</u>	<u>\$ 226,000</u>	<u>\$ 241,072</u>	<u>\$ (15,072)</u>
Total public safety	<u>\$ 205,045</u>	<u>\$ 226,000</u>	<u>\$ 241,072</u>	<u>\$ (15,072)</u>
Total County Special Revenue Fund	<u>\$ 206,595</u>	<u>\$ 227,550</u>	<u>\$ 241,948</u>	<u>\$ (14,398)</u>
County Capital Projects Fund:				
Capital projects expenditures:				
Capital projects	\$ 565,000	\$ 565,000	\$ 989,303	\$ (424,303)
School capital projects	-	-	1,015,415	(1,015,415)
Total capital projects	<u>\$ 565,000</u>	<u>\$ 565,000</u>	<u>\$ 2,004,718</u>	<u>\$ (1,439,718)</u>
Debt service:				
Principal retirement	\$ 1,246,085	\$ 1,246,085	\$ 2,731,270	\$ (1,485,185)
Interest and other fiscal charges	226,532	226,532	496,530	(269,998)
Total debt service	<u>\$ 1,472,617</u>	<u>\$ 1,472,617</u>	<u>\$ 3,227,800</u>	<u>\$ (1,755,183)</u>
Total County Capital Projects Fund	<u>\$ 2,037,617</u>	<u>\$ 2,037,617</u>	<u>\$ 5,232,518</u>	<u>\$ (3,194,901)</u>
Total Primary Government	<u>\$ 23,620,655</u>	<u>\$ 25,028,473</u>	<u>\$ 26,127,655</u>	<u>\$ (1,099,182)</u>

County of Sussex, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2007

<u>Fund, Function, Activity and Element</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				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 892,296	\$ 892,296	\$ 891,861	\$ 435
Instruction costs	14,337,859	14,737,859	14,319,585	418,274
Pupil transportation	1,830,304	1,830,304	1,700,029	130,275
Operation and maintenance of school plant	2,358,309	2,358,309	1,868,922	489,387
Total education	<u>\$ 19,418,768</u>	<u>\$ 19,818,768</u>	<u>\$ 18,780,397</u>	<u>\$ 1,038,371</u>
Capital projects:				
Facilities	\$ 649,222	\$ 649,222	\$ -	\$ 649,222
Contribution to County Capital Projects Fund	-	-	1,248,391	(1,248,391)
Total capital projects	<u>\$ 649,222</u>	<u>\$ 649,222</u>	<u>\$ 1,248,391</u>	<u>\$ (599,169)</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 31,463	\$ (31,463)
Interest and other fiscal charges	-	-	94,263	(94,263)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,726</u>	<u>\$ (125,726)</u>
Total School Operating Fund	<u>\$ 20,067,990</u>	<u>\$ 20,467,990</u>	<u>\$ 20,154,514</u>	<u>\$ 313,476</u>
Discretely Presented Component Unit - School Board				
Special Revenue Funds:				
School Special Revenue Fund				
Education:				
School food services	\$ 831,840	\$ 831,840	\$ 834,590	\$ (2,750)
Total School Special Revenue Fund	<u>\$ 831,840</u>	<u>\$ 831,840</u>	<u>\$ 834,590</u>	<u>\$ (2,750)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 20,899,830</u>	<u>\$ 21,299,830</u>	<u>\$ 20,989,104</u>	<u>\$ 310,726</u>

OTHER STATISTICAL INFORMATION

Table 1

**County of Sussex, Virginia
Government-Wide Expenses by Function
Last Five 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
2003	\$ 1,198,442	\$ 519,786	\$ 3,152,554	\$ 653,973	\$ 2,344,701	\$ 8,810,392	\$ 96,315	\$ 376,762	\$ 389,946	\$ 17,542,871
2004	1,361,340	507,145	3,664,144	1,820,962	2,204,236	5,649,819	144,742	950,838	392,059	16,695,285
2005	1,300,605	610,181	3,886,571	1,043,513	2,683,746	12,525,299	150,219	622,203	560,986	23,383,323
2006	1,418,612	914,681	4,357,806	931,467	3,052,246	14,602,012	147,446	908,138	1,167,092	27,499,500
2007	1,714,597	959,376	4,961,173	818,400	3,010,045	8,894,187	202,177	1,319,723	398,784	22,278,462

∞ (1) Information has only been available for five years.

Table 2

**County of Sussex, Virginia
Government-Wide Revenues
Last Five 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		
2003	\$ 4,765,798	\$ 3,760,356	\$ 418,556	\$ 5,489,030	\$ 958,067	\$ 169,215	\$ 94,888	\$ 1,220,991	\$ 16,876,901	
2004	8,710,395	4,113,501	-	6,051,751	966,414	121,456	43,979	1,241,805	21,249,301	
2005	9,707,376	4,452,212	-	5,644,934	1,039,419	269,551	68,853	1,264,333	22,446,678	
2006	10,155,481	4,330,399	438,841	6,107,518	1,044,356	592,247	114,820	1,654,751	24,438,413	
2007	10,439,597	4,491,605	307,875	7,139,978	1,144,545	670,959	110,145	1,491,852	25,796,556	

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

Table 3

County of Sussex, Virginia
General Governmental Expenditures by Function (1,3)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
1998	\$ 842,385	\$ 237,714	\$ 2,133,921	\$ 505,302	\$ 1,612,811	\$ 10,985,510	\$ 82,041	\$ 369,145	\$ 691,284	\$ 17,460,113
1999	817,864	270,534	2,500,284	393,097	1,809,742	11,961,997	82,329	303,116	689,003	18,827,966
2000	957,030	371,764	2,525,773	589,031	1,783,652	13,261,669	88,911	763,384	690,129	21,031,343
2001	871,929	415,965	2,944,794	515,852	1,845,632	13,376,782	112,211	681,730	841,532	21,606,427
2002	994,317	431,833	3,068,499	516,936	2,044,519	13,736,569	107,479	429,534	1,354,681	22,684,367
2003	1,198,431	438,933	3,090,591	578,565	2,299,042	14,791,172	120,977	427,536	1,370,076	24,315,323
2004	1,315,792	430,845	3,458,793	728,143	2,168,683	14,566,835	132,779	959,892	1,531,898	25,293,660
2005	1,629,338	523,523	4,024,068	707,736	2,656,511	17,351,573	146,824	654,135	1,471,231	29,164,939
2006	1,495,299	791,107	4,204,936	979,719	3,035,962	17,944,854	144,824	946,128	6,057,294	35,600,123
2007	1,520,901	830,161	4,991,684	913,695	3,028,519	19,622,909	166,566	943,953	3,353,526	35,371,914

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

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

(3) Excludes Capital Projects funds.

Table 4

County of Sussex, Virginia
General Governmental Revenues by Source (1,3)
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
1998	\$ 5,262,481	\$ 880,718	\$ 40,842	\$ 208,588	\$ 274,522	\$ 2,952,781	\$ 91,963	\$ 174,317	\$ 9,500,122	\$ 19,386,334
1999	5,609,959	884,390	50,589	220,399	328,724	5,206,929	280,197	202,469	10,415,647	23,199,303
2000	5,337,214	893,865	46,704	172,973	305,305	1,792,885	182,337	460,200	11,499,325	20,690,808
2001	5,543,684	952,691	46,065	160,402	281,892	3,702,840	352,242	148,840	12,683,090	23,871,746
2002	5,420,707	940,683	51,170	212,786	175,684	3,623,018	177,371	153,752	14,022,043	24,777,214
2003	5,679,322	958,067	47,342	356,083	124,219	4,621,142	237,146	169,707	12,614,800	24,807,828
2004	5,951,838	966,414	53,016	411,681	86,507	8,515,924	221,001	252,281	13,130,620	29,589,282
2005	5,678,595	1,039,419	79,932	563,774	155,555	9,370,612	292,425	316,344	14,901,450	32,398,106
2006	6,152,665	1,044,356	102,960	780,269	429,023	9,560,050	227,692	226,664	16,577,463	35,101,142
2007	7,050,851	1,144,545	119,255	760,953	490,996	9,868,990	475,353	377,086	18,689,800	38,977,829

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

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

(3) Excludes Capital Projects funds.

Table 5

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

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
1998	\$ 5,238,240	\$ 5,050,891	96.42%	\$ 120,386	\$ 5,171,277	98.72%	\$ 248,057	4.74%
1999	5,584,118	5,386,072	96.45%	107,664	5,493,736	98.38%	368,912	6.61%
2000	5,691,184	5,462,550	95.98%	162,311	5,624,861	98.83%	437,248	7.68%
2001	6,176,669	6,030,907	97.64%	136,235	6,167,142	99.85%	378,078	6.12%
2002	6,407,246	6,238,935	97.37%	143,253	6,382,188	99.61%	390,502	6.09%
2003	6,707,970	6,508,747	97.03%	133,612	6,642,359	99.02%	240,963	3.59%
2004	6,946,501	6,758,978	97.30%	164,648	6,923,626	99.67%	302,519	4.35%
2005	6,691,942	6,497,137	97.09%	95,627	6,592,764	98.52%	372,696	5.57%
2006	7,090,204	7,031,524	99.17%	131,955	7,163,479	101.03%	250,359	3.53%
2007	7,926,042	7,827,628	98.76%	100,868	7,928,496	100.03%	229,132	2.89%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years.

(3) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchants Capital	Public Service(2)		Total
					Real Estate	Personal Property	
1998	\$ 379,892,374	\$ 52,860,634	\$ 10,274,170	\$ 5,617,472	\$ 44,055,442	\$ 411,002	\$ 493,111,094
1999	383,338,454	53,903,376	15,518,719	5,234,145	45,557,087	362,278	503,914,059
2000	381,439,198	58,584,106	14,971,013	8,284,597	44,374,336	298,348	507,951,598
2001	444,221,403	60,610,361	13,978,885	7,687,320	55,929,508	282,863	582,710,340
2002	440,959,718	63,808,191	15,630,965	6,512,713	57,788,542	352,945	585,053,074
2003	442,859,108	61,831,023	16,799,605	6,412,725	57,263,547	567,622	585,733,630
2004	446,908,159	65,233,775	20,444,585	5,740,623	57,060,238	675,019	596,062,399
2005	449,569,149	61,376,208	19,619,610	6,684,265	53,738,590	591,390	591,579,212
2006	452,285,903	70,462,922	18,971,705	6,691,430	45,099,041	430,978	593,941,979
2007	759,517,159	64,742,170	21,332,385	7,087,015	70,531,378	754,449	923,964,556

(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 Sussex, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years**

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools	Merchants Capital
1998	\$ 0.54	\$ 0.54	\$ 4.85	\$ 4.85	\$ 1.00
1999	0.59	0.59	4.85	4.85	1.00
2000	0.60	0.60	4.85	4.85	1.00
2001	0.60	0.60	4.85	4.85	1.00
2002	0.60	0.60	4.85	4.85	1.00
2003	0.65	0.65	4.85	4.85	1.00
2004	0.65	0.65	4.85	4.85	1.00
2005	0.65	0.65	4.85	4.85	1.00
2006	0.65	0.65	4.85	4.85	1.00
2007	0.48	0.48	4.85	4.85	1.00

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Assumed by Other Localities			
1998	10,248	\$ 493,111,094	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
1999	10,248	503,914,059	7,430,000	-	-	7,430,000	1.47%	725
2000	10,248	507,951,598	7,430,000	-	-	7,430,000	1.46%	725
2001	12,504	582,710,340	7,055,000	-	-	7,055,000	1.21%	564
2002	12,504	585,053,074	12,855,073	-	-	12,855,073	2.20%	1,028
2003	12,504	585,733,630	12,480,073	-	-	12,480,073	2.13%	998
2004	12,504	596,062,399	13,048,861	-	-	13,048,861	2.19%	1,044
2005	12,504	591,579,212	12,673,661	-	-	12,673,661	2.14%	1,014
2006	12,504	593,941,979	12,405,403	-	-	12,405,403	2.09%	992
2007	12,504	923,964,556	11,674,133	-	-	11,674,133	1.26%	934

(1) Bureau of Census for 1990 and Weldon Cooper Center for Public Service for 2000 Census.

(2) From Table 6.

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

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

COMPLIANCE

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Sussex, Virginia, as of and for the year ended June 30, 2007, which collectively comprise the County of Sussex, Virginia's basic financial statements and have issued our report thereon dated February 11, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Sussex, 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*.

However, we noted other matters that we reported to management of the County of Sussex, Virginia in a separate letter dated February 11, 2008.

This report is intended solely for the information and use of the Board of Supervisors, others within the County of Sussex, Virginia, and is not intended to be and should not be used by anyone other than these specified parties.

Robson, Farnum, Cox Associates

Richmond, Virginia
February 11, 2008

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

Compliance

We have audited the compliance of the County of Sussex, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The County of Sussex, 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 Sussex, Virginia's management. Our responsibility is to express an opinion on the County of Sussex, 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 Sussex, 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 Sussex, Virginia's compliance with those requirements.

In our opinion, the County of Sussex, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the County of Sussex, 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 Sussex, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Sussex, Virginia's internal control over compliance.

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

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

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

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

Robinson, Farns, Cox Associates

Richmond, Virginia
February 11, 2008

County of Sussex, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Family Preservation and Support	93.556	\$ 9,291
Temporary Assist to Needy Families (TANF)	93.558	198,653
Refugee and Entrant Assistance - Discretionary Grants	93.566	250
Low Income Home Energy Assistance	93.568	14,410
Payments to States for Child Care Assistance	93.575	105,988
Child Care and Development Fund	93.596	82,600
Chafee Education & Training Vouchers Program	93.603	191
Child Welfare Services - State Grants	93.645	45
Foster Care - Title IV-E	93.658	207,750
Adoption Assistance	93.659	36,249
Social Services Block Grant	93.667	184,047
Statewide fraud	93.xxx	3,285
State Children's Insurance Program	93.767	443
Medical Assistance Program (Title XIX)	93.778	<u>211,069</u>
Total Department Health and Human Services		<u>\$ 1,054,271</u>
Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Services:		
State Homeland Security Grant	97.004	<u>\$ 66,005</u>
Total Department of Homeland Security		<u>\$ 66,005</u>
Department of Agriculture:		
Direct Payments:		
Summer feeding	10.559	<u>\$ 35,548</u>
Total Department of Agriculture - direct payments		<u>\$ 35,548</u>
Pass Through Payments:		
Department of Agriculture:		
Food Distribution	10.555	\$ 35,244
Food Distribution - summer feeding	10.559	917
Department of Education:		
National school breakfast program	10.553	150,129
National school lunch program	10.555	328,722
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	<u>244,779</u>
Total Department of Agriculture - pass-through payments		<u>\$ 759,791</u>
Total Department of Agriculture		<u>\$ 795,339</u>

County of Sussex, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2007

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
State and community highway safety program	20.600	\$ 2,972
Total Department of Transportation		\$ 2,972
Department of Housing and Community Development:		
Pass Through Payments:		
Department of Housing and Community Development:		
Community Development Block Grant	14.228	\$ 307,875
Total Department of Housing and Community Development		\$ 307,875
Department of Education:		
Pass Through Payments:		
Department of Education:		
Title I: Educationally deprived children	84.010	1,256,670
Title VI-B: Handicapped state grants	84.027	577,013
Vocational Education: Basic grants to states	84.048	31,107
Title VI-B: Handicapped preschool incentive grant	84.173	9,969
Drug free schools and communities	84.186	3,820
Title II Part D	84.318	13,473
Title VI: Improving school programs state block grant	84.298	10,596
Title II Part A	84.367	78,544
School reform	84.332	692,336
Advanced placement classes	84.330	260
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	12,950
Total Department of Education		\$ 2,686,738
Department of the Defense:		
Direct Payments:		
	12.xxx	\$ 48,217
Total Federal Assistance		\$ 4,961,417

County of Sussex, Virginia

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007**

Note 1 - General

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

Note 2 - Basis of Accounting

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

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	\$ 1,675,902
Total primary government	\$ <u>1,675,902</u>
Component Unit Public Schools:	
School Operating Fund	\$ 2,734,955
School Cafeteria Fund	514,399
Total component unit public schools	\$ <u>3,249,354</u>
Total federal expenditures per basic financial statements	\$ <u>4,925,256</u>
Non-cash expenditures - value of donated commodities	\$ <u>36,161</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>4,961,417</u></u>

**County of Sussex, Virginia
Schedule of Findings and Questioned Costs
For the year ended June 30, 2007**

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unqualified

Internal control over financial reporting:

a. Material weaknesses identified? ___ yes X no

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

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs

A. Material weaknesses identified? ___ yes X no

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster
84.027/84.173	Special Education Cluster
84.332	Comprehensive School Reform

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

Auditee qualified as low-risk auditee? X yes no

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None