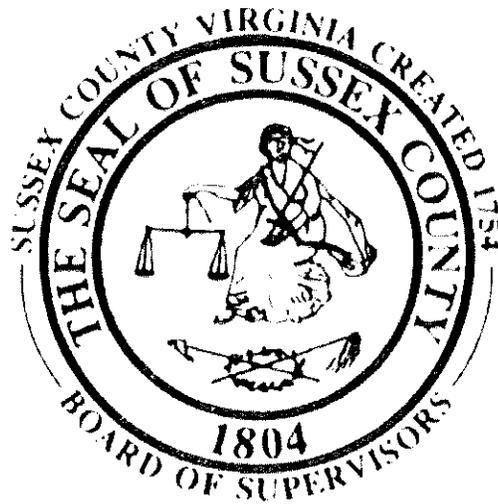


COUNTY OF SUSSEX, VIRGINIA



ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010

COUNTY OF SUSSEX, VIRGINIA

ANNUAL FINANCIAL REPORT

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

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF SUSSEX, VIRGINIA

Board of Supervisors

Harris L. Parker, Chairperson
C. Eric Fly, Sr., Vice Chairperson
Wayne M. Harrell

T. Wayne Birdsong
Charlie E. Caple, Jr.
Rufus E. Tyler, Sr.

Department of Social Services

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

William Bain
Norfleet Givens
Willie C. Walker

County School Board

Marvin Morris, Jr., Chairperson
Lisa H. Winfield, Vice Chairperson
Doris C. Hamlin

Will Massenburg
James A. Thorpe, Jr.
Gloria S. Holloman

Other Officials

County Administrator.....	Mary E. Jones
Deputy County Administrator	George E. Morrison III
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

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF SUSSEX, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-9
<u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Assets	10
Exhibit 2 Statement of Activities	11
Fund Financial Statements:	
Exhibit 3 Balance Sheet--Governmental Funds	12
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	13
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances--Governmental Funds	14
Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Exhibit 7 Statement of Fiduciary Net Assets--Fiduciary Funds	16
Exhibit 8 Statement of Changes in Fiduciary Net Assets	17
Notes to Financial Statements	18-42

COUNTY OF SUSSEX, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

	<u>Page</u>
<u>Required Supplementary Information:</u>	
Exhibit 9 Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–General Fund	43
Exhibit 10 Schedule of Funding Progress - Virginia Retirement System	44
Exhibit 11 Schedule of Funding Progress - Retiree Healthcare Plan	45
<u>Other Supplementary Information:</u>	
Combining and Individual Fund Statements and Schedules:	
Exhibit 12 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–County Capital Projects Fund	46
Exhibit 13 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–Nonmajor Special Revenue Fund	47
Exhibit 14 Combining Statement of Fiduciary Net Assets	48
Exhibit 15 Statement of Changes in Assets and Liabilities-Agency Funds	49
Discretely Presented Component Unit School Board:	
Exhibit 16 Combining Balance Sheet	50
Exhibit 17 Combining Statement of Revenues, Expenditures and Changes in Fund Balances–Governmental Funds	51
Exhibit 18 Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–School Operating Fund	52
Exhibit 19 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–Nonmajor Special Revenue Fund	53
Supporting Schedules:	
Schedule 1 Schedule of Revenues–Budget and Actual–Governmental Funds	54-59
Schedule 2 Schedule of Expenditures–Budget and Actual–Governmental Funds	60-63

COUNTY OF SUSSEX, VIRGINIA
 FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

Other Supplementary Information: (Continued)

Other Statistical Information:

		Page
Table 1	Government-Wide Expenses by Function—Last Seven Fiscal Years	64
Table 2	Government-Wide Revenues—Last Seven Fiscal Years	65
Table 3	General Governmental Expenditures by Function—Last Ten Fiscal Years	66
Table 4	General Governmental Revenues by Source—Last Ten Fiscal Years	67
Table 5	Property Tax Levies and Collections—Last Ten Fiscal Years	68
Table 6	Assessed Value of Taxable Property—Last Ten Fiscal Years	69
Table 7	Property Tax Rates—Last Ten Fiscal Years	70
Table 8	Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	71

Compliance:

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	72-73
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	74-75
Schedule of Expenditures of Federal Awards	76-78
Notes to Schedule of Expenditures of Federal Awards	79
Schedule of Findings and Questioned Costs	80
Schedule of Prior Year Findings and Questioned Costs	81

THIS PAGE LEFT BLANK INTENTIONALLY

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 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, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Sussex, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2010, 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 should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Sussex, Virginia's, basic financial statements. The introductory section, other supplementary information and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Sussex, Virginia. The other supplementary information 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Richmond, Virginia
December 30, 2010

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, 2010. 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 \$35,266,786 (net assets).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources of \$1,381,012 in excess of expenditures and other financing uses (Exhibit 5) after making contributions totaling \$7,062,604 to the School Board.

- ▶ As of the close of the current fiscal year; the County's funds reported ending fund balances of \$24,116,841 an increase of \$1,381,012 in comparison with the prior year.
- ▶ At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,257,869 or 23.2% of total general fund expenditures and other uses.
- ▶ The combined long-term obligations decreased \$60,909 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 \$35,266,786 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>2010</u>	<u>2009</u>
Current and other assets	\$ 24,408,378	\$ 23,108,817
Restricted assets	584,066	404,794
Capital assets	<u>33,365,489</u>	<u>34,475,871</u>
Total assets	<u>\$ 58,357,933</u>	<u>\$ 57,989,482</u>
Current liabilities	\$ 506,419	\$ 537,186
Long-term liabilities outstanding	<u>22,584,728</u>	<u>22,645,637</u>
Total liabilities	<u>\$ 23,091,147</u>	<u>\$ 23,182,823</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 14,291,462	\$ 14,320,447
Restricted for Debt Service	584,066	404,794
Unrestricted	<u>20,391,258</u>	<u>20,081,418</u>
Total net assets	<u>\$ 35,266,786</u>	<u>\$ 34,806,659</u>

Government-wide Financial Analysis (Continued)

The County's net assets increased by \$460,127 during the current fiscal year. The following table summarizes the County's Statement of Activities

<u>County of Sussex, Virginia's Changes in Net Assets</u>		
	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Charges for services	\$ 7,079,380	\$ 7,811,169
Operating grants and contributions	4,581,112	4,826,716
Capital grants and contributions	3,000	295,634
General property taxes	7,641,415	7,763,119
Other local taxes	962,731	1,103,140
Grants and other contributions not restricted	1,780,590	1,684,464
Other general revenues	<u>696,432</u>	<u>803,028</u>
Total revenues	<u>\$ 22,744,660</u>	<u>\$ 24,287,270</u>
General government administration	\$ 1,790,384	\$ 1,750,158
Judicial administration	1,117,542	1,173,501
Public safety	5,032,632	5,558,789
Public works	1,802,875	744,007
Health and welfare	3,296,600	3,502,184
Education	8,154,852	9,330,399
Parks, recreation, and cultural	210,076	211,185
Community development	397,609	662,735
Interest and other fiscal charges	<u>481,963</u>	<u>592,492</u>
Total expenses	<u>\$ 22,284,533</u>	<u>\$ 23,525,450</u>
Change in net assets	\$ 460,127	\$ 761,820
Net assets, Beg of year	34,806,659	34,044,839
Net assets, end of year	<u>\$ 35,266,786</u>	<u>\$ 34,806,659</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 \$24,116,841 an increase of \$1,381,012 in comparison with the prior year. Approximately 22% 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 \$18,250,303, 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 \$817,508 and can be briefly summarized as follows:

- ▶ \$556,362 increase in public safety expenditures
- ▶ \$284,920 increase in health and welfare expenditures
- ▶ \$ 29,784 increase in general government administration expenditures
- ▶ \$ 15,560 increase in education expenditures
- ▶ \$ 13,267 increase in judicial administration expenditures
- ▶ \$ 75,106 decrease in public works expenditures
- ▶ \$ 7,279 decrease in community development 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 fall short budgetary estimates by \$806,932. Budgetary estimates exceeded expenditures and other financing uses by \$1,448,997. The combination of the two resulted in a positive variance of \$642,065.

Capital Asset and Debt Administration

- ▶ **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2010 amounts to \$33,365,489 (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 \$19,074,027. Of this amount, \$15,782,599 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 \$1,081,397 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 10.3 percent. The state's average unemployment rate of 7.1 percent and the national average rate of 9.7 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 2010 fiscal year.

The fiscal year 2011 general fund budget decreased by approximately 4%. The real property rate for fiscal year 2011 will be \$0.54/\$100.

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.

THIS PAGE LEFT BLANK INTENTIONALLY

BASIC FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

GOVERNMENT-WIDE FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

County of Sussex, Virginia
Statement of Net Assets
June 30, 2010

	Primary Government Governmental Activities	Component Unit School Board
ASSETS		
Cash and cash equivalents	\$ 21,896,602	\$ 1,381,888
Receivables (net of allowance for uncollectibles):		
Taxes receivable	468,450	-
Accounts receivable	718,663	26,606
Due from other governmental units	1,324,663	681,839
Prepaid expenses	-	125,726
Restricted assets:		
Temporarily restricted:		
Bond sinking funds	584,066	-
Capital assets (net of accumulated depreciation):		
Land	7,229,190	111,236
Buildings and system	23,328,032	8,939,663
Machinery and equipment	2,411,356	1,309,461
Construction in progress	396,911	-
Total assets	<u>\$ 58,357,933</u>	<u>\$ 12,576,419</u>
LIABILITIES		
Accounts payable	\$ 187,890	\$ 89,426
Accrued liabilities	-	1,040,075
Accrued interest payable	307,475	-
Due to other governmental units	-	747,535
Unearned revenue	11,054	-
Long-term liabilities:		
Due within one year	1,122,120	104,536
Due in more than one year	21,462,608	1,569,137
Total liabilities	<u>\$ 23,091,147</u>	<u>\$ 3,550,709</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 14,291,462	\$ 10,360,360
Restricted for:		
Debt service and bond covenants	584,066	-
Unrestricted (deficit)	20,391,258	(1,334,650)
Total net assets	<u>\$ 35,266,786</u>	<u>\$ 9,025,710</u>
 Total Liabilities and Net Assets	 <u>\$ 58,357,933</u>	 <u>\$ 12,576,419</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, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit
					School Board	
PRIMARY GOVERNMENT:						
Governmental activities:						
General government administration	\$ 1,790,384	\$ -	\$ 215,954	\$ -	\$ (1,574,430)	\$ -
Judicial administration	1,117,542	679,145	463,262	-	24,865	-
Public safety	5,032,632	142,835	1,514,526	-	(3,375,271)	-
Public works	1,802,875	6,168,913	-	-	4,366,038	-
Health and welfare	3,296,600	-	2,338,205	-	(958,395)	-
Education	8,154,852	-	-	-	(8,154,852)	-
Parks, recreation, and cultural	210,076	-	-	-	(210,076)	-
Community development	397,609	88,487	49,165	3,000	(256,957)	-
Interest on long-term debt	481,963	-	-	-	(481,963)	-
Total governmental activities	\$ 22,284,533	\$ 7,079,380	\$ 4,581,112	\$ 3,000	\$ (10,621,041)	\$ -
Total primary government	\$ 22,284,533	\$ 7,079,380	\$ 4,581,112	\$ 3,000	\$ (10,621,041)	\$ -
COMPONENT UNIT:						
School Board	\$ 19,617,847	\$ 322,050	\$ 11,199,367	\$ -	\$ -	\$ (8,096,430)
Total component unit	\$ 19,617,847	\$ 322,050	\$ 11,199,367	\$ -	\$ -	\$ (8,096,430)
General revenues:						
General property taxes					\$ 7,641,415	\$ -
Local sales tax					509,462	-
Communications tax					183,513	-
Motor vehicle licenses					209,064	-
Other local taxes					60,692	-
Unrestricted revenues from use of money and property					525,710	1,898
Miscellaneous					170,722	155,009
Grants and contributions not restricted to specific programs					1,780,590	-
Payment from Sussex County					-	8,144,001
Total general revenues					\$ 11,081,168	\$ 8,300,908
Change in net assets					\$ 460,127	\$ 204,478
Net assets - beginning					\$ 34,806,659	\$ 8,821,232
Net assets - ending					\$ 35,266,786	\$ 9,025,710

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

FUND FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

County of Sussex, Virginia
Balance Sheet
Governmental Funds
June 30, 2010

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 3,608,994	\$ 18,263,096	\$ 24,512	\$ 21,896,602
Receivables (net of allowance for uncollectibles):				
Taxes receivable	468,450	-	-	468,450
Accounts receivable	715,810	2,762	91	718,663
Due from other governmental units	1,324,663	-	-	1,324,663
Restricted assets:				
Temporarily restricted:				
Bond sinking funds	-	584,066	-	584,066
Total assets	<u>\$ 6,117,917</u>	<u>\$ 18,849,924</u>	<u>\$ 24,603</u>	<u>\$ 24,992,444</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 172,335	\$ 15,555	\$ -	\$ 187,890
Deferred revenue	687,713	-	-	687,713
Total liabilities	<u>\$ 860,048</u>	<u>\$ 15,555</u>	<u>\$ -</u>	<u>\$ 875,603</u>
Fund balances:				
Reserved for:				
Debt service	\$ -	\$ 584,066	\$ -	\$ 584,066
Unreserved, reported in:				
General fund	5,257,869	-	-	5,257,869
Special revenue funds	-	-	24,603	24,603
Capital projects funds	-	18,250,303	-	18,250,303
Total fund balances	<u>\$ 5,257,869</u>	<u>\$ 18,834,369</u>	<u>\$ 24,603</u>	<u>\$ 24,116,841</u>
Total liabilities and fund balances	<u>\$ 6,117,917</u>	<u>\$ 18,849,924</u>	<u>\$ 24,603</u>	<u>\$ 24,992,444</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, 2010

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 24,116,841
--	---------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Capital outlay	\$ 43,745,367	
Accumulated depreciation	<u>(10,379,878)</u>	33,365,489

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	676,659
--	---------

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	\$ (407,230)	
OPEB liability	(67,469)	
Landfill postclosure care	(3,036,002)	
State literary fund loans	(12,082,599)	
General obligation bonds	(3,700,000)	
QZAB bonds	(3,291,428)	
Accrued interest payable	<u>(307,475)</u>	(22,892,203)

Net assets of governmental activities	<u><u>\$ 35,266,786</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, 2010

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 7,534,857	\$ -	\$ -	\$ 7,534,857
Other local taxes	962,731	-	-	962,731
Permits, privilege fees, and regulatory licenses	96,985	-	-	96,985
Fines and forfeitures	467,053	-	-	467,053
Revenue from the use of money and property	365,785	159,806	119	525,710
Charges for services	6,481,005	33,393	944	6,515,342
Miscellaneous	170,722	-	-	170,722
Recovered costs	435,143	70,449	-	505,592
Intergovernmental revenues:				
Commonwealth	5,017,809	-	-	5,017,809
Federal	1,346,893	-	-	1,346,893
Total revenues	<u>\$ 22,878,983</u>	<u>\$ 263,648</u>	<u>\$ 1,063</u>	<u>\$ 23,143,694</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,688,106	\$ -	\$ -	\$ 1,688,106
Judicial administration	1,028,013	-	970	1,028,983
Public safety	5,153,230	-	-	5,153,230
Public works	759,403	-	-	759,403
Health and welfare	3,264,016	-	-	3,264,016
Education	7,073,455	-	-	7,073,455
Parks, recreation, and cultural	204,378	-	-	204,378
Community development	731,514	-	-	731,514
Capital projects	-	203,758	-	203,758
Debt service:				
Principal retirement	-	1,081,397	-	1,081,397
Interest and other fiscal charges	-	574,442	-	574,442
Total expenditures	<u>\$ 19,902,115</u>	<u>\$ 1,859,597</u>	<u>\$ 970</u>	<u>\$ 21,762,682</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,976,868</u>	<u>\$ (1,595,949)</u>	<u>\$ 93</u>	<u>\$ 1,381,012</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 2,270,068	\$ -	\$ 2,270,068
Transfers out	(2,270,068)	-	-	(2,270,068)
Total other financing sources (uses)	<u>\$ (2,270,068)</u>	<u>\$ 2,270,068</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 706,800	\$ 674,119	\$ 93	\$ 1,381,012
Fund balances - beginning	4,551,069	18,160,250	24,510	22,735,829
Fund balances - ending	<u>\$ 5,257,869</u>	<u>\$ 18,834,369</u>	<u>\$ 24,603</u>	<u>\$ 24,116,841</u>

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

County of Sussex, Virginia
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended June 30, 2010

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

Net change in fund balances - total governmental funds \$ 1,381,012

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	\$ 626,083	
Transfer of joint tenancy assets from Primary Government to Component Unit School Board	(1,081,397)	
Depreciation expense	<u>(655,067)</u>	(1,110,381)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 106,558

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	\$ 711,397	
Principal retirement on general obligation bonds	370,000	
Increase in landfill postclosure liability	<u>(955,762)</u>	125,635

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

(Increase) decrease in compensated absences	\$ (31,258)	
(Increase) decrease in OPEB liability	(33,469)	
(Increase) decrease in interest payable	<u>22,030</u>	(42,697)

Change in net assets of governmental activities \$ 460,127

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, 2010

	<u>Private-Purpose Trusts</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 95,648	\$ 14,441
Total assets	<u>\$ 95,648</u>	<u>\$ 14,441</u>
LIABILITIES		
Amounts held for social services clients	\$ -	\$ 1,602
Amounts held for others	-	7,347
Amounts held for inmates	-	5,492
Total liabilities	<u>\$ -</u>	<u>\$ 14,441</u>
NET ASSETS		
Held in trust for scholarships	\$ 95,648	\$ -
Total net assets	<u>\$ 95,648</u>	<u>\$ -</u>
Total liabilities and net assets	<u>\$ 95,648</u>	<u>\$ 14,441</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, 2010

	Private Purpose Trust Funds
ADDITIONS	
Investment earnings (losses)	\$ 2,439
Private donations	10,730
Total additions	\$ 13,169
DEDUCTIONS	
Scholarships	\$ 8,000
Total deductions	\$ 8,000
Change in net assets	5,169
Net assets - beginning	\$ 90,479
Net assets - ending	\$ 95,648

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

NOTES TO THE FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2010

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 Activities) 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, 2010

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, 2010

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, 2010.

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, 2010.

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 provider have been met.

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2010

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, 2010

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

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

1. Governmental Funds

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

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

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 nonmajor 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.

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

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, 2010

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 \$81,941 at June 30, 2010 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 unit, 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, 2010

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

J. Retirement Plan

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

K. Use of Estimates

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

L. 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, 2010

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 and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2010

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, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

Investments

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

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2010 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 4,728,772
Money Market Mutual Fund	584,066
Total	\$ <u>5,312,838</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, 2010

Note 4—Due to/from Other Governments:

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Other Local Governments:		
Sussex County School Board	\$ 747,535	\$ -
Commonwealth of Virginia:		
Local sales tax	100,533	-
Jail clean up	4,051	-
Welfare	58,873	-
Rolling stock tax	3,000	-
State Sales Tax	-	189,297
Recordation tax	4,131	-
Auto rental tax	186	-
Shared expenses	205,291	-
Comprehensive services	63,783	-
Communications tax	30,976	-
E-911 wireless	6,815	-
Juror reimbursement	3,750	-
Federal Government:		
School fund grants	-	492,542
CDBG grant	3,000	-
Welfare	92,739	-
	<u>1,324,663</u>	<u>681,839</u>
Total due from other governments	\$ <u>1,324,663</u>	\$ <u>681,839</u>

At June 30, 2010, amounts due to other local governments are as follows:

Other Local Governments:		
County of Sussex	\$ <u>-</u>	\$ <u>747,535</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2010

Note 5—Capital Assets:

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

Primary Government:

	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 7,212,697	\$ 16,493	\$ -	\$ 7,229,190
Construction in progress	<u>453,779</u>	<u>193,269</u>	<u>250,137</u>	<u>396,911</u>
Total capital assets not subject to depreciation	<u>\$ 7,666,476</u>	<u>\$ 209,762</u>	<u>\$ 250,137</u>	<u>\$ 7,626,101</u>
Capital assets subject to depreciation:				
Buildings and system	\$ 6,526,330	\$ 313,373	\$ -	\$ 6,839,703
Machinery and equipment	5,826,245	353,084	21,463	6,157,866
Jointly owned assets	<u>23,741,547</u>	<u>-</u>	<u>619,850</u>	<u>23,121,697</u>
Total capital assets being depreciated	<u>\$ 36,094,122</u>	<u>\$ 666,457</u>	<u>\$ 641,313</u>	<u>\$ 36,119,266</u>
Less accumulated depreciation for:				
Buildings and system	\$ 2,388,221	\$ 197,477	\$ -	\$ 2,585,698
Machinery and equipment	3,310,383	457,590	21,463	3,746,510
Jointly owned assets	<u>3,586,123</u>	<u>461,547</u>	<u>-</u>	<u>4,047,670</u>
Total accumulated depreciation	<u>\$ 9,284,727</u>	<u>\$ 1,116,614</u>	<u>\$ 21,463</u>	<u>\$ 10,379,878</u>
Total capital assets being depreciated, net	<u>\$ 26,809,395</u>	<u>\$ (450,157)</u>	<u>\$ 619,850</u>	<u>\$ 25,739,388</u>
Governmental capital assets, net	<u>\$ 34,475,871</u>	<u>\$ (240,395)</u>	<u>\$ 869,987</u>	<u>\$ 33,365,489</u>
Component Unit - School Board:				
	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</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	\$ 3,383,369	\$ 171,449	\$ 28,822	\$ 3,525,996
Jointly owned assets	<u>10,216,886</u>	<u>619,850</u>	<u>-</u>	<u>10,836,736</u>
Total capital assets being depreciated	<u>\$ 13,600,255</u>	<u>\$ 791,299</u>	<u>\$ 28,822</u>	<u>\$ 14,362,732</u>
Less accumulated depreciation for:				
Machinery and equipment	\$ 1,905,346	\$ 340,011	\$ 28,822	\$ 2,216,535
Jointly owned assets	<u>1,543,244</u>	<u>353,829</u>	<u>-</u>	<u>1,897,073</u>
Total accumulated depreciation	<u>\$ 3,448,590</u>	<u>\$ 693,840</u>	<u>\$ 28,822</u>	<u>\$ 4,113,608</u>
Total capital assets being depreciated, net	<u>\$ 10,151,665</u>	<u>\$ 97,459</u>	<u>\$ -</u>	<u>\$ 10,249,124</u>
Governmental capital assets, net	<u>\$ 10,262,901</u>	<u>\$ 97,459</u>	<u>\$ -</u>	<u>\$ 10,360,360</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2010

Note 5—Capital Assets: (Continued)

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

Governmental activities:

General government administration	\$	57,989
Judicial administration		96,155
Public safety		438,641
Public works		5,311
Health and welfare		38,072
Education		461,547
Parks, recreation and cultural		5,698
Community development		<u>13,201</u>
Total Governmental activities	\$	<u>1,116,614</u>
Component Unit School Board	\$	<u>693,840</u>

Note 6—Interfund Transfers:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ -	\$ 2,270,068
County Capital Projects	<u>2,270,068</u>	<u>-</u>
Total	\$ <u>2,270,068</u>	\$ <u>2,270,068</u>
Component Unit- School Board:		
School Operating	\$ -	\$ 37,785
School Special Revenue	<u>37,785</u>	<u>-</u>
Total	\$ <u>37,785</u>	\$ <u>37,785</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, 2010

Note 7—Long-Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2010:

	<u>Amounts Payable at July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2010</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County:					
Compensated absences payable	\$ 375,973	\$ 68,854	\$ 37,597	\$ 407,230	\$ 40,723
Landfill postclosure care	2,080,240	1,000,000	44,238	3,036,002	-
OPEB liability	34,000	44,469	11,000	67,469	-
Total incurred by County	<u>\$ 2,490,213</u>	<u>\$ 1,113,323</u>	<u>\$ 92,835</u>	<u>\$ 3,510,701</u>	<u>\$ 40,723</u>
Incurred by School Board:					
State Literary Fund Loans	\$ 12,793,996	-	\$ 711,397	\$ 12,082,599	\$ 711,397
General obligation bonds	4,070,000	-	370,000	3,700,000	370,000
QZAB Bonds	3,291,428	-	-	3,291,428	-
Total incurred by School Board	<u>\$ 20,155,424</u>	<u>\$ -</u>	<u>\$ 1,081,397</u>	<u>\$ 19,074,027</u>	<u>\$ 1,081,397</u>
Total Governmental Obligations	<u>\$ 22,645,637</u>	<u>\$ 1,113,323</u>	<u>\$ 1,174,232</u>	<u>\$ 22,584,728</u>	<u>\$ 1,122,120</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2010

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

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

Year Ending June 30	School Obligations					
	General Obligation Bonds		QZAB Bond		Literary Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 370,000	\$ 172,559	\$ -	\$ -	\$ 711,397	\$ 362,478
2012	370,000	155,770	-	-	711,397	341,135
2013	370,000	138,750	-	-	711,397	319,794
2014	370,000	121,499	-	-	711,397	308,452
2015	370,000	104,016	-	-	711,397	277,110
2016	370,000	85,840	-	-	711,397	255,768
2017	370,000	66,970	-	-	711,397	234,426
2018	370,000	48,100	-	-	711,397	213,085
2019	370,000	28,999	-	-	711,397	191,743
2020	370,000	9,666	-	-	711,397	170,401
2021	-	-	1,077,000	-	711,397	149,059
2022	-	-	-	-	711,397	127,717
2023	-	-	2,214,428	-	711,397	106,375
2024	-	-	-	-	711,397	85,033
2025	-	-	-	-	711,397	63,691
2026	-	-	-	-	711,400	42,349
2027	-	-	-	-	350,127	21,007
2028	-	-	-	-	350,117	10,504
Total	\$ 3,700,000	\$ 932,169	\$ 3,291,428	\$ -	\$ 12,082,599	\$ 3,280,127

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2010

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

General Obligations:

Incurred by County:

Landfill Postclosure cost	\$	<u>3,036,002</u>
OPEB liability	\$	<u>67,469</u>
Compensated absences (payable from the General Fund)	\$	<u>407,230</u>
Total incurred by County	\$	<u><u>3,510,701</u></u>

General Obligations:

Incurred by School Board:

QZAB Bonds:

\$1,077,000 QZAB bond issued December 23, 2005, due in one lump sum payment 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%.		<u>2,214,428</u>
Total QZAB Bonds	\$	<u>3,291,428</u>

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	\$	<u>3,700,000</u>
--	----	------------------

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%.	\$	5,780,323
\$7,002,530 Literary loan issued January 1, 2010, due in annual installments of \$350,127 through January 1, 2028, interest at 3%.		<u>6,302,276</u>
Total Literary Fund Loans	\$	<u>12,082,599</u>
Total incurred by School Board	\$	<u>19,074,027</u>
Total General Obligations, Primary Government	\$	<u><u>22,584,728</u></u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2010

Note 7—Long-Term Obligations: (Continued)

Discretely Presented Component Unit-School Board:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2010:

	Amounts Payable at July 1, 2009	Increases	Decreases	Amounts Payable at June 30, 2010	Amounts Due Within One Year
Component Unit-School Board:					
VRS Early retirement liability	\$ 1,076,145	\$ -	\$ 39,634	\$ 1,036,511	\$ 42,804
OPEB liability	10,000	9,844	-	19,844	-
Compensated absences	665,766	18,691	67,139	617,318	61,732
Total Component Unit-School Board	<u>\$ 1,751,911</u>	<u>\$ 28,535</u>	<u>\$ 106,773</u>	<u>\$ 1,673,673</u>	<u>\$ 104,536</u>

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

Year Ending June 30	VRS Retirement Liability	
	Principal	Interest
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	116,413	9,313
Total	<u>\$ 1,036,511</u>	<u>\$ 723,653</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2010

Note 7—Long-Term Obligations: (Continued)

Discretely Presented Component Unit-School Board: (Continued)

General Obligations:

VRS Early Retirement Liability, issued July 1, 1994 at 8% over 30 years	\$	<u>1,036,511</u>
OPEB liability	\$	<u>19,844</u>
Compensated absences liability (Payable from the School Fund)	\$	<u>617,318</u>
Total General obligations, Component Unit - School Board	\$	<u>1,673,673</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 \$3,036,002 reported as landfill closure and postclosure liability at June 30, 2010, represents the estimated liability for postclosure monitoring, over the remaining twenty-one years. These amounts are based on what it would cost to perform all closure and postclosure care in 2010. 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 in the funds totaling \$687,713 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$676,659 at June 30, 2010.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2010 but paid in advance by the taxpayers totaled \$11,054 at June 30, 2010.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2010

Note 10—Contingent Liabilities:

Federal programs in which the County and discretely presented component unit 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, 2010, 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 loss. 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, 2010

Note 13 – Defined Benefit Pension Plan:

A. Plan Description

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

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

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

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School Board's non-professional contribution rates for the fiscal year ended 2010 were 11.25% and 6.73% of annual covered payroll, respectively.

The School Board's contribution for professional employees was \$713,077, \$726,146, and \$838,683, to the teacher cost-sharing pool for the fiscal years ended June 30, 2010, 2009, and 2008 respectively and these contributions represented 8.81%, 8.81%, and 10.30%, respectively, of current covered payroll. The School Board's professional employees contribution rate for the fiscal year ended June 30, 2010 of 8.81% of covered payroll was for July 2009 through March 2010 and 0.00% for April through June 2010.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2010

Note 13 --Defined Benefit Pension Plan (Continued):

C. Annual Pension Cost

For the fiscal year 2010, the County's annual pension cost of \$535,752 (which does not include the portion of the employee share assumed by the County which was \$238,112) was equal to the County's required and actual contributions.

For the fiscal year 2010, the County School Board's annual pension cost for the Board's non-professional employees was \$75,120 (which which does not include the portion of the employees share assumed by the County which was \$55,810) which was equal to the Board's required and actual contributions.

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
County:			
June 30, 2010	\$ 535,752	100%	\$ -
June 30, 2009	529,787	100%	-
June 30, 2008	317,173	100%	-
School Board:			
Non-Professional:			
June 30, 2010	\$ 75,120	100%	\$ -
June 30, 2009	81,140	100%	-
June 30, 2008	76,544	100%	-

(1) Employer portion only

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2010

Note 13 –Defined Benefit Pension Plan: (Continued)

D. Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the plan was 84.85% funded. The actuarial accrued liability for benefits was \$17,817,659 and the actuarial value of assets was \$15,118,979, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,698,680. The covered payroll (annual payroll of active employees covered by the plan) was \$4,770,512, and ratio of the UAAL to covered payroll was 56.57%.

As of June 30, 2009, the most recent actuarial valuation date, the School Board's Non-Professional plan was 90.11% funded. The actuarial accrued liability for benefits was \$2,509,997 and the actuarial value of assets was \$2,261,734, resulting in an unfunded actuarial accrued liability (UAAL) of \$248,263. The covered payroll (annual payroll of active employees covered by the plan) was \$1,172,173 and ratio of the UAAL to the covered payroll was 21.18%.

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

Note 14 –Surety Bonds:

	<u>Amount</u>
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
Raymond R. Bell, 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, and 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 \$61,339 to the District 19 Community Services Board for the fiscal year ended June 30, 2010.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2010

Note 16—Postemployment Benefits Other Than Pensions:

Plan Description

The County and School Board allow retirees to remain on their health insurance plan after they retire. All forms of coverage cease upon the first month after the death of the employee. The spouse may remain on the plan as well and coverage ceases upon the death of retiree. The School Board retirees coverage ceases upon the earlier of death or the attainment of medicare eligibility. Spouses coverage ceases upon the earlier of the eighteenth month after the death of the retiree or medicare eligibility.

Funding Policy

The County and School Board allow retirees and their spouses to continue to participate in the County's medical plans with the retiree paying 100% of the premium. The contribution requirements of plan members are established and may be amended by the County and School Board. The Schools currently have 29 retirees on their plan. The County has 2 retirees on its plan.

Annual OPEB Cost and Net OPEB Obligation

The County and School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The County and School Board have elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

	<u>COUNTY</u>	<u>SCHOOLS</u>
Annual required contribution	\$ 45,000	\$ 101,000
Interest on net OPEB obligation	1,360	400
Adjustment to annual required contribution	(1,891)	(556)
Annual OPEB cost (expense)	\$ 44,469	\$ 100,844
Estimated Contributions made	(11,000)	(91,000)
Increase in net OPEB obligation	33,469	9,844
Net OPEB obligation-beginning of year	34,000	10,000
Net OPEB obligation-end of year	\$ 67,469	\$ 19,844

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2010

Note 16--Postemployment Benefits Other Than Pensions: (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The County's and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 and 2010 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
County:			
6/30/2009	\$ 45,000	24.44%	\$ 34,000
6/30/2010	44,469	24.74%	67,469
Schools:			
6/30/2009	101,000	90.10%	10,000
6/30/2010	100,844	90.24%	19,844

Funded Status and Funding Progress

As of July 1, 2008, the most recent actuarial valuation date, the County's actuarial accrued liability for benefits was \$255,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,947,090, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.65 percent.

As of July 1, 2008, the most recent actuarial valuation date, the School Board's actuarial accrued liability for benefits was \$750,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$8,667,910, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.65 percent.

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2010

Note 16-Postemployment Benefits Other Than Pensions: (Continued)

Actuarial Methods and Assumptions

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

The following simplifying assumptions were made:

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

Mortality-Life expectancies were based on GAR 1994 Mortality Table for males and females with a one year setback for males and females.

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

Note 17-Other Post-Employment Benefits (OPEB):

A. Plan Description

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

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2010

Note 17-Other Post-Employment Benefits (OPEB): (Continued)

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.04% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2010, 2009, and 2008 were \$60,154, \$89,017, and \$94,454, respectively and equaled the required contributions for each year.

THIS PAGE LEFT BLANK INTENTIONALLY

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.

THIS PAGE LEFT BLANK INTENTIONALLY

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 7,485,969	\$ 7,500,809	\$ 7,534,857	\$ 34,048
Other local taxes	958,412	958,412	962,731	4,319
Permits, privilege fees, and regulatory licenses	73,750	73,750	96,985	23,235
Fines and forfeitures	480,000	480,000	467,053	(12,947)
Revenue from the use of money and property	246,000	246,000	365,785	119,785
Charges for services	6,918,711	6,918,711	6,481,005	(437,706)
Miscellaneous	40,940	105,925	170,722	64,797
Recovered costs	295,400	438,418	435,143	(3,275)
Intergovernmental revenues:				
Commonwealth	5,511,015	5,542,554	5,017,809	(524,745)
Federal	1,169,742	1,421,336	1,346,893	(74,443)
Total revenues	<u>\$ 23,179,939</u>	<u>\$ 23,685,915</u>	<u>\$ 22,878,983</u>	<u>\$ (806,932)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,669,753	\$ 1,699,537	\$ 1,688,106	\$ 11,431
Judicial administration	926,746	940,013	1,028,013	(88,000)
Public safety	4,647,751	5,204,113	5,153,230	50,883
Public works	892,833	817,727	759,403	58,324
Health and welfare	3,205,449	3,490,369	3,264,016	226,353
Education	8,121,476	8,137,036	7,073,455	1,063,581
Parks, recreation, and cultural	204,378	204,378	204,378	-
Community development	857,763	850,484	731,514	118,970
Total expenditures	<u>\$ 20,526,149</u>	<u>\$ 21,343,657</u>	<u>\$ 19,902,115</u>	<u>\$ 1,441,542</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,653,790</u>	<u>\$ 2,342,258</u>	<u>\$ 2,976,868</u>	<u>\$ 634,610</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (2,907,933)	\$ (2,277,523)	\$ (2,270,068)	\$ 7,455
Total other financing sources (uses)	<u>\$ (2,907,933)</u>	<u>\$ (2,277,523)</u>	<u>\$ (2,270,068)</u>	<u>\$ 7,455</u>
Net change in fund balances	\$ (254,143)	\$ 64,735	\$ 706,800	\$ 642,065
Fund balances - beginning	289,643	(640,443)	4,551,069	5,191,512
Fund balances - ending	<u>\$ 35,500</u>	<u>\$ (575,708)</u>	<u>\$ 5,257,869</u>	<u>\$ 5,833,577</u>

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

For the Year Ended June 30, 2010

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Liability (AAL)	Unfunded (Excess Funded) Actuarial Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
County:						
6/30/2009	\$ 15,118,979	\$ 17,817,659	2,698,680	84.85%	\$ 4,770,512	56.57%
6/30/2008	14,527,294	17,712,767	3,185,473	82.02%	4,588,304	69.43%
6/30/2007	13,381,638	14,905,284	1,523,646	89.78%	4,474,099	34.05%
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:						
6/30/2009	\$ 2,261,734	\$ 2,509,997	248,263	90.11%	\$ 1,172,173	21.18%
6/30/2008	2,120,575	2,314,213	193,638	91.63%	1,171,606	16.53%
6/30/2007	1,874,994	1,951,769	76,775	96.07%	1,026,221	7.48%
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%

County of Sussex, Virginia
 Schedule of Funding Progress - Retiree Healthcare Plan

For the Year Ended June 30, 2010

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll
County:						
7/1/2008	\$ -	\$ 255,000	\$ 255,000	0.00%	\$ 2,947,090	8.65%
School Board:						
7/1/2008	\$ -	\$ 750,000	\$ 750,000	0.00%	\$ 8,667,910	8.65%

THIS PAGE LEFT BLANK INTENTIONALLY

OTHER SUPPLEMENTARY INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

*COMBINING AND INDIVIDUAL FUND STATEMENTS AND
SCHEDULES*

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 260,000	\$ 260,000	\$ 159,806	\$ (100,194)
Charges for services	-	-	33,393	33,393
Intergovernmental revenues:				
Commonwealth	74,531	74,531	-	(74,531)
Total revenues	\$ 334,531	\$ 334,531	\$ 263,648	\$ (70,883)
EXPENDITURES				
Capital projects	\$ 696,982	\$ 413,642	\$ 203,758	\$ 209,884
Debt service:				
Principal retirement	1,081,397	1,081,397	1,081,397	-
Interest and other fiscal charges	574,442	574,442	574,442	-
Total expenditures	\$ 2,352,821	\$ 2,069,481	\$ 1,859,597	\$ 209,884
Excess (deficiency) of revenues over (under) expenditures	\$ (2,018,290)	\$ (1,734,950)	\$ (1,595,949)	\$ 139,001
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,018,290	\$ 1,734,950	\$ 2,270,068	\$ 535,118
Total other financing sources (uses)	\$ 2,018,290	\$ 1,734,950	\$ 2,270,068	\$ 535,118
Net change in fund balances	\$ -	\$ -	\$ 674,119	\$ 674,119
Fund balances - beginning	-	-	18,160,250	18,160,250
Fund balances - ending	\$ -	\$ -	\$ 18,834,369	\$ 18,834,369

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, 2010

	County Special Revenue Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 300	\$ 300	\$ 119	\$ (181)
Charges for services	2,100	2,100	944	(1,156)
Total revenues	<u>\$ 2,400</u>	<u>\$ 2,400</u>	<u>\$ 1,063</u>	<u>\$ (1,337)</u>
EXPENDITURES				
Current:				
Judicial administration	\$ 2,400	\$ 2,400	\$ 970	\$ 1,430
Total expenditures	<u>\$ 2,400</u>	<u>\$ 2,400</u>	<u>\$ 970</u>	<u>\$ 1,430</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 93	\$ 93
Net change in fund balances	\$ -	\$ -	\$ 93	\$ 93
Fund balances - beginning	-	-	24,510	24,510
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,603</u>	<u>\$ 24,603</u>

County of Sussex, Virginia
 Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2010

	Agency Funds				Private Purpose Trust Funds					Total
	Special Welfare	Sheriff Information	DARE	Jail Inmate	Robert Mitchell Scholarship	Rotary Scholarship	Richard Clements Moore III Scholarship	Millard Stith Family Scholarship		
ASSETS										
Cash and cash equivalents	\$ 1,602	\$ 7,144	\$ 203	\$ 5,492	\$ -	\$ 26,281	\$ 27,218	\$ 11,121	\$ 95,648	
Total assets	\$ 1,602	\$ 7,144	\$ 203	\$ 5,492	\$ -	\$ 26,281	\$ 27,218	\$ 11,121	\$ 95,648	
LIABILITIES										
Amounts held for social services clients	\$ 1,602	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Amounts held for others	-	7,144	203	-	-	-	-	-	-	
Amounts held for inmates	-	-	-	5,492	-	-	-	-	-	
Total liabilities	\$ 1,602	\$ 7,144	\$ 203	\$ 5,492	\$ -	\$ -	\$ -	\$ -	\$ -	
NET ASSETS										
Amounts held in trust for scholarships	\$ -	\$ -	\$ -	\$ -	\$ 31,028	\$ 26,281	\$ 27,218	\$ 11,121	\$ 95,648	
Total net assets	\$ -	\$ -	\$ -	\$ -	\$ 31,028	\$ 26,281	\$ 27,218	\$ 11,121	\$ 95,648	
Total liabilities and net assets	\$ 1,602	\$ 7,144	\$ 203	\$ 5,492	\$ 31,028	\$ 26,281	\$ 27,218	\$ 11,121	\$ 95,648	

County of Sussex, Virginia

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 1,620	\$ -	\$ 18	\$ 1,602
Liabilities:				
Amounts held for social services clients	\$ 1,620	\$ -	\$ 18	\$ 1,602
Sheriff Information Fund:				
Assets:				
Cash and cash equivalents	\$ 2,374	\$ 11,839	\$ 7,069	\$ 7,144
Total assets	\$ 2,374	\$ 11,839	\$ 7,069	\$ 7,144
Liabilities:				
Amounts held for others	\$ 2,374	\$ 11,839	\$ 7,069	\$ 7,144
Total liabilities	\$ 2,374	\$ 11,839	\$ 7,069	\$ 7,144
Jail Inmate Fund:				
Assets:				
Cash and cash equivalents	\$ 6,219	\$ 63,416	\$ 64,143	\$ 5,492
Liabilities:				
Amounts held for inmates	\$ 6,219	\$ 63,416	\$ 64,143	\$ 5,492
DARE Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 624	\$ 421	\$ 203
Liabilities:				
Amounts held for others	\$ -	\$ 624	\$ 421	\$ 203
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 10,213	\$ 75,879	\$ 71,651	\$ 14,441
Total assets	\$ 10,213	\$ 75,879	\$ 71,651	\$ 14,441
Liabilities:				
Amounts held for inmates	\$ 6,219	\$ 63,416	\$ 64,143	\$ 5,492
Amounts held for others	2,374	12,463	7,490	7,347
Amounts held for social services clients	1,620	-	18	1,602
Total liabilities	\$ 10,213	\$ 75,879	\$ 71,651	\$ 14,441

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

THIS PAGE LEFT BLANK INTENTIONALLY

County of Sussex, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2010

	<u>School Operating Fund</u>	<u>School Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,014,826	\$ 367,062	\$ 1,381,888
Receivables (net of allowance for uncollectibles):			
Accounts receivable	18,218	8,388	26,606
Due from other governmental units	641,101	40,738	681,839
Prepaid items	125,726	-	125,726
Total assets	<u>\$ 1,799,871</u>	<u>\$ 416,188</u>	<u>\$ 2,216,059</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 63,561	\$ 25,865	\$ 89,426
Accrued liabilities	988,775	51,300	1,040,075
Due to other governmental units	747,535	-	747,535
Total liabilities	<u>\$ 1,799,871</u>	<u>\$ 77,165</u>	<u>\$ 1,877,036</u>
Fund balances:			
Unreserved:			
Undesignated	\$ -	\$ 339,023	\$ 339,023
Total fund balances	<u>\$ -</u>	<u>\$ 339,023</u>	<u>\$ 339,023</u>
Total liabilities and fund balances	<u>\$ 1,799,871</u>	<u>\$ 416,188</u>	<u>\$ 2,216,059</u>

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

Total fund balances per above	\$ 339,023
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,360,360
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,673,673)
Net assets of governmental activities	<u>\$ 9,025,710</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, 2010

	School Operating Fund	School Special Revenue Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 993	\$ 905	\$ 1,898
Charges for services	-	322,050	322,050
Miscellaneous	150,536	4,473	155,009
Intergovernmental revenues:			
Local government	7,062,604	-	7,062,604
Commonwealth	8,054,342	11,066	8,065,408
Federal	2,476,422	657,537	3,133,959
Total revenues	<u>\$ 17,744,897</u>	<u>\$ 996,031</u>	<u>\$ 18,740,928</u>
EXPENDITURES			
Current:			
Education	\$ 17,581,386	\$ 1,005,035	\$ 18,586,421
Debt service:			
Principal retirement	39,634	-	39,634
Interest and other fiscal charges	86,092	-	86,092
Total expenditures	<u>\$ 17,707,112</u>	<u>\$ 1,005,035</u>	<u>\$ 18,712,147</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 37,785</u>	<u>\$ (9,004)</u>	<u>\$ 28,781</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 37,785	\$ 37,785
Transfers out	(37,785)	-	(37,785)
Total other financing sources and uses	<u>\$ (37,785)</u>	<u>\$ 37,785</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 28,781	\$ 28,781
Fund balances - beginning	-	310,242	310,242
Fund balances - ending	<u>\$ -</u>	<u>\$ 339,023</u>	<u>\$ 339,023</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 \$ 28,781

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. 97,459

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.

VRS early retirement liability - principal payment \$ 39,634 39,634

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

(Increase) decrease in compensated absences \$ 48,448
(Increase) decrease in OPEB Liability (9,844) 38,604

Change in net assets of governmental activities \$ 204,478

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, 2010

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 1,252	\$ 1,252	\$ 993	\$ (259)
Miscellaneous	173,929	185,929	150,536	(35,393)
Intergovernmental revenues:				
Local government	8,108,670	8,126,170	7,062,604	(1,063,566)
Commonwealth	8,327,529	8,327,529	8,054,342	(273,187)
Federal	1,596,883	2,248,829	2,476,422	227,593
Total revenues	<u>\$ 18,208,263</u>	<u>\$ 18,889,709</u>	<u>\$ 17,744,897</u>	<u>\$ (1,144,812)</u>
EXPENDITURES				
Current:				
Education	\$ 18,044,752	\$ 18,726,198	\$ 17,581,386	\$ 1,144,812
Debt service:				
Principal retirement	39,634	39,634	39,634	-
Interest and other fiscal charges	86,092	86,092	86,092	-
Total expenditures	<u>\$ 18,170,478</u>	<u>\$ 18,851,924</u>	<u>\$ 17,707,112</u>	<u>\$ 1,144,812</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 37,785</u>	<u>\$ 37,785</u>	<u>\$ 37,785</u>	<u>\$ -</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (37,785)	\$ (37,785)	\$ (37,785)	\$ -
Total other financing sources and uses	<u>\$ (37,785)</u>	<u>\$ (37,785)</u>	<u>\$ (37,785)</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
 Special Revenue Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2010

	School Special Revenue Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 905	\$ 905
Charges for services	402,327	402,327	322,050	(80,277)
Miscellaneous	-	-	4,473	4,473
Intergovernmental revenues:				
Commonwealth	110,272	110,272	11,066	(99,206)
Federal	497,671	497,671	657,537	159,866
Total revenues	<u>\$ 1,010,270</u>	<u>\$ 1,010,270</u>	<u>\$ 996,031</u>	<u>\$ (14,239)</u>
EXPENDITURES				
Current:				
Education	\$ 1,048,055	\$ 1,048,055	\$ 1,005,035	\$ 43,020
Total expenditures	<u>\$ 1,048,055</u>	<u>\$ 1,048,055</u>	<u>\$ 1,005,035</u>	<u>\$ 43,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (37,785)</u>	<u>\$ (37,785)</u>	<u>\$ (9,004)</u>	<u>\$ 28,781</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 37,785	\$ 37,785	\$ 37,785	\$ -
Total other financing sources and uses	<u>\$ 37,785</u>	<u>\$ 37,785</u>	<u>\$ 37,785</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 28,781	\$ 28,781
Fund balances - beginning	-	-	310,242	310,242
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,023</u>	<u>\$ 339,023</u>

SUPPORTING SCHEDULES

THIS PAGE LEFT BLANK INTENTIONALLY

County of Sussex, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

Schedule 1
 Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,325,000	\$ 4,325,000	\$ 4,248,318	\$ (76,682)
Real and personal public service corporation taxes	322,500	322,500	326,370	3,870
Personal property taxes	1,537,069	1,537,069	1,809,692	272,623
Mobile home taxes	34,000	34,000	34,524	524
Machinery and tools taxes	1,077,000	1,077,000	869,935	(207,065)
Merchants capital taxes	91,500	91,500	99,351	7,851
Penalties	84,400	99,240	134,233	34,993
Interest	14,500	14,500	12,434	(2,066)
Total general property taxes	<u>\$ 7,485,969</u>	<u>\$ 7,500,809</u>	<u>\$ 7,534,857</u>	<u>\$ 34,048</u>
Other local taxes:				
Local sales and use taxes	\$ 557,612	\$ 557,612	\$ 509,462	\$ (48,150)
Consumers' utility taxes	97,000	97,000	93,785	(3,215)
Consumption tax	45,000	45,000	52,547	7,547
Cable franchise taxes	-	-	68	68
Business license taxes	100	100	103	3
Motor vehicle licenses	190,000	190,000	209,064	19,064
Bank stock taxes	3,700	3,700	1,913	(1,787)
Taxes on recordation and wills	65,000	65,000	59,768	(5,232)
Transient occupancy taxes	-	-	36,021	36,021
Total other local taxes	<u>\$ 958,412</u>	<u>\$ 958,412</u>	<u>\$ 962,731</u>	<u>\$ 4,319</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 9,000	\$ 9,000	\$ 10,628	\$ 1,628
Transfer fees	450	450	359	(91)
Permits and other licenses	64,300	64,300	85,998	21,698
Total permits, privilege fees, and regulatory licenses	<u>\$ 73,750</u>	<u>\$ 73,750</u>	<u>\$ 96,985</u>	<u>\$ 23,235</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 480,000	\$ 480,000	\$ 467,053	\$ (12,947)
Total fines and forfeitures	<u>\$ 480,000</u>	<u>\$ 480,000</u>	<u>\$ 467,053</u>	<u>\$ (12,947)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 175,800	\$ 175,800	\$ 289,755	\$ 113,955
Revenue from use of property	70,200	70,200	76,030	5,830
Total revenue from use of money and property	<u>\$ 246,000</u>	<u>\$ 246,000</u>	<u>\$ 365,785</u>	<u>\$ 119,785</u>
Charges for services:				
Sheriff fees	\$ 665	\$ 665	\$ 665	\$ -
Charges for court costs	2,900	2,900	3,601	701
Charges for Commonwealth's Attorney	525	525	776	251
Courthouse security fees	160,000	160,000	176,565	16,565
Charges for correction and detention	28,500	28,500	39,366	10,866
Charges for other protection	600	600	2,632	2,032
Charges for sanitation and waste removal:				
Tipping fees	6,500,000	6,500,000	5,968,913	(531,087)
Quality control fees	211,873	211,873	200,000	(11,873)
Charges for community development	13,648	13,648	88,487	74,839
Total charges for services	<u>\$ 6,918,711</u>	<u>\$ 6,918,711</u>	<u>\$ 6,481,005</u>	<u>\$ (437,706)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 40,940	\$ 105,925	\$ 170,722	\$ 64,797

County of Sussex, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

Schedule 1
 Page 2 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
Wakefield sheriff patrol	\$ 58,000	\$ 58,000	\$ 59,815	\$ 1,815
Jurors	2,500	2,500	8,772	6,272
Jail clean up	20,000	20,000	12,382	(7,618)
Medical expense-sheriff	5,000	5,000	-	(5,000)
Clerk of the circuit court	800	800	1,491	691
Social security bounty	1,500	1,500	4,545	3,045
Indoor plumbing	28,700	28,700	15,010	(13,690)
CDBG housing loan payments	-	-	7,792	7,792
Health department	1,500	1,500	10,632	9,132
VHDA	100,600	100,600	86,748	(13,852)
Rescue sqad vehicle purchase	1,800	144,818	143,018	(1,800)
Trash collections - school board	75,000	75,000	84,938	9,938
Total recovered costs	<u>\$ 295,400</u>	<u>\$ 438,418</u>	<u>\$ 435,143</u>	<u>\$ (3,275)</u>
Total revenue from local sources	<u>\$ 16,499,182</u>	<u>\$ 16,722,025</u>	<u>\$ 16,514,281</u>	<u>\$ (207,744)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 69,600	\$ 69,600	\$ 3,000	\$ (66,600)
Mobile home titling tax	15,000	15,000	9,032	(5,968)
Taxes on deeds	12,000	12,000	10,379	(1,621)
Motor vehicle rental tax	1,000	1,000	1,269	269
Payment in lieu of taxes-prison	478,000	478,000	493,795	15,795
State recordation tax	16,000	16,000	25,152	9,152
Personal property tax relief funds	1,093,717	1,093,717	1,054,450	(39,267)
Communications taxes	195,000	195,000	183,513	(11,487)
Total noncategorical aid	<u>\$ 1,880,317</u>	<u>\$ 1,880,317</u>	<u>\$ 1,780,590</u>	<u>\$ (99,727)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 241,781	\$ 241,781	\$ 220,498	\$ (21,283)
Sheriff	1,378,774	1,378,774	1,146,663	(232,111)
Commissioner of revenue	86,721	86,721	79,927	(6,794)
Treasurer	105,533	105,533	94,395	(11,138)
Registrar/electoral board	45,000	45,000	41,632	(3,368)
Clerk of circuit court	192,705	192,705	183,606	(9,099)
Local jails	183,076	183,076	169,693	(13,383)
Total shared expenses	<u>\$ 2,233,590</u>	<u>\$ 2,233,590</u>	<u>\$ 1,936,414</u>	<u>\$ (297,176)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 643,647	\$ 643,647	\$ 643,647	\$ -
Fire programs fund	21,000	23,904	23,904	-
Clerk's records grant	-	4,995	4,995	-
Comprehensive services act	617,436	617,436	512,784	(104,652)
Emergency medical services	7,862	7,862	11,369	3,507
Wireless funds	48,000	48,000	41,758	(6,242)
Bio-solids grant	-	-	1,650	1,650
Victim-witness grant	54,163	54,163	54,163	-
BJA block grant	-	-	1,643	1,643
Forfeited assets	-	4,400	4,892	492

County of Sussex, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

Schedule 1
 Page 3 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the Commonwealth: (continued)				
Categorical aid: (continued)				
LGCG - art grant	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
State grants - other - tobacco commission	-	19,240	-	(19,240)
Total other categorical aid	<u>\$ 1,397,108</u>	<u>\$ 1,428,647</u>	<u>\$ 1,300,805</u>	<u>\$ (127,842)</u>
Total categorical aid	<u>\$ 3,630,698</u>	<u>\$ 3,662,237</u>	<u>\$ 3,237,219</u>	<u>\$ (425,018)</u>
Total revenue from the Commonwealth	<u>\$ 5,511,015</u>	<u>\$ 5,542,554</u>	<u>\$ 5,017,809</u>	<u>\$ (524,745)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,073,242	\$ 1,243,909	\$ 1,181,774	\$ (62,135)
State homeland security	-	23,760	21,900	(1,860)
Community development block grant	-	3,000	3,000	-
GOSAP	-	-	1,643	1,643
Byrne grant - ARRA	-	46,047	82,941	36,894
Transportation safety	-	8,120	8,120	-
IPR grant	96,500	96,500	47,515	(48,985)
Total categorical aid	<u>\$ 1,169,742</u>	<u>\$ 1,421,336</u>	<u>\$ 1,346,893</u>	<u>\$ (74,443)</u>
Total revenue from the federal government	<u>\$ 1,169,742</u>	<u>\$ 1,421,336</u>	<u>\$ 1,346,893</u>	<u>\$ (74,443)</u>
Total General Fund	<u>\$ 23,179,939</u>	<u>\$ 23,685,915</u>	<u>\$ 22,878,983</u>	<u>\$ (806,932)</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 300	\$ 300	\$ 119	\$ (181)
Total revenue from use of money and property	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ 119</u>	<u>\$ (181)</u>
Charges for services:				
Law library fees	\$ 2,100	\$ 2,100	\$ 944	\$ (1,156)
Total charges for services	<u>\$ 2,100</u>	<u>\$ 2,100</u>	<u>\$ 944</u>	<u>\$ (1,156)</u>
Total revenue from local sources	<u>\$ 2,400</u>	<u>\$ 2,400</u>	<u>\$ 1,063</u>	<u>\$ (1,337)</u>
Total County Special Revenue Fund	<u>\$ 2,400</u>	<u>\$ 2,400</u>	<u>\$ 1,063</u>	<u>\$ (1,337)</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	\$ 260,000	\$ 260,000	\$ 159,806	\$ (100,194)
Charges for services:				
Courthouse maintenance fees	\$ -	\$ -	\$ 33,393	\$ 33,393
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,393</u>	<u>\$ 33,393</u>

County of Sussex, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

Schedule 1
 Page 4 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund: (Continued)				
County Capital Projects Fund: (Continued)				
Recovered costs:				
VPSA rebate	\$ -	\$ -	\$ 70,449	\$ 70,449
Total recovered costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,449</u>	<u>\$ 70,449</u>
 Total revenue from local sources	 <u>\$ 260,000</u>	 <u>\$ 260,000</u>	 <u>\$ 263,648</u>	 <u>\$ 3,648</u>
 Revenue from the Commonwealth:				
Categorical aid:				
School construction funds	\$ 74,531	\$ 74,531	\$ -	\$ (74,531)
Total categorical aid	<u>\$ 74,531</u>	<u>\$ 74,531</u>	<u>\$ -</u>	<u>\$ (74,531)</u>
 Total revenue from the Commonwealth	 <u>\$ 74,531</u>	 <u>\$ 74,531</u>	 <u>\$ -</u>	 <u>\$ (74,531)</u>
 Total County Capital Projects Fund	 <u>\$ 334,531</u>	 <u>\$ 334,531</u>	 <u>\$ 263,648</u>	 <u>\$ (70,883)</u>
 Total Primary Government	 <u>\$ 23,516,870</u>	 <u>\$ 24,022,846</u>	 <u>\$ 23,143,694</u>	 <u>\$ (879,152)</u>
 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	\$ 1,252	\$ 1,252	\$ 993	\$ (259)
Total revenue from use of money and property	<u>\$ 1,252</u>	<u>\$ 1,252</u>	<u>\$ 993</u>	<u>\$ (259)</u>
 Miscellaneous revenue:				
Miscellaneous	\$ 173,929	\$ 185,929	\$ 150,536	\$ (35,393)
 Total revenue from local sources	 <u>\$ 175,181</u>	 <u>\$ 187,181</u>	 <u>\$ 151,529</u>	 <u>\$ (35,652)</u>
 Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Sussex	\$ 8,108,670	\$ 8,126,170	\$ 7,062,604	\$ (1,063,566)
Total revenues from local governments	<u>\$ 8,108,670</u>	<u>\$ 8,126,170</u>	<u>\$ 7,062,604</u>	<u>\$ (1,063,566)</u>
 Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,128,535	\$ 1,128,535	\$ 1,076,975	\$ (51,560)
Basic school aid	4,238,096	4,238,096	4,182,804	(55,292)
Remedial summer education	100,670	100,670	71,476	(29,194)
Gifted and talented	37,729	37,729	40,042	2,313
Remedial education	259,181	259,181	275,074	15,893
Special education	711,108	711,108	754,714	43,606
GED funding	7,859	7,859	7,859	-
Vocational education	100,190	100,190	103,433	3,243
School fringes	596,281	596,281	542,315	(53,966)
Mentor teacher program	8,572	8,572	6,298	(2,274)
State lottery payments	-	-	100,498	100,498
Early reading intervention	35,349	35,349	37,559	2,210
English as a second language	11,109	11,109	11,109	-
Enrollment loss	187,538	187,538	-	(187,538)

County of Sussex, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

Schedule 1
 Page 5 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (continued)				
School Operating Fund: (continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Special education - foster children	\$ 16,612	\$ 16,612	\$ 7,748	\$ (8,864)
Special education - private tuition	24,000	24,000	48,403	24,403
At risk payments	326,886	326,886	340,084	13,198
Standards of Learning algebra readiness	24,871	24,871	22,567	(2,304)
Primary class size	232,026	232,026	238,337	6,311
Educational technology	154,000	154,000	179,000	25,000
Homebound	16,798	16,798	8,047	(8,751)
Other state funds	110,119	110,119	-	(110,119)
Total categorical aid	<u>\$ 8,327,529</u>	<u>\$ 8,327,529</u>	<u>\$ 8,054,342</u>	<u>\$ (273,187)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 448,634	\$ 448,634	\$ 671,752	\$ 223,118
Title I - ARRA	-	307,900	108,462	(199,438)
Title VI-B, special education flow-through	338,716	338,716	623,999	285,283
Title VI-B, special education flow-through - ARRA	-	332,837	161,346	(171,491)
Vocational education	54,026	54,026	49,051	(4,975)
Title VI-B, special education pre-school	-	-	9,492	9,492
Title VI-B, special education pre-school - ARRA	-	11,209	3,465	(7,744)
Title VI-B, rural and low income	-	-	7,228	7,228
Drug free schools	8,136	8,136	2,818	(5,318)
Title V	5,193	5,193	-	(5,193)
State fiscal stabilization fund - ARRA	528,182	528,182	603,920	75,738
Title II Part A	136,784	136,784	70,864	(65,920)
Gear up	20,789	20,789	19,294	(1,495)
Title II Part D	691	691	691	-
Title 1A 103(g) - school improvement	-	-	99,425	99,425
JROTC	55,732	55,732	44,615	(11,117)
Total categorical aid	<u>\$ 1,596,883</u>	<u>\$ 2,248,829</u>	<u>\$ 2,476,422</u>	<u>\$ 227,593</u>
Total School Operating Fund	<u>\$ 18,208,263</u>	<u>\$ 18,889,709</u>	<u>\$ 17,744,897</u>	<u>\$ (1,144,812)</u>
School Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 905	\$ 905
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 905</u>	<u>\$ 905</u>
Charges for services:				
Cafeteria sales	\$ 402,327	\$ 402,327	\$ 322,050	\$ (80,277)
Total charges for services	<u>\$ 402,327</u>	<u>\$ 402,327</u>	<u>\$ 322,050</u>	<u>\$ (80,277)</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 4,473	\$ 4,473
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,473</u>	<u>\$ 4,473</u>
Total revenue from local sources	<u>\$ 402,327</u>	<u>\$ 402,327</u>	<u>\$ 327,428</u>	<u>\$ (74,899)</u>

County of Sussex, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

<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	\$ 13,063	\$ 13,063	\$ 11,066	\$ (1,997)
Textbook payment	97,209	97,209	-	(97,209)
Total categorical aid	<u>\$ 110,272</u>	<u>\$ 110,272</u>	<u>\$ 11,066</u>	<u>\$ (99,206)</u>
Total revenue from the Commonwealth	<u>\$ 110,272</u>	<u>\$ 110,272</u>	<u>\$ 11,066</u>	<u>\$ (99,206)</u>
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 497,671	\$ 497,671	\$ 577,329	\$ 79,658
Child nutritional discretionary - ARRA	-	-	18,128	18,128
Commodities	-	-	35,813	35,813
Summer feeding	-	-	26,267	26,267
Total categorical aid	<u>\$ 497,671</u>	<u>\$ 497,671</u>	<u>\$ 657,537</u>	<u>\$ 159,866</u>
Total revenue from the federal government	<u>\$ 497,671</u>	<u>\$ 497,671</u>	<u>\$ 657,537</u>	<u>\$ 159,866</u>
Total School Special Revenue Fund	<u>\$ 1,010,270</u>	<u>\$ 1,010,270</u>	<u>\$ 996,031</u>	<u>\$ (14,239)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 19,218,533</u>	<u>\$ 19,899,979</u>	<u>\$ 18,740,928</u>	<u>\$ (1,159,051)</u>

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

Schedule 2
 Page 1 of 4

<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	\$ 208,300	\$ 156,924	\$ 165,732	\$ (8,808)
General and financial administration:				
County administrator	\$ 638,298	\$ 636,798	\$ 636,821	\$ (23)
Legal services	121,935	171,918	172,083	(165)
Commissioner of revenue	211,137	217,037	223,349	(6,312)
Treasurer	342,160	356,513	345,088	11,425
Other general and financial administration	-	8,057	9,362	(1,305)
Total general and financial administration	<u>\$ 1,313,530</u>	<u>\$ 1,390,323</u>	<u>\$ 1,386,703</u>	<u>\$ 3,620</u>
Board of elections:				
Electoral board and officials	\$ 147,923	\$ 152,290	\$ 135,671	\$ 16,619
Total general government administration	<u>\$ 1,669,753</u>	<u>\$ 1,699,537</u>	<u>\$ 1,688,106</u>	<u>\$ 11,431</u>
Judicial administration:				
Courts:				
Circuit court	\$ 23,940	\$ 23,940	\$ 44,525	\$ (20,585)
General district court	12,610	12,610	20,462	(7,852)
Special magistrates	4,818	4,818	2,346	2,472
Juvenile and domestic relations court	7,372	7,372	7,553	(181)
Sheriff	107,563	105,225	169,188	(63,963)
Victim witness	61,116	63,681	62,555	1,126
Clerk of the circuit court	302,983	302,983	303,060	(77)
Total courts	<u>\$ 520,402</u>	<u>\$ 520,629</u>	<u>\$ 609,689</u>	<u>\$ (89,060)</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 406,344	\$ 419,384	\$ 418,324	\$ 1,060
Total commonwealth's attorney	<u>\$ 406,344</u>	<u>\$ 419,384</u>	<u>\$ 418,324</u>	<u>\$ 1,060</u>
Total judicial administration	<u>\$ 926,746</u>	<u>\$ 940,013</u>	<u>\$ 1,028,013</u>	<u>\$ (88,000)</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,436,078	\$ 1,668,155	\$ 1,554,253	\$ 113,902
School resource officer grant	96,143	102,068	55,336	46,732
Crater criminal justice academy	17,738	17,738	17,738	-
911 services	209,284	209,020	197,438	11,582
Wakefield operations	50,062	57,034	55,335	1,699
Total law enforcement and traffic control	<u>\$ 1,809,305</u>	<u>\$ 2,054,015</u>	<u>\$ 1,880,100</u>	<u>\$ 173,915</u>
Fire and rescue services:				
Fire department	\$ 104,700	\$ 99,546	\$ 121,141	\$ (21,595)
Ambulance and rescue services	635,303	756,928	800,382	(43,454)
Forest fire extinction services	20,746	23,403	23,403	-
Emergency services	125,858	149,010	146,135	2,875
Total fire and rescue services	<u>\$ 886,607</u>	<u>\$ 1,028,887</u>	<u>\$ 1,091,061</u>	<u>\$ (62,174)</u>
Correction and detention:				
Confinement and care of prisoners	\$ 1,462,968	\$ 1,587,912	\$ 1,599,622	\$ (11,710)
Juvenile probation and detention	83,321	83,321	104,233	(20,912)
Total correction and detention	<u>\$ 1,546,289</u>	<u>\$ 1,671,233</u>	<u>\$ 1,703,855</u>	<u>\$ (32,622)</u>
Inspections:				
Building	\$ 241,331	\$ 240,806	\$ 227,414	\$ 13,392
Total inspections	<u>\$ 241,331</u>	<u>\$ 240,806</u>	<u>\$ 227,414</u>	<u>\$ 13,392</u>

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

Schedule 2
 Page 2 of 4

<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	\$ 164,219	\$ 209,172	\$ 250,800	\$ (41,628)
Total other protection	<u>\$ 164,219</u>	<u>\$ 209,172</u>	<u>\$ 250,800</u>	<u>\$ (41,628)</u>
Total public safety	<u>\$ 4,647,751</u>	<u>\$ 5,204,113</u>	<u>\$ 5,153,230</u>	<u>\$ 50,883</u>
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 221,985	\$ 221,985	\$ 218,996	\$ 2,989
Total sanitation and waste removal	<u>\$ 221,985</u>	<u>\$ 221,985</u>	<u>\$ 218,996</u>	<u>\$ 2,989</u>
Maintenance of general buildings and grounds:				
General properties	\$ 554,642	\$ 529,536	\$ 474,494	\$ 55,042
General works	116,206	66,206	65,913	293
Total maintenance of general buildings and grounds	<u>\$ 670,848</u>	<u>\$ 595,742</u>	<u>\$ 540,407</u>	<u>\$ 55,335</u>
Total public works	<u>\$ 892,833</u>	<u>\$ 817,727</u>	<u>\$ 759,403</u>	<u>\$ 58,324</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 181,379	\$ 181,379	\$ 181,379	\$ -
Total health	<u>\$ 181,379</u>	<u>\$ 181,379</u>	<u>\$ 181,379</u>	<u>\$ -</u>
Mental health and mental retardation:				
Community services board	\$ 61,339	\$ 61,339	\$ 61,339	\$ -
Total mental health and mental retardation	<u>\$ 61,339</u>	<u>\$ 61,339</u>	<u>\$ 61,339</u>	<u>\$ -</u>
Welfare:				
Public assistance and welfare administration	\$ 2,098,671	\$ 2,387,665	\$ 2,260,040	\$ 127,625
Area agency on aging	11,997	11,997	11,997	-
Other social services	76,627	72,553	71,553	1,000
Comprehensive services act	775,436	775,436	677,708	97,728
Total welfare	<u>\$ 2,962,731</u>	<u>\$ 3,247,651</u>	<u>\$ 3,021,298</u>	<u>\$ 226,353</u>
Total health and welfare	<u>\$ 3,205,449</u>	<u>\$ 3,490,369</u>	<u>\$ 3,264,016</u>	<u>\$ 226,353</u>
Education:				
Other instructional costs:				
Contributions to Community Colleges	\$ 10,866	\$ 10,866	\$ 10,851	\$ 15
Tri-City literacy council	1,940	-	-	-
Contribution to County School Board	8,108,670	8,126,170	7,062,604	1,063,566
Total education	<u>\$ 8,121,476</u>	<u>\$ 8,137,036</u>	<u>\$ 7,073,455</u>	<u>\$ 1,063,581</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation center	\$ 16,490	\$ 16,490	\$ 16,490	\$ -
Total parks and recreation	<u>\$ 16,490</u>	<u>\$ 16,490</u>	<u>\$ 16,490</u>	<u>\$ -</u>
Cultural enrichment:				
Wakefield foundation	\$ 9,700	\$ 9,700	\$ 9,700	\$ -
Carpenter museum	9,700	9,700	9,700	-
Total cultural enrichment	<u>\$ 19,400</u>	<u>\$ 19,400</u>	<u>\$ 19,400</u>	<u>\$ -</u>
Library:				
Contribution to regional library	\$ 168,488	\$ 168,488	\$ 168,488	\$ -
Total library	<u>\$ 168,488</u>	<u>\$ 168,488</u>	<u>\$ 168,488</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 204,378</u>	<u>\$ 204,378</u>	<u>\$ 204,378</u>	<u>\$ -</u>

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

Schedule 2
 Page 3 of 4

<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	\$ 193,381	\$ 180,321	\$ 153,826	\$ 26,495
Industrial development authority	10,606	1,606	359	1,247
Planning district commission	9,801	9,801	9,801	-
Economic development	30,845	30,845	30,845	-
Indoor plumbing	126,000	126,000	75,592	50,408
Wakefield airport commission	4,850	-	-	-
Housing assistance and other	215,422	215,105	193,454	21,651
Total planning and community development	<u>\$ 590,905</u>	<u>\$ 563,678</u>	<u>\$ 463,877</u>	<u>\$ 99,801</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 6,709	\$ 6,709	\$ 6,709	\$ -
Environmental inspection	188,518	208,466	201,982	6,484
Other environmental management	2,910	2,910	2,910	-
Total environmental management	<u>\$ 198,137</u>	<u>\$ 218,085</u>	<u>\$ 211,601</u>	<u>\$ 6,484</u>
Cooperative extension program:				
Extension office	\$ 68,721	\$ 68,721	\$ 56,036	\$ 12,685
Total cooperative extension program	<u>\$ 68,721</u>	<u>\$ 68,721</u>	<u>\$ 56,036</u>	<u>\$ 12,685</u>
Total community development	<u>\$ 857,763</u>	<u>\$ 850,484</u>	<u>\$ 731,514</u>	<u>\$ 118,970</u>
Total General Fund	<u>\$ 20,526,149</u>	<u>\$ 21,343,657</u>	<u>\$ 19,902,115</u>	<u>\$ 1,441,542</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Judicial administration:				
Courts:				
Law library	\$ 2,400	\$ 2,400	\$ 970	\$ 1,430
Total judicial administration	<u>\$ 2,400</u>	<u>\$ 2,400</u>	<u>\$ 970</u>	<u>\$ 1,430</u>
Total County Special Revenue Fund	<u>\$ 2,400</u>	<u>\$ 2,400</u>	<u>\$ 970</u>	<u>\$ 1,430</u>
County Capital Projects Fund:				
Capital projects expenditures:				
Capital projects	\$ 622,451	\$ 339,111	\$ 203,758	\$ 135,353
School capital projects	74,531	74,531	-	74,531
Total capital projects	<u>\$ 696,982</u>	<u>\$ 413,642</u>	<u>\$ 203,758</u>	<u>\$ 209,884</u>
Debt service:				
Principal retirement	\$ 1,081,397	\$ 1,081,397	\$ 1,081,397	\$ -
Interest and other fiscal charges	574,442	574,442	574,442	-
Total debt service	<u>\$ 1,655,839</u>	<u>\$ 1,655,839</u>	<u>\$ 1,655,839</u>	<u>\$ -</u>
Total County Capital Projects Fund	<u>\$ 2,352,821</u>	<u>\$ 2,069,481</u>	<u>\$ 1,859,597</u>	<u>\$ 209,884</u>
Total Primary Government	<u>\$ 22,881,370</u>	<u>\$ 23,415,538</u>	<u>\$ 21,762,682</u>	<u>\$ 1,652,856</u>

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

<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	\$ 868,027	\$ 1,033,559	\$ 845,041	\$ 188,518
Instruction costs	13,640,907	14,078,821	13,070,090	1,008,731
Pupil transportation	1,722,912	1,817,912	1,894,102	(76,190)
Operation and maintenance of school plant	1,812,906	1,795,906	1,772,153	23,753
Total education	<u>\$ 18,044,752</u>	<u>\$ 18,726,198</u>	<u>\$ 17,581,386</u>	<u>\$ 1,144,812</u>
Debt service:				
Principal retirement	\$ 39,634	\$ 39,634	\$ 39,634	\$ -
Interest and other fiscal charges	86,092	86,092	86,092	-
Total debt service	<u>\$ 125,726</u>	<u>\$ 125,726</u>	<u>\$ 125,726</u>	<u>\$ -</u>
Total School Operating Fund	<u>\$ 18,170,478</u>	<u>\$ 18,851,924</u>	<u>\$ 17,707,112</u>	<u>\$ 1,144,812</u>
School Special Revenue Fund:				
Education:				
Textbooks	\$ 134,994	\$ 134,994	\$ 31,481	\$ 103,513
Commodities	-	-	35,299	(35,299)
School food services	913,061	913,061	938,255	(25,194)
Total School Special Revenue Fund	<u>\$ 1,048,055</u>	<u>\$ 1,048,055</u>	<u>\$ 1,005,035</u>	<u>\$ 43,020</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 19,218,533</u>	<u>\$ 19,899,979</u>	<u>\$ 18,712,147</u>	<u>\$ 1,187,832</u>

OTHER STATISTICAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

Table 1

County of Sussex, Virginia
Government-Wide Expenses by Function
Last Eight 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
2008	1,710,415	1,099,108	5,092,001	850,360	3,157,925	3,002,544	273,141	1,270,552	529,121	16,985,167
2009	1,750,158	1,173,501	5,558,789	744,007	3,502,184	9,330,399	211,185	662,735	592,492	23,525,450
2010	1,790,384	1,117,542	5,032,632	802,875	3,296,600	8,154,852	210,076	397,609	481,963	21,284,533

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

Table 2

County of Sussex, Virginia
Government-Wide Revenues
Last Eight 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	
2008	9,862,743	4,608,191	702,126		7,013,522	1,153,991	756,429	182,266	1,541,056	25,820,324	
2009	7,811,169	4,826,716	295,634		7,763,119	1,103,140	646,208	156,820	1,684,464	24,287,270	
2010	7,079,380	4,581,112	3,000		7,641,415	962,731	525,710	170,722	1,780,590	22,744,660	

(1) Information has only been available for eight 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
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
2008	1,691,150	945,586	5,281,250	945,854	3,115,853	19,859,874	267,376	964,018	1,296,331	34,367,292
2009	1,698,539	1,082,816	5,452,393	858,840	3,470,196	19,799,492	205,488	722,862	1,820,159	35,110,785
2010	1,688,106	1,028,983	5,153,230	759,403	3,264,016	18,597,272	204,378	731,514	1,781,565	33,208,467

(1) Includes General and Special Revenue 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, with the exception of debt service.

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
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
2008	6,827,701	1,153,991	111,802	523,070	366,819	9,552,804	529,087	388,243	17,444,276	36,897,793
2009	7,720,656	1,103,140	80,226	440,304	363,764	7,581,842	394,319	505,592	17,876,069	36,065,912
2010	7,534,857	962,731	96,985	467,053	367,802	6,803,999	325,731	435,143	17,564,069	34,558,370

(1) Includes General and Special Revenue 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)	Current Tax Collections (1)	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
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%
2008	7,731,894	7,854,032	101.58%	(150,054)	7,703,978	99.64%	270,581	3.50%
2009	8,793,146	8,579,157	97.57%	108,021	8,687,178	98.79%	292,461	3.33%
2010	8,546,817	8,299,271	97.10%	143,369	8,442,640	98.78%	345,257	4.04%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years.

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	Real Estate	Personal Property	
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	
2008	763,631,538	65,400,176	20,814,145	8,062,905	64,204,050	1,005,946	923,118,760	
2009	783,848,824	70,531,248	21,577,440	8,979,150	51,887,667	674,605	937,498,934	
2010	794,375,037	66,931,158	36,921,353	9,922,430	53,795,463	701,673	962,647,114	

(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
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
2008	0.48	0.48	4.85	4.85	1.00
2009	0.54	0.54	4.85	4.85	1.00
2010 (2)	0.54	0.54	4.85	2.43	1.00

(1) Per \$100 of assessed value.

(2) In FY 2010 machinery and tools is calculated at a higher assessed value at half the rate.

Table 8

County of Sussex, Virginia
Ratio of Net General Obligation 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			
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
2008	12,504	923,118,760	21,236,821	229,675	-	21,007,146	2.28%	1,680
2009	12,504	937,498,934	20,155,424	404,794	-	19,750,630	2.11%	1,580
2010	12,504	962,647,114	19,074,027	584,066	-	18,489,961	1.92%	1,479

(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 SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

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 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, 2010, which collectively comprise the County of Sussex, Virginia's basic financial statements and have issued our report thereon dated December 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Sussex, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

We noted other matters that we have reported to management of the County of Sussex, Virginia, in a separate letter dated December 30, 2010.

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



Richmond, Virginia
December 30, 2010

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

Compliance

We have audited County of Sussex, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Sussex, Virginia's major federal programs for the year ended June 30, 2010. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2010.

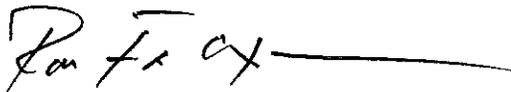
Internal Control Over Compliance

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 to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Sussex, Virginia's internal control over compliance.

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

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

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

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

Richmond, Virginia
December 30, 2010

County of Sussex, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting safe and stable families	93.556	0950109/0950110	\$ 2,463
Temporary assistance for needy families	93.558	0400109/0400110	203,849
Refugee and entrant assistance - state administered programs	93.566	0500109/0500110	651
Low income home energy assistance	93.568	0600409/00600410	12,074
Child care cluster:			
Child care and development block grant	93.575	0770109/0770110	65,148
Child care mandatory and matching funds of the child care development fund	93.596	0760109/0760110	67,361
ARRA - Child care and development block grant	93.713	0740109/0780109	31,293
Child welfare services - state grants	93.645	0900109/090110	709
Foster Care - Title IV-E	93.658	1100109/1100110	145,962
ARRA - Foster Care - Title IV-E	93.658	1100109/1100110	10,567
Adoption assistance	93.659	1120109/1120110	24,879
ARRA - Adoption assistance	93.659	1120109/1120110	2,351
Social services block grant	93.667	1000109/1000110	112,093
Chafee foster care independence program	93.674	9150109/9150110	1,623
Children's health insurance program	93.767	0540109/0540110	13,454
Medical assistance program	93.778	1200109/1200110	178,793
Total Department of Health and Human Services			<u>\$ 873,270</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
State homeland security program	97.073	77501-52708	\$ 21,900
Total Department of Homeland Security			<u>\$ 21,900</u>
Department of Agriculture:			
Direct Payments:			
Child nutrition cluster:			
Summer food service program for children	10.559	N/A	\$ 514
Pass Through Payments:			
Department of Agriculture:			
Child nutrition cluster:			
Food Distribution - national school lunch	10.555	17901-45707	\$ 35,299
Food Distribution - summer food service program for children	10.559	17901-45707	26,267
Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	17901-40591	194,541
National school lunch program	10.555	17901-40623	368,349
ARRA - Child Nutrition Discretionary	10.579	17901-40592	18,128
Fresh fruit and vegetable program	10.582	17901-40599	14,439

County of Sussex, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Agriculture: (Continued)			
Pass Through Payments: (Continued)			
Department of Social Services:			
SNAP cluster:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	0010109/0010100	\$ 306,566
ARRA - State administrative matching grants for the supplemental nutrition assistance program	10.561	0040109/0040110	<u>1,937</u>
Total Department of Agriculture			<u>\$ 966,040</u>
Department of Justice:			
Direct payments:			
Recovery Act - Edward Byrne memorial justice assistance grant	16.804	N/A	<u>\$ 20,801</u>
Total Department of Justice - direct payments			<u>\$ 20,801</u>
Pass Through Payments:			
Department of Criminal Justice Services:			
Edward Byrne memorial formula grant program	16.579	39001-61011	\$ 1,643
Recovery Act - Edward Byrne memorial justice assistance grant	16.803	2009-SU-B9-0033	<u>62,140</u>
Total Department of Justice - pass-through			<u>\$ 63,783</u>
Total Department of Justice			<u>\$ 84,584</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and community highway safety program	20.600	60507-50287	<u>\$ 8,120</u>
Total Department of Transportation			<u>\$ 8,120</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community development block grant	14.228	53505- 50797	\$ 3,000
Home Investment Partnership Act	14.239	45805-45856	<u>47,515</u>
Total Department of Housing and Urban Development			<u>\$ 50,515</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I, Part A cluster:			
Title I grants to local educational agencies	84.010	17901-42901-42999	\$ 671,752
ARRA - Title I grants to local educational agencies	84.389	17901-42913	108,462
Special education cluster:			
Special education - grants to states	84.027	17901-43071-61234	623,999
ARRA -Special education - grants to states	84.391	17901-61245	161,346
Special education - preschool grants	84.173	17901-62521	9,492
ARRA - Special education - preschool grants	84.392	17901-61247	3,465
Career and technical education - basic grants to states	84.048	17901-61095	49,051
Safe and drug free schools and communities - state grants	84.186	17901-60511	2,819
Education technology state grants	84.318	17901-61600	691

County of Sussex, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Education: (Continued)			
Pass Through Payments: (Continued)			
Department of Education: (Continued)			
Rural education	84.358	17901-43481	\$ 7,228
ARRA - State fiscal stabilization funds , education state grants	84.394	17901-62532	603,920
Gear up	84.xxx	17117	19,294
Improving teacher quality program	84.367	17901-61480	70,864
School improvement grant	84.377	17901-43040	<u>99,425</u>
Total Department of Education			\$ <u>2,431,808</u>
Department of Defense:			
Direct Payments:			
ROTC	12.xxx	N/A	<u>\$ 44,615</u>
Total Expenditures of Federal Awards			\$ <u><u>4,480,852</u></u>

See accompanying notes to schedule of expenditures of federal awards.

County of Sussex, Virginia

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

Note 1 - General

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

Note 2 - Basis of Accounting

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

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

Note 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	\$ 1,346,893
Total primary government	\$ 1,346,893
Component Unit Public Schools:	
School Operating Fund	\$ 2,476,422
School Cafeteria Fund	657,537
Total component unit public schools	\$ 3,133,959
Total federal expenditures per basic financial statements	\$ 4,480,852
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 4,480,852

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

Section I—Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes _____ no

Significant deficiency(ies) identified? _____ yes _____ none reported

Noncompliance material to financial statements noted? _____ yes _____ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes _____ no

Significant deficiency(ies) identified? _____ yes _____ none reported

Type of auditor's report issued on compliance for major programs: unqualified

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010/84.389	Title I Cluster
84.027/84.173/84.391/84.392	Special Education Cluster
84.394	ARRA - State Fiscal Stabilization Funds - Education State Grants
93.658	Foster Care - Title IV-E/ARRA - Foster Care - Title IV-E
10.561	Supplemental Nutrition Assistance Program Cluster

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

Auditee qualified as low-risk auditee? _____ yes _____ no

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None

County of Sussex, Virginia

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

There were no prior year findings and questioned costs.